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)**

# SHARE TRANSACTION PROPOSED ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

## THE ACQUISITION

The Board is pleased to announce that on 30 December 2024 (after trading hours), the Company entered into the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 51% of the issued share capital of the Target Company, at a maximum total consideration of HK$5,359,000 to be settled by allotment and issue of the Consideration Shares.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the Group's financial statements.

## IMPLICATIONS UNDER THE GEM LISTING RULES

As all the applicable percentage ratio (as defined in the GEM Listing Rules) for the Acquisition are less than 5% and that the Consideration will be satisfied by the issue of the Consideration Shares, the Acquisition constitutes a share transaction of the Company and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares shall be allotted and issued under the General Mandate and shall *rank pari* passu with the Shares in issue.

**Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## THE ACQUISITION

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## THE AGREEMENT

The principal terms of the Agreement are set out below:

| | |
|---|---|
| Date: | 30 December 2024 (after trading hours) |
| Parties: | (1) the Company; and |
| | (2) the Vendor. |

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

### Assets to be acquired

Pursuant to the terms and conditions of the Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 51% of the issued share capital of the Target Company.

## Consideration

Pursuant to the Agreement, the consideration payable for the Sale Shares shall be settled by way of allotment and issuance of new Shares at the Issue Price (in accordance with the Initial Issue Price, with issuance of not more than 15,401,253 new Shares (the "**Maximum Number of Consideration Shares**"), being approximately 1.06% of the total number of issued Shares as at the date of this announcement) to the Vendor in three tranches as follows:-

(1) as to HK$1,521,000 (the "**1st Tranche Consideration**"), representing approximately 28% of the Consideration, by the allotment and issuance of 4,371,721 Consideration Shares at the Initial Issue Price or such number of Consideration Shares calculated based on the then prevailing market price per Share being the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to 31 March 2025 (whichever the issue price is higher) (the "**1st Tranche Consideration Shares**"), to the Vendor by the Company within seven (7) Business Days after the fulfillment of the 1st Year Condition, the completion of the audited financial statements of the Target Company for the year ending 31 March 2025 and subject to the approval of listing of, and the permission to deal in the 1st Tranche Consideration Shares from the Stock Exchange provided that the number of the 1st Tranche Consideration Shares shall be no more than 28% of the Maximum Number of Consideration Shares. If the 1st Year Condition is not fulfilled, no Consideration Shares will be issued and the 1st Tranche Consideration will be fully satisfied by cash of nominal value of HK1.00 per Sale Share amounting to a total of HK$7,140;

(2) as to HK$1,919,000 (the "**2nd Tranche Consideration**"), representing approximately 36% of the Consideration, by the allotment and issuance of 5,514,766 Consideration Shares at the Initial Issue Price, or such number of Consideration Shares calculated based on the then prevailing market price per Share being the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to 31 March 2026 (whichever the issue price is higher) (the "**2nd Tranche Consideration Shares**"), to the Vendor by the Company within seven (7) Business Days after fulfillment of the 2nd Year Condition, the completion of the audited financial statements of the Target Company for the year ending 31 March 2026 and subject to the approval of listing of, and the permission to deal in the 2nd Tranche Consideration Shares from the Stock Exchange provided that the number of the 2nd Tranche Consideration Shares shall be no more than 36% of the Maximum Number of Consideration Shares. If the 2nd Year Condition is not fulfilled, no Consideration Shares will be issued and the 2nd Tranche Consideration will be fully satisfied by cash of nominal value of HK1.00 per Sale Share amounting to a total of HK$9,180; and

(3) as to HK$1,919,000 (the "**3rd Tranche Consideration**"), representing approximately 36% of the Consideration, by the allotment and issuance of 5,514,766 Consideration Shares at the Initial Issue Price, or such number of Consideration Shares calculated based on the then prevailing market price per Share being the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to 31 March 2027 (whichever the issue price is higher) (the "**3rd Tranche Consideration Shares**"), to the Vendor by the Company within seven (7) Business Days after the fulfillment of the 3rd Year Condition, the completion of the audited financial statements of the Target Company for the year ending 31 March 2027 and subject to the approval of listing of, and the permission to deal in the 3rd Tranche Consideration Shares from the Stock Exchange provided that the number of the 3rd Tranche Consideration Shares shall be no more than 36% of the Maximum Number of Consideration Shares. If the 3rd Year Condition is not fulfilled, no Consideration Shares will be issued and the 3rd Tranche Consideration will be fully satisfied by cash of nominal value of HK1.00 per Sale Share amounting to a total of HK$9,180.

**Basis of the Consideration**

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms, among others, with reference to (i) the business prospects of the Target Company, (ii) a valuation report prepared by Shenzhen Yongxin Asset Appraisal Real Estate Appraisal Co., Ltd* (深圳市永信資產評估房地產估價有限公司), an independent professional valuer (the "**Valuer**"), and (iii) the Company's assessment on the prospect of the Target Company and the synergistic benefits that can be created between the Target Company and the Company. As the valuation was prepared based on the income approach in respect of the valuation of future growth potential of the Target Company, such valuation constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules.

**Independent valuation of the Target Company**

According to the valuation report in respect of the Target Company issued by the Valuer (the "**Valuation Report**"), the valuation of the shareholders' total equity value of the Target Company as at 30 September 2024 (the "**Valuation Date**") using the Discounted Cash-Flow ("**DCF**") method under the income approach was RMB9,688,900.

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

**Valuation Approach: Income Approach**

The Valuer considered that the asset approach is not an adequate approach for the valuation, as this approach is based on the replacement cost of an asset which does not take future growth potential into consideration. Besides, the Valuer also considered that the market approach is not applicable for the valuation, as there are insufficient comparable companies or transactions in the market. Thus, the Valuer determined that the income approach is the most appropriate valuation approach to reflect the intrinsic value of the equity interest and provide more reasonable reference basis of the fair market value of the Target Company.

***I. Formula for the Income Approach***

For the valuation of the shareholders' total equity value of the Target Company, the Valuer has adopted the DCF method under the income approach. The valuation is formed by (i) estimating the enterprise's free cash flow; (ii) calculating the overall value of the enterprise; and (iii) deducting the value of all interest bearing debt. The DCF method is premised on the concept that the value is based on the present value of all future benefits that flow to the shareholders of the Company by applying an appropriate discount rate. These future benefits consist of future income could be distributed to the Shareholders. In essence, this valuation method requires a forecast to be made of cash-flow, going out far enough into the future until an assumed stabilization occurs for the assets being valuated. This methodology assumes that the forecasted income/cash-flow will not necessarily be stable in the near term but will stabilize in the future.

The DCF method is based on a simple reversal calculation to restate all future cash flows in present terms. The basic formula is as follows:

Overall value of the enterprise = sum of present value of expected net free cash flows for each period of future incomes + total amount of individually assessed non-operating assets and liabilities and surplus assets

$$P = \sum_{i=1}^{t} \frac{A_i}{(1+r)^i} + \frac{A_t}{r(1+r)^t} + \mathrm{B}$$

In which:

P = Overall value of the enterprise;

r = Discount rate;

t = The number of years of incomes in the explicit projection period, which is taken as 5 years for this assessment;

Ai = Expected free cash flows of the enterprise in year i of the explicit forecast period;

At = Expected free cash flows of the enterprise in future incomes stabilization years;

i = discounting period for incomes (in years);

B = Total amount of individually assessed non-operating assets and liabilities and surplus assets.

Enterprise's free cash flow = net profit after tax + depreciation and amortization + interest × (1 – income tax rate) – capital expenditure – additional net working capital

Shareholders' total equity value = overall value of the enterprise – value of all interest bearing debt

***II. Determination of Key Valuation Parameters for the Income Approach***

*(1) Terms of the Incomes*

According to the provisions of the articles of association of the Target Company, there is not a limit on the period of operation except that it may be dissolved upon the occurrence of the causes of dissolution as provided for in the applicable laws. Analyzed from the perspective of this Valuation Report, the Target Company operates normally and there are no conditions for its inevitable dissolution, the term of incomes is generally set to be open-ended, and when the term of future incomes is longer than the sufficiently long term of future incomes, it would have little impact on the present value, therefore this Valuation Report has set the term of its future incomes to be an unlimited number of years.

*(2) Selection of Income Indicators*

In adopting the income approach, net profit or cash flow is generally adopted as the income indicator of the target entity; as net profit is susceptible to the influence of accounting policies such as depreciation, and cash flow is more objective, enterprise's free cash flow is selected as the income indicator of the income approach for this Valuation Report.

*(3) Selection and Measurement of Discount Rate*

In accordance with the principle that the discount rate should be proportional to the selected income indicator, the weighted average cost of all capital ("**WACC**") was selected as the discount rate for the free cash flow of the enterprise of the unit under appraisal for future periods. The formula for estimating the WACC is as follows:

$$\begin{aligned} WACC &= E/(D + E) \times Re + D/(D + E) \times (1 - t) \times Rd \\ &= 1/(D/E + 1) \times Re + D/E/(D/E + 1) \times (1 - t) \times Rd \end{aligned}$$

In the above equation:

WACC: Weighted Average Cost of all Capital;

D: Market value of debt;

E: Market value of equity;

Re: cost of equity capital;

Rd: cost of debt capital;

t: corporate income tax rate.

## PRINCIPAL ASSUMPTIONS AND KEY INPUTS

Due to the changing environment in which the Target Company is operating, a number of assumptions have to be established in order to sufficiently support the conclusion of the value of shareholders' total equity of the Target Company in the Valuation Report. The major assumptions adopted in the Valuation are:

### General Assumptions

1. **Transaction assumption**: All assets to be valuated are assumed to be in the process of being traded, valuations are made on the basis of a simulated market according to the trading conditions of the assets to be evaluated.

2. **Open market assumption**: All assets to be valuated are assumed to be traded in the open market so that their market value could be realised. The market value of an asset is governed by market mechanisms and determined by market conditions rather than by individual transactions. An open market in this context refers to one with fully developed and perfect market conditions, a competitive market with voluntary buyers and sellers, where buyers and sellers are on equal footing, with access to sufficient market information and time to obtain them, and where the trading behaviour of buyers and sellers takes place voluntarily and rationally rather than being under coercive or unrestricted conditions.

3. **Business continuity assumption**: This assumption is made by considering the assets of the enterprise as a whole. The enterprise as a business entity continues to operate in accordance with its business objectives under the external environment in which it operates. The operator of the enterprise is responsible and capable of assuming responsibility, and that the enterprise operates legally and is able to make appropriate profits to maintain its ability to continue its business as a going concern.

**Specific Assumptions**

1. There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction in which the parties to this transaction are located which will materially affect the incomes attributable to the Target Company, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

2. The proprietor of the Target Company is responsible and that the key management of the Target Company is capable of assuming its position;

3. Unless otherwise stated, it is assumed that the enterprise is in full compliance with all relevant laws and regulations;

4. The accounting policies to be adopted by the Target Company in the future will be substantially the same in material respects as those adopted in the preparation of this Valuation;

5. The scope and manner of operation of the Target Company will remain consistent with the current direction based on the existing management style and level of management;

6. There are no significant changes in interest rates, exchange rates, tax bases and rates, and policy levies;

7. There are no other force majeure and unforeseen factors that have a material adverse effect on the enterprise;

8. The core management personnel, technical and sales staff of the Target Company are stable, and the Target Company is able to retain the existing management standard, sales channels and steadily expanding market share in future operations;

9. The manner of acquisition and utilisation of the business premises of the Target Company remains unchanged as at the Valuation Date;

10. The Valuation is based only on the existing operating capacity as at the Valuation Date and does not take into account any possible future expansion of operating capacity due to circumstances such as management structure, business strategies and additional investments;

11. The Valuation of each asset is premised on the actual inventory as at the Valuation Date, and the current market value of the relevant assets is based on the effective domestic prices as at the Valuation Date;

12. The ownership certificates, financial and accounting information and other information provided by the Group and the Target Company in connection with the Valuation are true, complete and lawful; the scope of the Valuation is based solely on the Valuation declaration form confirmed and provided by the Group and the Target Company, and does not take into account contingent assets and contingent liabilities that may exist in addition to the list provided by the Principal and the Target Company;

13. The Valuation does not consider the impact of other contingencies such as mortgages (pledges) and guarantees on the appraisal conclusions; and

14. As the Target Company is a Hong Kong holding company only established this year with no operating income of its own, for the purpose of this Valuation, it is assumed that the Target Company remains unchanged subsequently.

**Consideration Shares**

It is expected that the Consideration Shares shall be allotted and issued under the General Mandate and shall *rank pari* passu with the Shares in issue.

An aggregate of 15,401,253 Consideration Shares will be allotted and issued to Vendor which represent approximately 1.06% of the issued share capital of the Company as at the date of this announcement and approximately 1.05% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Issue Price of the Consideration Shares is HK$0.348,which represents:

(1) a premium of approximately 10.48% over the closing price of HK$0.315 per Share as quoted on the Stock Exchange on the date of the Agreement;

(2) the average closing price of HK$0.348 per Share same as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Agreement; and

(3) a discount of approximately 5.18% to the average closing price of HK$0.367 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to the date of the Agreement.

**Conditions Precedent**

The Completion of the Agreement shall be subject to the fulfilment (or waiver, if applicable) of the following conditions precedent:

(a) all approvals, consents, licences, authorisations and permissions in connection with the Acquisition and the operation of the Target Group being valid and effective and not having been revoked or terminated;

(b) the Company having completed its business, legal, financial and management due diligence of the Target Company and is satisfied with the result thereof;

(c) all representations and warranties provided by each of the Vendor and the Company being true, correct and accurate in all material respects as at Completion; and

(d) no material adverse effect on the financial condition, business, prospects or operations of the Target Group.

**Completion**

Save as the Conditions precedent (a) above, the Company may waive all or any of the Conditions Precedent at any time by giving written notice to the Vendor.

On or before the Completion Date, the Company and the Vendor shall use their best effort to procure and ensure the fulfillment of the Conditions Precedent.

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company, and the financial information of the Target Group will be consolidated into the Group's financial statements.

## INFORMATION OF THE COMPANY, THE VENDOR AND THE TARGET COMPANY

The Company is principally engaged in property management service business. As at the date of this announcement, the Vendor is the legal and beneficial owner of 100% of the issued share capital of the Target Company. The Target Company is a company incorporated in Hong Kong on 27 August 2024 with limited liability which is principally engaged in the business of property management which is in line with the business focus of the Company.

To the best knowledge of the Directors, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,457,238,414 Shares in issue. For illustration purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the maximum number of Consideration Shares and assuming there will be no other changes to the total issued share capital of the Company between the date of this announcement and the Completion Date.

| **Shareholders** | **As at the date of this announcement** | | **Immediately upon the allotment and issuance of the maximum number of Consideration Shares and assuming there will be no other changes in the total issued share capital of the Company between the date of this announcement and the Completion Date** | |
|---|---|---|---|---|
| | *Number of Shares* | % | *Number of Shares* | % |
| Brilliant Chapter Limited *(Note 1)* | 834,851,294 | 57.29% | 834,851,294 | 56.69% |
| Mr. ZHANG Chunhua (*Note 1*) | 834,851,294 | 57.29% | 834,851,294 | 56.69% |
| Mr. ZHANG Chunhua (*Note 2*) | 57,098,000 | 3.92% | 57,098,000 | 3.88% |
| The Vendor | — | — | 15,401,253 | 1.05% |
| Other Shareholders | 565,289,120 | 38.79% | 565,289,120 | 38.38% |
| **Total** | **1,457,238,414** | **100%** | **1,472,639,667** | **100%** |

*Notes:*

(1) Brilliant Chapter Limited is 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). Mr. Zhang Chunhua is the brother of Ms. Zhang Chunping.

(2) Mr. Zhang Chunhua is personally interested in 43,298,000 shares of the Company. In addition, he is also entitled to his share options to subscribe for 13,800,000 shares of the Company in his capacity as a director of the Group.

## REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

The Target Company is a property management services provider that based in China Greater Bay Area. It provides property management services and Artificial Intelligence of Things (AIoT) system support to clients. The main operating subsidiary Letu (Shenzhen) Property Management Service Co., Ltd. (hereinafter referred to as "**Letu Property**") was established on 15 May, 2024. Its registered address is on the second floor of Building A, No. 4, Sanwei Industrial Zone, Sanwei Community, Hangcheng Street, Bao'an District, Shenzhen. The legal representative is Chen Chungpo. The business scope includes property management, AIoTs application services, information consulting services, building cleaning services, professional cleaning, washing and disinfection services, sales of building decoration materials, sales of AIoTs equipment, research and development of AIoTs technology, and AIoTs technical services. According to the "Property Management and Intelligent Property Technology Service Agreement" signed by Letu Property and Letu Optoelectronics (Huizhou) Co., Ltd (hereinafter referred to as "**Letu Optoelectronics**"), Letu Property is mainly responsible for the industrial park located in the area of Sanxu Village Committee and Meihua Village Committee, Luoyang Town, Boluo County, Huizhou City, Guangdong Province, which is owned by Letu Optoelectronics. The land area within the park is 86,118 square meters (as per the area recorded in the land certificate, certificate number: Bofu Guoyong (2008) No. Bu 010376). To the north is Waichi Science and Technology Park. The actual controller of Letu Optoelectronics is also the major shareholder of Wai Chi Holdings Company Limited (1305.HK) and Waichi Science and Technology Park. Letu Property mainly provides general property management services and AIoTs system management services to Letu and Waichi.

The Acquisition represents a valuable opportunity for the Group to extend its business network and client base, strengthen its existing businesses and further enable the Group to increase its revenue stream and utilize its resources more efficiently without adversely affecting the cash flow of the Group.

Having considered the above reasons, the Directors consider the Acquisition is in line with the overall business strategy of the Group. The Group shall continue to look for business opportunities and collaborations with other IT professionals and experts in various aspects and industries so as to further strengthen the existing businesses of the Group and broaden the business networks in different industries.

The Directors consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders.

## APPLICATION FOR LISTING OF THE CONSIDERATION SHARES

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares shall be allotted and issued under the General Mandate and shall *rank pari* passu with the Shares in issue.

## IMPLICATIONS UNDER THE GEM LISTING RULES

As all the applicable percentage ratio (as defined in the GEM Listing Rules) for the Acquisition are less than 5% and that the Consideration will be satisfied by the issue of the Consideration Shares, the Acquisition constitutes a share transaction of the Company and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

## REVIEW BY THE BOARD AND THE AUDITOR

The Valuation Report was signed by the Valuer Shenzhen Yongxin Assets Appraisal and Real Estate Appraisal Company Limited* (深圳市永信資產評估房地產估價有限公司)'s Pang Zhaohui and Li Yingbing. Mr. Pang Zhaohui has more than ten years of experience in valuation, especially in real estate and properties management industry, including business valuation, real estate valuation, valuation of intangible assets, equity valuation and purchase price allocation. He has in-depth research and practice in enterprise share restructuring and securities issuance. Mr. Pang Zhaohui is a Certified Public Valuer and a Certified Real Estate Appraiser.

Ms. Li Yingbing has over seven years of experience in valuation businesses, real estate valuation and equity valuation. Ms. Li a Certified Public Valuer. Ms. Li Yingbing is experienced in valuation of real estate and properties management entities, including business valuation, real estate valuation and equity valuation.

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

Infinity CPA Limited ("**Infinity CPA**") have been engaged by the Company to report on the calculations of the discounted cash flows used in the Valuation Report prepared by the Valuer. Infinity CPA are of the opinion that the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the valuation report.

A report from Infinity CPA dated 30 December 2024 and a letter from the Board dated 30 December 2024 in respect of the calculations of the discounted cash flows are respectively set out in Appendix I and Appendix II to this announcement in accordance with Rule 19.60A of the GEM Listing Rules.

## EXPERTS AND CONSENTS

The following are the qualifications of the experts whose opinions and/or suggestions are included in this Announcement:

| Name | Qualification |
|---|---|
| Infinity CPA Limited | Certified public accountants |
| Shenzhen Yongxin Asset Appraisal Real Estate Appraisal Company Limited* (深圳市永信資產評估房地產估價有限公司) | Independent professional valuer |

As at the date of this announcement, the above experts are Independent Third Parties and none of the experts held any shareholding, directly or indirectly, 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.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement none of the above experts had any direct or indirect interests in any assets which have been since 31 March 2024 (being the date to which the latest published audited annual financial statements of the Company were made up) acquired or disposed of by or leased to the Company or any of its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

Each of the experts mentioned above has given and none of the experts has withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names included herein in the form and context in which it is included.

**Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

| | | |
|---|---|---|
| "Acquisition" | : | the acquisition of the Sale Shares as contemplated under the Agreement |
| "Agreement" | : | the agreement for the Acquisition entered into between the Vendor and the Purchaser dated 30 December 2024 |
| "Board" | : | the board of Directors |
| "Business Day(s)" | : | day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong |
| "Company" | : | China Brilliant Global Limited (朗華國際集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code 8026) |
| "Completion" | : | the completion of the Acquisition pursuant to the terms and conditions of the Agreement |
| "Completion Date" | : | the seven (7) Business Days after the date of fulfillment (or waiver, if applicable) of all the Conditions Precedent set out in the Agreement (whichever is later), or such other day as the Company and the Vendor may mutually agree in writing |
| "Condition(s) Precedent" | : | the condition(s) precedent to Completion as set out in the Agreement |
| "connected person(s)" | : | has the meaning as ascribed to it under the GEM Listing Rules |
| "Consideration" | : | the maximum total consideration payable for the Sale Shares in the sum of HK$5,359,000 to be settled by way of allotment and issue of the Consideration Shares at the Issue Price |

| | | |
|---|---|---|
| "Consideration Share(s)" | : | an aggregate of up to 15,401,253 new Shares, being approximately 1.06% of the total number of issued Shares as at the date of this announcement, to be allotted and issued by the Company to the Vendor at the Issue Price for the settlement of the Consideration |
| "DCF" | : | Discounted Cash-Flow |
| "Director(s)" | : | the director(s) of the Company |
| "GEM" | : | GEM of the Stock Exchange |
| "GEM Listing Rules" | : | the Rules Governing the Listing of Securities on GEM as amended from time to time |
| "General Mandate" | : | the general mandate granted to the Directors by the Shareholders to issue, allot and deal with not exceeding 20% of the aggregate number of issued shares of the Company as at the annual general meeting of the Company held on 20 September 2024 |
| "Group" | : | the Company and its subsidiaries |
| "HK$" | : | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | : | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Third Party(ies)" | : | person(s) or entity(ies) who is/are third party(ies) independent of and not connected with the Company and any of its connected person(s) |
| "Initial Issue Price" | : | HK$0.348 per Consideration Shares, being the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Agreement |
| "Issue Price" | : | Initial Issue Price, or the then prevailing market price per Share being the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the relevant date as set out in the section headed "Consideration" (whichever is higher) |

| | | |
|---|---|---|
| "PRC" | : | the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "RMB" | : | Renminbi, the lawful currency of the PRC |
| "Sale Shares" | : | 25,500 issued shares of the Target Company, representing 51% of the issued share capital of the Target Company as at the date of this announcement |
| "Share(s)" | : | ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "Shareholder(s)" | : | holder(s) of the Share(s) |
| "Stock Exchange" | : | The Stock Exchange of Hong Kong Limited |
| "Target Company" | : | Hong Kong Letu Holdings Limited (香港樂圖控股有限公司), a company incorporated in Hong Kong with limited liability |
| "Target Group" | : | the Target Company and its subsidiaries |
| "Valuation" | : | the valuation of the shareholders' total equity value of the Target Company conducted by the Valuer |
| "Valuation Date" | : | 30 September 2024 |
| "Valuation Report" | : | the valuation report issued by the Valuer dated 20 December 2024 |
| "Valuer" | : | Shenzhen Yongxin Asset Appraisal Real Estate Appraisal Co., Ltd (深圳市永信資產評估房地產估價有限公司), an independent professional valuer |
| "Vendor" | : | Abundant Victory Group Limited, a company incorporated in the British Virgin Islands with limited liability |
| "1st Tranche Consideration" | : | HK$1,521,000, representing approximately 28% of the Consideration payable by the Company to the Vendor |

| | | |
|---|---|---|
| "1st Year Condition" | : | the net profit (after tax and extraordinary items) of the Target Company for the year ending 31 March 2025 being no less than RMB900,000 |
| "2nd Tranche Consideration" | : | HK$1,919,000, representing approximately 36% of the Consideration payable by the Company to the Vendor |
| "2nd Year Condition" | : | the net profit (after tax and extraordinary items) of the Target Company for the year ending 31 March 2026 being no less than RMB1,100,000 |
| "3rd Tranche Consideration" | : | HK$1,919,000, representing approximately 36% of the Consideration payable by the Company to the Vendor |
| "3rd Year Condition" | : | the net profit (after tax and extraordinary items) of the Target Company for the year ending 31 March 2027 being no less than RMB1,100,000 |
| "%" | : | percent |

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

Hong Kong, 30 December 2024

*As at the date of this announcement, the Board comprises the following directors:*
*Mr. Zhang Chunhua (Executive Director (Chairman))*
*Ms. Zhang Chunping (Executive Director and Chief Executive Officer)*
*Ms. Chan Mei Yan Hidy (Independent Non-executive Director)*
*Ms. Huang Jingshu (Independent Non-executive Director)*
*Mr. Peng Yin (Independent Non-executive Director)*



* *For identification purpose only*

INFINITY
致 寶 信 勤

**Infinity CPA Limited**
**致寶信勤會計師事務所有限公司**
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255 King's Road, North Point, Hong Kong
香港北角英皇道255號國都廣場15樓1501室
Tel電話: 3955 9739 Fax傳真: 2364 0800
E-mail電郵: info@infinity-cpahk.com

Date: 30 December 2024

The Board of Directors
**China Brilliant Global Limited**
DD125, Lot #1998 R.P. & others,
Shek Po Road, Ha Tsuen,
Yuen Long, New Territories,
Hong Kong

Dear Sirs,

**Independent assurance report on the calculations of discounted future estimated cash flows in connection with the valuation of 100% equity interest in Hong Kong Letu Holdings Limited (the "Target Company") and its subsidiary (collectively, the "Target Group")**

**To the Directors of China Brilliant Global Limited**

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Shenzhen Yong Xin Assets Appraisal Real Estate Valuation Limited* (深圳市永信資產評估房地產估價有限公司) dated 20 December 2024 in respect of the total shareholders' equity of the Target Group as at 30 September 2024 (the "**Valuation**") are based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 19.60A of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and has been included in the announcements dated 30 December 2024 by China Brilliant Global Limited (the "**Company**") in connection with the Acquisition (as defined in the announcement) (the "**Announcement**").

**Directors' Responsibility for the Discounted Future Estimated Cash Flows**

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

**Our Independence and Quality Management**

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

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

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 19.60A of the GEM Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with 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 comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of China Brilliant Global Limited.

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.

**Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows of the Target Group, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**Infinity CPA Limited**
*Certified Public Accountants*
Hong Kong

* *For identification purposes only.*

The following is the full text of the letter from the Board which was prepared for the purpose of inclusion in this Announcement.

**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)**

30 December 2024
The Listing Division
Hong Kong Exchanges and Clearing Limited
12/F, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

Dear Sir or Madam,

**SHARE TRANSACTION**
**PROPOSED ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

We refer to the announcement (the "**Announcement**") of China Brilliant Global Limited (the "**Company**") dated 30 December 2024 in relation to the captioned matter and the valuation report dated 20 December 2024 prepared by Shenzhen Yongxin Asset Appraisal Real Estate Appraisal Co., Ltd (深圳市永信資產評估房地產估價有限公司) in relation to the valuation of the entire equity interest of Hong Kong Letu Holdings Limited (香港樂圖控股有限公司) as at 30 September 2024. Unless otherwise defined or if the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We understand that the Valuer prepared the Valuation Report based on the discounted cash flow method and constitutes a profit forecast (the "**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**").

We have reviewed the bases and assumptions of the Profit Forecast and discussed the same with the Valuer. We have also considered the letter dated 30 December 2024 from the Company's auditor, Infinity CPA Limited, in relation to whether the Profit Forecast, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the assumptions used in the Valuation Report. Based on the foregoing, pursuant to the requirements of Rule 19.60A(3) of the GEM Listing Rules, we confirm that the Profit Forecast has been made after due and careful enquiry.

This letter is for the sole purpose of Rule 19.60A(3) of the GEM Listing Rules and for no other purpose.

We accept no responsibility to any other person in respect of, arising out of or in connection with this letter.

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