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 licensed securities dealer or registered institution 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 to the purchaser(s) or the transferee(s), or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

MAJOR TRANSACTION
FORMATION OF A JOINT VENTURE

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 4 to 29 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written shareholder's approval for the Subscription Agreement and the transactions contemplated thereunder has been obtained from Brilliant Chapter Limited, a controlling shareholder holding approximately 57.5% of the issued share capital of the Company as at the Latest Practicable Date. No general meeting will be convened for approving the Subscription Agreement and the transactions contemplated thereunder and this circular is for information only.

This circular will remain on the website of GEM at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This circular will also be published on the Company's website at ***http://www.cbg.com.hk/en/ir/reports.php***.

21 August 2020

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

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

"AFSA"	Astana Financial Services Authority of the Republic of Kazakhstan
"AIFC"	Astana International Financial Center
"APEX"	Apex Alliance Limited, a company incorporated in Republic of Seychelles with limited liability
"Balance Consideration"	the remaining balance of US$2.5 million of the Consideration after the payment of the Initial Consideration
"Board"	the board of Directors
"Business Day"	a day other than: (a) a Saturday, Sunday or a general holiday (as defined in the General Holidays Ordinance (Cap. 149 of the Laws of Hong Kong)) or a day on which a tropical cyclone No.8 or above or a "black" rainstorm warning is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm, on which banks are open for the transaction of general banking business in Hong Kong; and (b) a Saturday, Sunday or a public holiday, on which banks are open for the transaction of general banking business in Hong Kong.
"CFSG"	CBG Financial Services Group Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Company"	China Brilliant Global Limited, a company incorporated in the Cayman Islands whose issued Shares are listed on GEM of the Stock Exchange (Stock Code: 8026)
"Completion"	the completion of the Subscription in accordance with the terms of the Subscription Agreement
"Completion Date"	28 May 2020, being the date of Completion

"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company from time to time
"EBRI"	Eurasia Belt & Road Investment Limited, a company incorporated in the British Virgin Islands with limited liability
"ECF"	China Brilliant Financial Limited (Formerly known as Eurasia Continental Fintech Limited), a wholly owned subsidiary of the JV Company incorporated in Astana International Financial Centre with limited liability and has been granted a Fintech Lab Participant License
"FinTech Lab Participant License"	the digital banking sandbox licence granted by the AFSA (previously defined as Digital Banking Sandbox Licence)
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
"Initial Consideration"	US$2.5 million being the initial amount of the Consideration settled at Completion
"JV Company"	CBG Fintech Holdings Limited (Formerly known as Eurasia Continental Capital Holdings Limited), a company incorporated in the British Virgin Islands with limited liability
"JV Group"	the JV Company and its subsidiaries from time to time
"JV Partner(s)"	shareholder(s) of the JV Company from time to time

"Latest Practicable Date"	17 August 2020 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Kazakhstan"	Republic of Kazakhstan
"Longstop Date"	2 July 2020
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Shareholders' Agreement"	the shareholders' agreement to be entered into among the JV Partners upon Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of 56% of the issued shares in the JV Company by CFSG as contemplated under the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 3 January 2020 and entered into between CFSG and the JV Company in relation to the Subscription
"VKV"	Vital Key Ventures Limited, a company incorporated in Republic of Seychelles with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

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. Chung Elizabeth Ching Yee *(Chief Executive Officer)*
Ms. Zhang Chunping

Independent Non-executive Directors:
Ms. Chan Mei Yan Hidy
Mr. Kwan Chi Hong
Ms. Lee Kwun Ling, May Jean

Registered Office:
Century Yard
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

21 August 2020

To the Shareholders of the Company

Dear Sir or Madam,

MAJOR TRANSACTION
FORMATION OF A JOINT VENTURE

A. INTRODUCTION

Reference is made to the announcements of the Company dated 3 January 2020, 8 January 2020, 24 January 2020, 24 March 2020, 5 May 2020, 11 May 2020, 8 June 2020 and 23 June 2020.

The Board is pleased to announce that on 3 January 2020 (after trading hours), CFSG, a wholly-owned subsidiary of the Company entered into the Subscription Agreement with the JV Company.

The purpose of this circular is to provide you with, among other things, further details of the Subscription Agreement.

B. THE SUBSCRIPTION AGREEMENT

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

Date: 3 January 2020

Parties: (i) CFSG, a wholly-owned subsidiary of the Company; and

(ii) the JV Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Company and its ultimate beneficial owner(s) are Independent Third Parties.

Conditions precedent

The performances of the terms of the Subscription Agreement by the Parties are conditional upon the satisfaction of the following conditions:

(a) approval from AFSA for CFSG the Subscriber to become a shareholder of the JV Company and indirect shareholder of ECF; and

(b) all applicable approval under the GEM Listing Rules required by the Company in respect of the execution and performance of the transactions contemplated under the Subscription Agreement having been obtained (if required).

If any of the conditions are not (or do not remain) satisfied on or before the Longstop Date, if CFSG may terminate the Subscription Agreement at any time prior to Completion by giving notice to the JV Company.

As at the Latest Practicable Date, both of the conditions have been satisfied and Completion took place on 28 May 2020.

Subscription Price

The subscription price payable by the Company under the Subscription Agreement is US$5 million which shall be payable by the Company in the following manner:

(i) an initial amount of US$2.5 million was settled in cash at Completion; and

(ii) the balance of US$2.5 million shall be payable in cash within 30 days after the JV Company has produced 5 successful test cases under the FinTech Lab Participant License.

The subscription amount was agreed between the Company and the JV Company after arms length negotiation with reference to the anticipate initial capital required by the JV Company. The Board considers the subscription amount payable by the CFSG under the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. Part of the Initial Consideration will be used to build the initial platform and as seed money for pilot test cases. Any remaining amount from the Initial Consideration and the Balance Consideration US$2.5 million will be used to satisfy regulatory and operational funding requirements of the FinTech Lab Participant License.

To the best of the Directors knowledge, the base capital requirement for a bank licensed by the AIFC of Kazakhstan is US$10 million but there is no capital requirement for the FinTech Lab Participant License. The Company has already made capital contribution of capitalized US$5 million into the JV Company. The JV Company will inject additional capital of another US$5 million upon the fund requirement for conversion of the license through shares or debt financing.

Completion

Completion shall take place on the seventh Business Day after the date of notification of the satisfaction of the last of the conditions precedent above, or at any other time, date or place agreed in writing between the JV Company and CFSG. As at the Latest Practicable Date, both of the conditions have been satisfied and Completion took place on 28 May 2020.

THE JV COMPANY

The JV Company is a company incorporated in the British Virgin Islands with limited liability, immediately prior to the Completion and the subscription of shares in the JV Company by APEX and VKV, the JV Company is wholly owned by Sancus Group Limited. CFSG, APEX and VKV will subscribe for 56%, 8% and 6% of the issued share capital of the JV Company, as enlarged by their subscription respectively. Sancus Group Limited will transfer 30% of the issued share capital of the JV Company to EBRI. Sancus Group Limited has a diverse investment portfolio and EBRI was formed to explore and develop opportunities along the Belt and Road. The aforesaid transfer will allow EBRI to acquire the resources and focus on building the JV Company. Immediately after Completion and the subscription of shares on the JV Company by CFSG, APEX and VKV. The issued share capital of the JV Company will be owned as to 56% by CFSG, 30% by ERBI, 8% by APEX and 6% by VKV. The JV Company, through ECF which has been granted the FinTech Lab Participant License on 7 June 2018, will be principally engaged banking business along the Belt and Road which is expected to commence before the end of with reference to 2020. AFSA had approved the JV Company's application of FinTech Lab Participant License because (i) the JV Company demonstrated that it has performed a rigorous due diligence on legal and regulatory requirements of the AIFC for deploying the proposed FinTech Activities and understands them; (ii) the JV Company has the necessary financial and non-financial resources to support Testing and/or Developing the FinTech Activities in the FinTech Lab and (iii) the JV Company has submitted to the AFSA its business, testing and development plan.

The FinTech Lab Participant License allows the JV Company to carry out business activities in two broad areas, i.e. providing digital banking services and arranging deals in investments. The former includes accepting deposit from retail clients, professional clients and/or market counterparties, providing credit and providing money services in a digital form and through electronic channels. There is no specific restriction on the scale of operation, except to operate in good faith and in accordance with applicable AIFC legislations and conditions, and not to conduct transactions in cryptocurrencies. The JV Company does not require other license or permit to operate banking business in AIFC. The cost for applying for full banking licence is approximately US$175,000. Upon the submission of the application, it will take about 3 months for approval.

AIFC Financial Technology Rules are established to regulates the FinTech Lab, a special regulatory environment to test and/or develop the FinTech Activities without being immediately subject to the full set of regulatory requirements.

FinTech Lab is designed to allow persons to deliver effective competition in the interests of consumers by:

(a) reducing the time, and potentially the cost, of getting FinTech to market;

(b) enabling greater access to the market for innovative persons, including start-ups;

(c) the AFSA collaborating with the person to ensure that appropriate consumer protection safeguards are built into their FinTech Activities; and

(d) enabling FinTech Activities to be Tested and/or Developed.

Risk and failure are an integral part of innovation. Given that the FinTech Lab operates in a live environment, failure may result in financial losses to FinTech Lab participants and their customers arising from potential risks. The FinTech Lab therefore incorporates appropriate safeguards to identify and manage potential and actual risks in order to promote development of FinTech Activities. These include a comprehensive range of General Requirements applicable to all, as well as a number of Tailored Requirements specific to ECF, such as "Hold client money belonging to a segregated client in a dedicated account for client money", "Cover client funds including accepted deposits by a bank guarantee, insurance, a deposit in an escrow account at a licensed bank or a regulated financial institution", "Not conduct transactions in cryptocurrencies" etc.

ECF intends to provide digital banking services on mobile App and Web browser, including accepting deposits, providing credit and performing money services, which fall under the regime for Testing the FinTech Activities or Developing the FinTech Activities. ECF tests, develops and operates the FinTech Activity solely and entirely in the jurisdiction it acquires the FinTech Lab Participant license, which allows customers to access its services using mobile app or web browser from anywhere in the world.

As at the Completion Date, the number of full time employees of the JV Company and ECF are 3 and 5 in AIFC and Hong Kong, respectively.

The JV Company had fulfilled legal and regulatory requirements of the AIFC including (i) appointing of Money Laundering Reporting Officer, with responsibility for implementation and oversight of its compliance with the AIFC AML Rules, AML Law and regulations; (ii) appointing data protection controller, who is responsible for safeguarding personnel data who controls and keeping and use of personal information according to AIFC Data Protection Rules; (iii) setting up the risk management, legal and compliance departments; and (iv) establishing the rules of risk and compliance for providing Board level oversight.

The JV Company currently has the required internal controls and infrastructure to ensure that the general requirements and tailored requirements under the FinTech Lab Participant License can be fulfilled.

For financial resources, the testing and developing the FinTech Activities mainly included capital injection approximately HKD6.0 million, IT related hosting fee approximately HKD4.1 million, advisor fee approximately HKD3.7 million and banking platform license approximately HKD3.1 million and legal and professional fees approximately HKD1.6 million.

For non-financial resources, the Company, APEX, EBRI and VKV had been contributing respective professional expertise and administrative personnel, along with premises and infrastructure support as necessary.

The formation of the JV Company is being undertaken as an implementation project, entailing well-defined plans on banking business, operational process, application and infrastructure technology, as well as organisational structure and resource deployments. The project is currently work-in-progress, with the next milestone being User Acceptance Test (UAT) followed by a Pilot Test exercise and then Soft Launch. Any risks arising from time to time are promptly reported by the Project Director, and effectively dealt with by the Project Steering Committee. The business operation itself will be in full compliance with the regulatory guidelines as well as General and Tailored Requirements, as explained earlier, so as to safeguard the interests of ECF and its customers. When the JV Company reaches a required level of maturity and stability, it will graduate and exit from the FinTech Lab Participant status to commence a full license banking operations at a later stage. The expected timeline is as below:

Time	**Content**
June to August/September 2020	System development
August 2020	User Acceptance Test (UAT)
September to October 2020	System development
November 2020	Pilot Test Run
December 2020	Soft Launch

The Board's view on the above plan is reasonable and achievable.

As the FinTech Lab Participant License is not geographically bounded, the JV Company intends to develop its commercial banking and supply chain financing business is not only in Kazakhstan but also in China and elsewhere. The JV Company is building an online and mobile banking platforms to provide FinTech Activities on a broader scale. As explained before, it intends to graduate and exit the current license to become a fully license banking entity in due course.

ECF had completed testing of its FinTech Activities including (i) development/Configuration/Customisation; (ii) satisfactory completing stress and performance testing of the live environment; (iii) successful testing of all interfaces and related systems required for operations; and (iv) correcting significant issues arise from the test. There is not restriction of the type of clients, the type and size of client transactions. As detailed previously, in terms of restrictions and conditions there exist a comprehensive range of General Requirements applicable to all, as well as a number of Tailored Requirements specific to ECF, such as "Hold client money belonging to a segregated client in a dedicated account for client money", "Cover client funds including accepted deposits by a bank guarantee, insurance, a deposit in an escrow account at a licensed bank or a regulated financial institution", "Not to conduct transactions in cryptocurrencies" etc.

General requirements (applicable to all FinTech Lab participants)

(1) conduct its activities in the FinTech Lab in good faith and accordance with applicable AIFC legislation and conditions prescribed in this document and must inform and disclose to the AFSA immediately as soon as it becomes aware of:

a. any breach, or likely breach of licensing conditions and boundaries as well as of a provision of the AIFC legislation; or

b. a failure, or likely failure, to comply with any obligation to which a Person is subject under such legislation;

(2) in the event of any irregularities (including breaches or failures), the participant undertakes all necessary steps to rectify them promptly and in collaboration with the AFSA, with the view to ensure that the operation of the participant will continue to proceed smoothly;

(3) have a reasonable basis for Client classification as defined under AIFC Conduct of Business Rules ("**COB**"), including by inspecting copies of any necessary documentation and keeping records of the same;

(4) conduct proper due diligence and comply with legislation of the jurisdiction where the applicant wants to conduct public marketing;

(5) make appropriate disclosures to its Clients as prescribed by the AFSA, including but not limited to: risks, clarity on its test status; contractual relationships with other financial institutions; details on fees, costs and other charges; recourse in event of operational disruption or cessation of activities;

(6) comply with the control boundaries for testing as prescribed by the AFSA, including but not limited to the size and number of transactions and total exposure limits;

(7) maintain sufficient records in relation to its operations and the development and testing of its FinTech Activities;

(8) appoint an individual as Money Laundering Reporting Officer (MLRO), with responsibility for implementation and oversight of its compliance with the AIFC AML Rules, AML Law and relevant regulations, who has an appropriate level of seniority and independence to act in the role;

(9) comply with all AML laws and regulations that apply to them, as well as AIFC AML Rules and the Law of the Republic of Kazakhstan No 191-IV dated 28 August 2009 on Counteracting legislation (laundering) of proceeds obtained through criminal means and financing of terrorism (AML Law);

(10) check its customers, their business and transactions against relevant Sanctions issued by such bodies as: the Committee on financial monitoring of the Ministry of Finance of the Republic of Kazakhstan and United Nations Security Council;

(11) implement an AML Compliance Program based on the risks associated with its business, such as size, location, volume of business, etc. by taking appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is exposed, and establishing and maintaining controls and procedures to mitigate and manage the risks identified;

(12) provide the AFSA (Fintech Office) online access to the platform to obtain real-time reports and to observe the testing activities;

(13) demonstrate and provide written confirmation that the following has been completed and accepted as satisfactory for launching the platform:

a. Successful completion of all tests, including:

i. development/Configuration/Customization;

ii. satisfactory completing stress and performance testing of the live environment;

iii. successful testing of all interfaces and related systems required for operation;

iv. correcting significant issues arise from the tests;

b. Development of relevant and adequate procedures to ensure on-going maintenance and monitoring of information systems, at a minimum, provide for:

i. problem management and system change;

ii. protection of the information technology systems from damage, tampering, misuse of unauthorized access;

iii. the integrity of data forming part of, or being processed through, information technology systems;

iv. real time monitoring and reporting on system performance, availability and integrity;

v. business continuity and disaster recovery plans if an information technology system fails;

vi. the systems enable it to comply with all the applicable requirements, including legislation, on an on-going basis;

vii. the systems have sufficient electronic capacity to accommodate reasonably foreseeable volumes of messaging and orders;

viii. any risk management controls embedded within the systems, such as generating automatic error reports, work as intended;

ix. Records should be protected from loss, destruction, falsification, unauthorized access and unauthorized release, in accordance with legislatory, regulatory, contractual and business requirements;

x. To demonstrate reasonable steps to ensure that its information technology systems are reliable and adequately protected from external attack or cyber incident;

(14) appoint Data Protection Individual (Data Controller or Legal Person), an individual as Responsible for safeguarding personal data who controls and is responsible for the keeping and use of personal information according to AIFC Data Protection Rules;

(15) ensure that risks (including FX) arising from the test will be identified, assessed, treated and reported to the AFSA (Fintech Office) on on-going basis; and

(16) provide monthly test reporting according to project schedule, including: key performance indicators, milestones and issues arising as observed from fraud or operational incident reports including but not limited to, information on resources, operational reliability, success rates, statistics in relation to its Clients, transaction volumes, and customer complaints.

Tailored Requirements (applicable to the JV Company)

(1) Hold client money belonging to a segregated client in a dedicated account for client money;

(2) Ensure that loans to citizens of the Republic of Kazakhstan are issued only in KZT. Residents of other countries are not subject to currency limitations.

(3) For Clients who are not partnered with China Brilliant Global Limited the JV Company must cover their funds including accepted deposits by a bank guarantee, insurance, a deposit in an escrow account at the third-party account provider that is a bank or a regulated financial institution which is authorized to accept or take Deposits, or provide other form of equally satisfactory security;

(4) Not conduct transactions in cryptocurrencies (including issuance and supply of cryptocurrencies)

ECF had renewed the FinTech Lab Participant license with expiry date on 6 June 2021. Waivers and Modifications remain largely the same as the original now-expired license. ECF has not breached any conditions and had timely submitted each interim report to the AFSA. The details of the “Waivers and Modifications” as below:

Rules modified:

Rule	**Modification**
COB 18.2.	A Bank, in the course of Accepting Deposits, ~~must not~~ may accept Deposits from Retail Clients, Professional Clients and/or Market Counterparties.

Rules waived:

Rulebook	**Rules waived**
General Rules	Chapters 3
Collective Investment Scheme Rules	Entirely
Prudential Rules for Investment Firms	Entirely
Market Rules	Entirely
Authorised Market Institution Rules	Entirely

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the beneficial owner of APEX, EBRI, VKV, Sancus Group Limited, BOA International Financial Group Limited and their respective ultimate beneficial owner(s) are Independent Third Parties. There is no arrangement, understanding or undertaking (whether formal or informal and whether express or implied) among Sancus Group Limited, BOA International Financial Group Limited, EBRI, APEX, VKV and their respective ultimate beneficial owners and the Company and its connected person.

APEX is principally engaged in investment holdings and the ultimate beneficial owner of the APEX is Mr. Zhang Yangjin. Mr. Zhang Yangjin is working in China Brilliant Supply Chain Service Company Limited ("**China Brilliant Supply Chain**"), a company established in the PRC and is directly and indirectly owned as to 90.02% by Mr. Zhang Chunhua, the chairman and an executive director of the Company, since February 2018. Mr. Zhang Yangjin is currently the finance director and loan approval committee member of China Brilliant Supply Chain. He is responsible for treasury function, domestic and foreign exchange function and bank financing management of China Brilliant Supply Chain.

EBRI is principally engaged in investments holding and is owned as to 65.9% by Sancus Group Limited which is in turn, wholly owned by Ms. Fung Yuet Shan, Julia ("**Ms. Fung**"). The remaining 34.1% of EBRI are owned as to 17.05% by Jones International Consulting Limited owned, the ultimate beneficiary owner of which is Miss Wong Woon Yuk Angela ("**Ms. Wong**") and as to 17.05% by Epple Innovation Limited owned, the ultimate beneficiary owners of which are Mrs. Eppie Yuk Chun Leung (75%) and Mr. Anders Leung (25%), who are the wife and son of Mr. Michael Leung ("**Mr. Leung**"), respectively.

Ms. Fung's career has spanned media, journalism, publishing, business and mediation. She began her career with Radio Television Hong Kong with on-screen and off-screen roles. She was Managing Editor of Asian Architect and Builder and later Publisher of the architecture and design magazine Vision that she co-founded with Tao Ho, David Lung and Saresh Sharma. She subsequently re-joined government and served as Senior Information Officer of the Government Information Service of Hong Kong for a number of years in its Overseas Public Relations Service and was later Director of Executive Programs of the University of Hong Kong Business School.

Ms. Fung is one of the shareholders of Bank of Asia (BVI) Limited which is indirectly owned as to 44.54% by Ms. Fung. Bank of Asia (BVI) Limited is a digital global cross-border bank, addressing the growing financial needs of international companies, their owners and multinational conglomerates. Headquartered in Tortola, British Virgin Islands, Bank of Asia (BVI) Limited was awarded the first banking license in more than two decades by the British Virgin Islands Financial Services Commission ("**BVI FSC**") in March 2017. As at the Latest Practicable Date, Sancus Group Limited is wholly owned BOA International Financial Group Limited; Bank of Asia (BVI)

Limited is owned as to 44.54% by BOA International Financial Group Limited. Sancus Group Limited is the beneficial owner of 65.91% of EBRI. The ultimate beneficial owner of Sancus Group Limited is Ms. Fung.

Ms. Fung was co-owner and Director of Galerie La Vong, which specializes in contemporary Vietnamese paintings, and has written seven books on the subject. She is also a published poet with a weekly poetry column for four and a half years and three published collections entitled "Much Ado About Nothing", "When Victoria Harbour Lost Her Fishing Junks" and "Echoes of the Heart". Seven of her poems are included in English textbooks for Hong Kong high schools.

Ms. Fung holds a Bachelor of Social Sciences from the University of Hong Kong.

VKV is principally engaged in investments holding and the ultimate beneficial owner of the VKV is Mr. Lin Samuel Jr. Mr. Lin had over 30 years experience in the financial services and private equity sector — brought various early stage internet companies to the capital markets e.g. Asia Online, Datacraft Asia Limited, Net Tasking Limited; launched various IPOs e.g. Technology Venture Holding Limited (now known as Green Leader Holdings Group Limited) (0061.HK), DMX Technologies Group Limited (5CH.SI), Wafer Systems Hong Kong Limited (now known as Loto Interactive Limited) (8198.HK) and Armarda International (SGX), Madison China Holding Limited (8057.HK).

Since 2003, Mr. Lin focused on consumer financial services companies and products in China — started Asia Capitol Limited, co-founded Cardco Limited (a joint venture with Mastercard), founded UCL Wine Fund Limited, one of Asia's pioneering Wine investment company. In early 2010, Mr. Lin had co-founded Global Merchant Financials Limited — a direct lending fund based in Shanghai, co-founded another direct lending fund in 2012, China Metro Assets Management Limited, also based in Shanghai.

In 2013, Mr. Lin was appointed as a director of Financial Services China Group Limited — a multi-products, consumer and business financial services company based in Shanghai. Mr. Lin also serves on the board of directors of Madison Wine Holding Limited since 2013. Currently Mr. Lin is serving on the board of directors of CVP Capital Limited, a corporation licenced to carry out type 6 regulated activities in Hong Kong. Mr. Lin is a regular speaker among the Investment and Private Banking circuits across Asia — sharing his views on consumer financial products and services development in emerging markets.

Mr. Lin was one of the original founders of Asia Online. A company he started in conjunction with various global technology executives which he sold to PCCW in the 1990s. He moved onto an infrastructure technology career working for Datacraft Asia (now NTT Dimension Data) until 1997. Datacraft Asia was Asia's largest network systems integrator and services provider at the time helping Asia Pacific telecommunications companies in creating service provisioning networks and products. Datacraft HK, which Mr. Lin oversaw at the time, was also a network systems supplier to the Hong Kong Stock Exchange, the Hong Kong Government and various public sectors organizations in Hong Kong. In early 1998, he co founded North 22 Technology Services Limited (SGX listed). A company with multiple product and services divisions targeted telecommunication companies and MNCs network infrastructure offerings. Mr. Lin was a director of the Hong Kong Computer Society and recognised by peers as a business driven network architect in Asia Pacific.

The JV Partners acquainted with each other as in around August 2019 when Mr. Lin who is a friend of Ms. Fung, introduces Ms. Fung's project in AFSA to the Company. Mr. Zhang Chunhua was responsible for the overall decision making in the transaction contemplated under the Subscription Agreement whilst the detail negotiation of the transaction under the Subscription Agreement was conducted by Ms. Elizabeth Chung, the chief executive officer and an executive director of the Company. The Company then found Mr. Zhang Yangjin who has experience to support the JV Company.

APEX is principally engaged in investment holdings and the ultimate beneficial owner of the APEX is Mr. Zhang Yangjin. Mr. Zhang Yangjin is working in China Brilliant Supply Chain since February 2008. Mr. Zhang Yangjin is currently the finance director and loan approval committee member of China Brilliant Supply Chain. Mr. Zhang Yangjin is responsible for treasury function, domestic and foreign exchange function and bank financing management of China Brilliant Supply Chain.

Mr. Lin and Mr. Zhang Yanjing will join the JV company as full time employee without service fee/salary upon the Completion. In the event that the Board determine that Mr. Lin and Mr. Zhang Yanjing have failed to provide the JV Company with the service for a period of not less than three years, the JV Company has a right to seek for the transfer of Mr. Lin and Mr. Zhang Yanjing will transfer their shares at nil consideration back to the JV Company for cancellation.

Investment commitment

CFSG's contribution to the JV Company will be in the form of cash, APEX and VKV will contribute to the JV Company by providing consultation, advisory service to the JV Company throughout the establishment and initial setting up of the banking business. APEX will provide the services for designing the lending product especially for supply chain management, credit control included assessing the value of collateral and repayment capacity of the potential lender. VKV will provide the services for setting up the IT infrastructure, monitoring the day to day in IT system after setting up. EBRI has contributed to the JV Company by its existing management and operation platform including the FinTech Lab Participant License to the JV Company and the offset of an amount due from the JV Company to a related company of EBRI. The amount of capital contributions to be injected by the parties was determined after arm's length negotiations among the parties with reference to the JV Company's initial estimated funding needs and the agreed share by each party.

CFSG's portion of the capital contribution is expected to be funded by the Group's internal resources and the Company expects that the making of such capital contribution would not have any material adverse impact on the financial position of the Group.

Initial funding of the JV Company shall be applied to cover the ancillary costs, and the business and operational costs and regulatory funding requirements of the FinTech Lab Participant License in the amount of US$5,000,000.

The percentage of shareholding of each of APEX, VKV and EBRI were determined with reference to the respective value of their contribution to the JV Company either in the form of consultation and advisory in the case of APEX and VKV or the contribution of the existing management and operation platform including the FinTech Lab Participant License to the JV Company and the offset of an amount due from the JV Company to a related company of EBRI all made with reference to the business valuation of the JV Company performed by independent professional valuer.

The Board, having considered the above factors and the business valuation of the JV Company performed by an independent professional valuer, the report of which is reproduced in Appendix III to this circular, considered the subscription price of US$5,000,000 for 56% shareholding in the JV Company, the valuation of the FinTech Lab Participant Licence value of HK$20,000,000 and the valuation of the services provided by VKV and APEX to be fair and reasonable.

Expected capital requirements of the JV Company

The following table sets out the proposed usage of the initial capital contributions by the shareholders of the JV Company to the JV Company:

Stage	*US$*	*Equivalent to approximately HK$*
Inject working capital	2.5 million	19.5 million
Produce 5 successful test cases under the FinTech Lab Participant License	2.5 million	19.5 million

The JV Company intends to satisfied the expected capital requirement by internal fund.

The 5 test cases will involve a combination of personal and corporate bank accounts. These bank accounts need to go through the onboarding procedures such as KYC (know-your-customer) and CDD (customer due diligence). Once their bank accounts have been opened then the processing of incoming and outgoing remittances can be tested. For corporate accounts, there will be several test cases in applying for loan and repayment of loans. Costs will be incurred for testing of the onboarding process. The cost for each test case would be in the amount of approximately US$400-800 depending on the complexity of the corporate structure.

Board composition

Pursuant to the Shareholders' Agreement, for so long as CFSG remains at any time the registered owner of any shares in the JV Company, it is entitled to nominate the appointment of 5 directors to the board of the JV Company and for so long as EBRI remains at any time the registered owner of any shares in the JV Company, it is entitled to nominate the appointment of 4 directors to the board of the JV Company. CFSG intends to appoint Mr. Zhang Chunhua, Ms. Chung Elizabeth Ching Yee, Mr. Ouyang Zhijun, Ms. Zhang Chunping and Ms. Zhang Chunfang to the board of the JV Company. EBRI intends to appoint Mr. Carson Wen, Mr. Michael Leung, Ms. Wong and Mr. Thomas Schneider to the board of the JV Company.

Mr. Zhang Chunhua ("**Mr. Zhang**"), was appointed as the Chairman and executive director of the Company on 12 February 2018. Mr. Zhang is in charge of the overall corporate strategies and business development of the Group. Mr. Zhang founded a trading company in Shenzhen and it evolved to become a global supply chain management corporation which Mr. Zhang is currently the chairman. Mr. Zhang is responsible for the overall strategic development of the corporation which is a top 100 import/export corporation in the PRC and a pioneer of supply chain management in the PRC. Mr. Zhang has over 14 years of experience in supply chain management in the PRC. Mr. Zhang is the vice chairman of 深圳工商業聯合總商會. From 1996 to 2003, Mr. Zhang worked in the Electronic Banking Department of China Construction Bank, Shenzhen branch, ("**CCB Shenzhen Branch**") and mainly responsible for the development and management of CCB Shenzhen Branch's technology products.

In the past decade years of banking work experience, Mr. Zhang has deep insights into the theoretical knowledge of banking, product services and management, and is familiar with bank organizational structure, bank products, business operations, network construction, financial technology etc.

Mr. Zhang has led the development of the first batch of customers of the financial technology products of CCB Shenzhen Branch, promoted the convenience of the banking system and made a positive contribution to the sprouting and development of science as a supporter of the beginning of the mainland bank technology finance.

Ms. Chung, Elizabeth Ching Yee ("**Ms. Chung**"), was appointed as an executive Director, and the chief executive officer of the Company on 18 May 2018. Ms. Chung has extensive professional experience in Global brand building and investment advisory. She was appointed as CEO and executive director of Paganini Milano (SG) PTE Limited in early 2017, responsible for brand positioning, strategic planning, and business development. She leads her team to develop retail business globally. Prior to that, Ms. Chung was a director at BOCI Securities Limited and an assistant vice president at HSBC Broking Securities (Asia) Limited responsible for investment advisory for over 10 years, in charge of a department that make recommendations and provide professional investment advices on asset allocation and portfolio management. She mainly responsible for developing and maintaining strategic asset management plans for the assigned portfolio and managing relationships with various financial institutions like hedge funds, private equity firms and listing companies. Besides that, she achieved portfolio investment targets by analyzing and recommending asset allocation, disposition and evaluating alternative investment opportunities to clients.

Ms. Chung graduated at Rutgers University, and started her professional career at General Electric Capital Corporation in the United States of America and she joined A.T. Kearney (Hong Kong) Limited after returning Hong Kong. Mr. Lin and Mr. Zhang will resign from their respective current positions in other companies upon Completion.

Ms. Zhang Chunping ("**Ms. Zhang**"), was appointed as an executive director of the Company on 12 February 2018. Ms. Zhang has over 10 years of experience in financial management in the PRC and she is the financial director of China Brilliant Supply Chain. Ms. Zhang is responsible for overseeing the financial operation of the corporation and liaising with various bankers of the corporation for banking facilities and other services.

Mr. Ouyang Zhijun ("**Mr. Ouyang**"), Deputy General Manager of China Brilliant Supply Chain, is mainly responsible for the strategic development of China Brilliant Supply Chain's credit business. Mr. Ouyang is in charge of corporate finance, risk control, supply chain finance, investment, human resources and IT sectors. Prior to joining China Brilliant Supply Chain, he previously worked in the People's Bank of China and Eternal Asia Supply Chain Co., Ltd..

With nearly 20 years of management experience in finance and supply chain services, Mr. Ouyang understands China's banking management policies and is familiar with banking supervision experience. He has successively undertaken the special innovation project "China Brilliant Supply Chain Management Service Platform" of the Ministry of Science and Technology and the special construction project of "the national supply chain service standard system". He is also responsible for the management and advancement of the special project of "China's service outsourcing and global value chain integration", etc. Mr. Ouyang took the lead in the construction and R&D of industry-aware supply chain information platforms and R&D of financial products and won the Shenzhen Financial Innovation Award. He is good at theory and practice in research and teaching and is a certified expert in Shenzhen's technologically advanced service companies.

Mr. Ouyang graduated from Ocean University of China with a major in international finance, and obtained a master's degree in finance from Capital University of Economics and Business, a senior human resources manager and an economist.

Ms. Zhang Chunfang has became the deputy general manager of Shenzhen China Brilliant Microfinance Company Limited ("**Shenzhen China Brilliant Microfinance**"), a company established in the PRC and is directly and indirectly owned as to 90.02% by Mr. Zhang Chunhua, since 2013. She has extensive management experience and is responsible for maintaining relationships with micro-credit customers, managing the daily operations of Shenzhen China Brilliant Microfinance, overseeing logistics finance, supply chain finance and SME finance. Ms. Zhang Chunfang graduated from Jiangxi University of Technology, majored in Business Administration.

The primary duties of the directors are as follow:

Mr. Wen *BBS, JP*, is the Founder and Chairman of Bank of Asia. He is also Chairman of the Sancus Group of companies, which has investments in policy driven sectors such as new energy, logistics, finance and technology. He has practiced law for over 30 years at his own Hong Kong partnership and subsequently at leading global law firms. Mr. Wen was a three-term Deputy to the National People's Congress of China. He is also a Justice of the Peace of Hong Kong and held various public service appointments in Mainland China and Hong Kong. Mr. Wen is a member of the Executive Council of the Sustainable Business Network of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). He is also a Director of the Pacific Basin Economic Council. Mr. Wen was awarded the Bronze Bauhinia Star (BBS) by the Hong Kong Special Administrative Region Government for his contribution to economic ties between Hong Kong, Mainland China and the rest of the world.

Mr. Wen obtained his B.A. from Columbia University, where he majored in economics, and B.A. and M.A. from Balliol College, Oxford University, where he studied law and was Younger Prizeman in Law for 1976. Mr. Wen is one of directors of EBRI and the husband of the ultimate beneficial owner of EBRI, Ms. Fung.

Mr. Leung *Medal of Honour*, is the Chief Executive Officer of BOA International Financial Group. Prior to his current engagement, Mr. Leung was the CIO & COO of China CITIC Bank International, and a Board Member of the Bank's China entity. He was the Deputy Chief Executive of Bank of America/China Construction Bank (Asia), and a senior manager of Standard Chartered Bank and DBS. Previously Mr. Leung worked for Philips, IBM, CSA and PWC in Europe, US and Australia.

Mr. Leung is an Engineering Faculty's Distinguished Alumni Award recipient of the Chinese University of HK, and completed his Master's degree in The Netherlands on a Philips scholarship. He holds a graduate diploma in Bank Management from the University of Virginia in the US. Mr. Leung is currently pursuing a Doctor of Business Administration study on a part-time basis.

The public duties Mr. Leung has served or is serving include President of HK Computer Society, Executive Committee Member and FinTech Committee Chair of HK Institute of Bankers, Adjunct Professor and Information Systems Departmental Advisory Committee Chair of City University of HK, Industry Specialist and Panel Chair of HK Council of Academic and Vocational Qualifications, Chairman of HK Down Syndrome Association, member of the Business and Economics Panel of University Grants Committee, Director of the HK Cyberport, among others.

Ms. Wong is the Chief Financial Officer of BOA Financial Group Limited, has extensive experience in retail, wholesale and manufacturing businesses in the United States, Europe and Greater China. She has strong leadership in financial and management control, and works with various departments closely to ensure that the group is legally and financially compliant. Prior to joining BOA, Ms. Wong was the general manager and chief accountant of JCL Sales Corporation in the United States. She was the Chief Financial Officer of Body Glove Inc. from 1997 to 2005, and returned to Hong Kong in 2001. Ms. Wong served as Chief Operating Officer of Mondi GmbH from 2005 to 2011. From 2012 to 2015, she served as the Chief Operating Officer of Milan Station Holdings Limited (1150.HK). She started her own consulting company in 2015 and started her e-commerce business in 2017.

Ms. Wong graduated from Golden Gate University in San Francisco in 1994 with a bachelor's degree in accounting; and a master's degree in finance from Bernard Baruch College, City University of New York in 2003.

Mr. Thomas Schneider ("**Mr. Schneider**"), started a small tannery in 1993, and has since grown this empire to five tanneries spanning four countries, employing 1200+ talented employees, and has been recognized among top-tier clients such as Timberland, NBC, WWW, Rockport, Clarks, Mazda, and Ford as their largest supplier. He would be using supply chain financing and large trade financing facilities. His experience on supply chain wants in terms of financing from the bank is useful for the JV Company.

Mr. Schneider has been executive chairman of Heshan Bestway Leather Product Ltd since 2010, and executive chairman of Saigon Tantec Leather Ltd since 2008. He was also President & CEO of Guangzhou Tantec Leather Ltd from 1993 to 2011.

From 2018 to 2020, Mr. Schneider was the executive board member of Deutsche Cleft Kinderhilfe e.V., which is a company that develops and empower support of medical aid project for the treatment, aftercare, and education for the needy patients with cleft lip and palate. He was Co-Chair of Ecological Development Union International from 2008 to 2014, and executive committee member of Leather Working Group from 2007 to 2017. Earlier to that, Mr. Schneider was also the chairman of Foreign Tanners of China from 2006 to 2012.

As the pioneer of the "green" leather value-chain, he regularly consults for the United Nations, universities, and industry colleagues on transparent corporate social responsibility, environmental protection, and sustainable community works. He is the Board Member of "German Cleft Child Support", a charity organization dedicated to cleft-affected children in less-developed regions. He is a shareholder of BOA International Financial Group Limited through CNS Holdings

Limited, which he and his wife co-own. The management of BOA International Financial Group Limited regularly brief him on developments at Bank of Asia. ECF is thus the second bank that he indirectly holds.

Mr. Zhang is an non-executive director and responsible to oversee the JV Company's corporate strategy and company management.

Ms. Chung is an executive director and responsible for the JV Company's administrative and brand building.

Mr. Wen is a non-executive director and responsible for oversee the JV Company's corporate governance, legal and compliance.

Ms. Wong is an executive director responsible to oversee the JV company's financial operation.

Mr. Leung is an executive director and responsible for oversees the JV Company's banking operation.

Ms. Zhang Chunfang is the executive director and responsible for the JV Company's credit management and risk assessment.

Ms. Zhang, Mr. Ouyang and Mr. Schneider are the non-executive directors and responsible for overall monitoring the operation and compliance of the JV company.

In addition, the JV Company intends to appoint Mr. Anthony Espina ("**Mr. Espina**") as the bank's President and Mr. Ben McQuhae ("**Mr. McQuhae**") be legal adviser in Kazakhstan. The relevant experience of Mr. Espina and Mr. McQuhae are as follow:

Mr. Espina, was appointed as an Independent Non-Executive Director of the China Cloud Copper Company Limited (0033.HK) on June 2007. Mr. Espina has over 50 years of experience in the accounting and finance industry.

From May 2013 until his retirement in April 2019, Mr. Espina was the CEO and Chairman of the Management Board and Executive Director of Supervisory Board of ATF Bank in Kazakhstan and of the subsidiary Optima Bank in Kyrgyzstan. He is currently a Non-Executive Director of the Supervisory Board of ATF Bank. ATF Bank is the fifth largest bank in Kazakhstan with over 2,500 employees and 70 branches and outlets (over 130 branches and outlets before rationalization).

He was appointed Advisor to the CEO and Chairman of the Management Board of Samruk Kazyna, the sovereign wealth fund and national holding company of Kazakhstan in February 2018. Samruk Kazyna has over holds controlling interests in all the state owned entities (in most cases 100% ownership) and has USD70 billion under management. He was advising on privatization of the state owned assets.

In May 2019, he was appointed as a Non-Executive Director of Kaz Munay Gas the national oil company of Kazakhstan.

From July, 2014 to May, 2017, Mr. Espina was an Independent Non-Executive Director of the "Single Accumulative Pension Fund", a wholly-owned subsidiary of the National Bank of Kazakhstan administering the pension assets of all employees in Kazakhstan. He was Chairman of the Hong Kong Securities Association from 2005 to 2007, and is Permanent Hon. President of the Association.

He is the Founder and Managing Director of Goldride Securities Limited. Mr. Espina was a partner of Arthur Andersen & Co. from 1982 to 1986 and of Deloitte Touche Tohmatsu from 1986 to 1990.

He was the President of the Hong Kong Computer Society from 1978 to 1979. He graduated from the University of Southern Queensland with a bachelor degree in business and is an Associate member of CPA Australia, a Fellow member of the Hong Kong Institute of Certified Public Accountants and a Fellow member of the Hong Kong Institute of Directors.

Mr. McQuhae is an industry leading transactional lawyer focusing on M&A, projects and financings. He has more than 20 years of legal experience, including 16 years in Hong Kong. He has represented a broad range of clients (including SOEs, MNCs, PE, financial institutions and start-ups) on a broad range of international transactions involving deal sizes excess of many USD billions.

He graduated from LLB (Hons), University of Exeter, England, College of Law, and got a lot professional honours and distinctions like Chambers Asia — ranked Band 1 (2012-2018), Legal 500 — Leading Individual (2009-2018), Who's Who Legal: Expert (2012-2018), IFLR1000 — leading lawyer, Expert Guides — The World's Leading Lawyers — leading practitioner (2011-2018).

He is also Founder and Co-chair, Hong Kong Green Finance Task Force, VP & Special Advisor to the Chairman, Hong Kong Green Finance Association, Steering Committee Member, United Nations Financial Centres for Sustainability (FC4S) network, Member, UN ESCAP Sustainable Business Network.

SHAREHOLDERS' AGREEMENT

Upon Completion, CFSG, EBRI, APEX, VKV and the JV Company will enter into the Shareholders' Agreement which contains provisions in relation to the operation of the business by the JV Group, the control, management and funding of the JV Group and the rights and obligations of each shareholders of the JV Company. Details of the proposed Shareholders' Agreement are set out below.

Parties

(1) CFSG;

(2) EBRI;

(3) APEX;

(4) VKV; and

(5) the JV Company

The Objectives of the JV Company

Pursuant to the proposed Shareholders' Agreement the objectives of the JV Group are to carry on banking business along the Belt and Road region in accordance with the budget and business plan as agreed by the parties; applicable law, regulations and AFSA requirements; and to develop the banking business into a sustainable business.

Each JV Partner agrees and undertakes, to the reasonably practicable extent in light of its resources and circumstances:

(a) to comply and to procure that the JV Company complies with, and the JV Company procures each of its subsidiaries complies with, its obligations under the Shareholders' Agreement;

(b) to devote appropriate resources to ensure that the business objectives of the JV Company are achieved;

(c) to cooperate and use its reasonable endeavours to ensure that the JV Group successfully carry on its business;

(d) not to delay unreasonably any action, approval, direction, determination or decision required of the JV Partners in connection with the Shareholders' Agreement; and

(e) to give approvals and make decisions required of the JV Partners in the best interests of the JV Group and the carrying on of its business as a commercial venture.

All JV Partners agree and undertake to assist with liaising with relevant government agencies in relation to compliance by the JV Group and its business with applicable law, regulations and requirements. The proposed banking subsidiary of the JV Company will commence operations in two broad business areas, namely, Commercial Banking and Supply Chain Financing. The former is primarily a continuation of the current licensed activities, e.g. "providing digital banking services such as accepting deposit from retail clients, professional clients and/or market counterparties, providing credit and providing money services", whereas the latter includes a number of deposit and loan products, such as import/export credit, invoice financing, inventory pledge and advance for taxes.

The Board treated the banking business of the JV Company as the extension of its lending business.

Further funding after Initial Funding

Except as required under the Subscription Agreements, no JV Partner is under any obligation to provide any funding, financing, guarantee or other similar commitment or comfort in relation to the JV Group.

The Shareholders acknowledge and agree that if any one or more of the following events occurs:

(i) the AFSA requests or requires that the JV Company or the JV Partners (or any one or more of the foregoing) provide additional funding or contribute additional capital to any member of the JV Group beyond the initial funding; or

(ii) the board of directors of the JV Company resolves that any member of the JV Group requires (or is reasonably likely to require) additional funding in order to comply with relevant regulatory requirements or any other requirements under applicable law, the board of directors of the JV Company may request the JV Partners to provide additional funding to the JV Company in their respective shareholding in the JV Company to satisfy such funding requirement and the Shareholders may (but are not obliged to) provide such additional funding to the JV Company subject to, and in accordance with, the terms and conditions of the Shareholders' Agreement.

In the event that additional fund is required to be made by the Company in proportion to its respective shareholding in the JV Company, the Company will comply with all relevant requirements under Chapter 19 and Chapter 20 of the GEM Listing Rules.

CFSG anti-dilution right

Subject to applicable law and after the passing of a Super Majority Shareholders' Resolution in respect thereof, if the JV Company proposes to issue new shares, the JV Company must procure that CFSG is given the right (but not the obligation) to participate in such new share issuance in its then shareholding percentage such that, if it participates in full, it is not diluted as a result of such new issuance and will maintain at least the shareholding proportion in the JV Company that it held immediately prior to such new Share issuance, except(i) as required under the Subscription Agreements; (ii) if the JV Partners are requested to provide funding to the JV Group as set out in the paragraph headed "Further funding after Initial Funding" above; or (iii) pursuant to any share option scheme which the JV Company may adopt.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The principal activity of EBRI is investments holding and the principal activities of the Group are wholesale and retailing of jewellery, money lending and distribution of pharmaceutical and healthcare products.

The Board considers that the formation of the JV Company will 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.

Further, with the establishment of AIFC in July 2018 and the continuous support on the "Belt and Road" initiative by the PRC government, many Chinese enterprises has been attracted to this region, including China Development Bank, China Construction Bank, Industrial and Commercial Bank of China, Bank of China, China International Capital Corporation, etc. As Kazakhstan is seeking to make AIFC a leading financial centre in Asia, and the "Belt and Road" initiative to make AIFC an important RMB offshore centre, the Board expects large demand on banking and financing business to be generated in this region in the future. The JV Company, which aims to provide multidimension banking and financial services (including online banking services), is expected to capture the huge business needs of corporate clients along the "Belt and Road" region across Asia, Europe and beyond, particularly in trade and supply chain financing. Furthermore, the Kazakhstan government's decision to established AIFC under a common law legal regime and regulatory framework is beneficial to enterprises like the Company who's management are familiar with such regulatory regime to engage in banking and financial related businesses in AIFC.

As explained in the paragraph above, the Board considered that with the establishment of AIFC and the PRC's Road and Belt initiative, Kazakhstan is seeking to make AIFC a leading financial centre in Asia, and the "Belt and Road" initiative to make AIFC an important RMB offshore centre, the Board expects large demand on banking and financing business to be generated in this region in the future. With the FinTech Lab Participant License, the JV Company may commence its banking business is AIFC and the JV Company is planning to complete the banking information system before 31 December 2020. The pilot run included the 5 successful test cases will be completed in the same period. The Board considers that the initial investment of US$5 million is sufficient to operate the JV Company's banking business under the FinTech Lab Participant License and currently, there is no fundraising plan by the JV Company.

The Board considers the terms and conditions of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE SUBSCRIPTION

Following the Completion, the JV Company will be classified as a subsidiary of the Company under the applicable accounting standards and its results will be consolidated into the financial statements of the Group. The overall effects of the formation of the JV Company on the future earnings of the Group will depend on, among other things, the operating results and distribution of dividends of the JV Company. It is expected that the making of such capital contribution would not have any material adverse impact on the financial position of the Group. Further details of the financial effect of the Subscription are set out in the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular.

GEM LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Subscription Agreement is more than 25% but is less than 100%, the entering into of the Subscription Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Subscription Agreement and the transactions contemplated thereunder, and the Company has obtained a written approval for the Subscription Agreement and the transactions contemplated thereunder from Brilliant Chapter Limited (the controlling shareholder of the Company holding approximately 57.5% of the issued share capital of the Company as at the Latest Practicable Date), an extraordinary general meeting of the Company to approve the Subscription Agreement and the transactions contemplated thereunder is not required pursuant to Rule 19.44 of the GEM Listing Rules and will not be convened.

RECOMMENDATION

The Board considers that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

By order of the Board
China Brilliant Global Limited
Zhang Chunhua
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for the three years ended 31 March 2020 and the six months ended 30 September 2019 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cbg.com.hk/en/ir/reports.php):

- annual report of the Company for the year ended 31 March 2018 published on 29 June 2018 (pages 78 to 228);
- annual report of the Company for the year ended 31 March 2019 published on 27 June 2019 (pages 71 to 236);
- annual report of the Company for the year ended 31 March 2020 published on 2 July 2020 (pages 74 to 212); and
- interim report of the Company for the six months ended 30 September 2019 published on 12 November 2019 (pages 3 to 56).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 30 June 2020, 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 30 June 2020, being the latest practicable date for the purpose of this indebtedness prior to the printing of this circular, the Group had outstanding borrowings as follows:

	30 June 2020
	HK$'000
Unsecured loans	999

The unsecured loan is provided by non-bank financial institution which is independent third party and bears interest at 6% per annum.

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 30 June 2020, the Group had lease liabilities of approximately HK$4,407,000 which were secured by rental deposits and unguaranteed

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Enlarged Group, as at the close of business on 30 June 2020, the Enlarged Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, lease liabilities under finance lease and operating lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. 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 2020, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

4. WORKING CAPITAL

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 Subscription, 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 March 2020, the Group continued to diversify its revenue base to jewellry trading and retailing, lending business as well as pharmaceutical and healthcare products business. The Group's revenue for the year ended 31 March 2020 amounted to approximately HK$105,806,000, representing an increase of approximately 26% from approximately HK$84,047,000 for the year ended 31 March 2019.

As a result of entering into pharmaceutical and healthcare products business, as well as the development of the jewellry trading and retailing, cost of sales of the Group increased from approximately HK$77,799,000 for the year ended 31 March 2019 to approximately

HK$101,005,000, for the year ended 31 March 2020, representing an increase of approximately 30%. As the gold jewellry wholesale contributed a significant part of the revenue, which had a lower gross profit margin, the overall gross profit margin decreased from approximately 7% to 5% during the year ended 31 March 2019.

The Group recorded a loss of approximately HK$38,111,000 for the year ended 31 March 2020, compared to loss of approximately HK$54,006,000 for the year ended 31 March 2019. The loss for the year mainly due to (i) poor operation result; (ii) other operating expenses, (iii) impairment loss recognised in respect of interest in an associate, right-of-use assets and goodwill; and (iv) allowance for expected credit losses on financial assets at amortised cost.

On 14 July 2020, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Prosten Development Limited and its subsidiaries, which is principally engaged in Pharmaceutical Business. The disposal of the Pharmaceutical Business is consistent with the Group's long-term policy to focus its activities on the Group's other operations. The disposal was completed on 14 July 2020, on which date the control of Prosten Development Limited to the acquirer.

Looking ahead, the Group will continue to take a prudent approach in its investment strategy in the coming year, enhance the quality of services and look for new potential investment opportunities to bring greater returns to the Shareholders.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 August 2020

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CBG FINTECH HOLDINGS LIMITED (FORMERLY KNOWN AS EURASIA CONTINENTAL CAPITAL HOLDINGS LIMITED)

Introduction

We report on the historical financial information of CBG Fintech Holdings Limited (formerly known as Eurasia Continental Capital Holdings Limited) (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") set out on pages II-5 to II-62, which comprises the statement of financial position of the Target Company as at 31 December 2017, 2018, 2019 and 31 May 2020, the consolidated statements of financial position of the Target Group as at 31 December 2017, 2018, 2019 and 31 May 2020, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2017, 2018, 2019 and five months ended 31 May 2020 (the "**Track Record Period**") 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-62 forms an integral part of this report, which has been prepared for inclusion in the circular of China Brilliant Global Limited (the "**Company**") dated 21 August 2020 (the "**Circular**") in connection with subscription of 56% equity interest of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is 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 Standards on Investment Circular Reporting Engagements 200 "*Accountants' Reports on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants ("**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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 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 purposes of the accountants' report, a true and fair view of the Target Group's and the Target Company's financial position as at 31 December 2017, 2018, 2019 and 31 May 2020, and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2019 and other explanatory information (the "**Stub Period**

Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative 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 inquiries, 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 Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

No dividends have been paid by the Target Company in respect of the Track Record Period.

No historical financial statements for the Target Company

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 21 August 2020

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The consolidated financial statements of the Target Group for the Track Record Period, 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 "**Underlying Financial Statements**").

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

Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December			Five months ended 31 May	
	Notes	**2017**	**2018**	**2019**	**2019**	**2020**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	*5*	—	—	—	—	—
Other incomes	*6*	—	177	—	—	20
Administrative expenses		(1,826)	(10,676)	(7,395)	(5,309)	(795)
Loss before taxation	*7*	(1,826)	(10,499)	(7,395)	(5,309)	(775)
Taxation	*9*	—	—	—	—	—
Loss for the year/period		(1,826)	(10,499)	(7,395)	(5,309)	(775)
Other comprehensive income/(loss):						
Exchange differences arising on translation of foreign operations		—	(51)	(6)	23	(8)
Total comprehensive loss for the year/period		(1,826)	(10,550)	(7,401)	(5,286)	(783)
Loss for the year/period attributable to owners of the Target Company		(1,826)	(10,499)	(7,395)	(5,309)	(775)
Total comprehensive loss for the year/period attributable to owners of the Target Company		(1,826)	(10,550)	(7,401)	(5,286)	(783)

The accompanying notes form an integral part of the Historical Financial Information.

Consolidated statements of financial position

	Notes	As at 31 December 2017 HK$'000	As at 31 December 2018 HK$'000	As at 31 December 2019 HK$'000	As at 31 May 2020 HK$'000
Non-current asset					
Property, plant and equipment	*10*	1,854	2,233	1,035	532
Current assets					
Prepayments	*11*	—	40	50	9,939
Amount due from shareholders	*16(e)*	—*	—*	—*	19,500
Cash and cash equivalent	*12*	—	2,462	338	19,583
Total current assets		—*	2,502	388	49,022
Current liabilities					
Other payables and accruals	*13*	—	198	1,028	1,012
Amount due to a related company	*16(f)*	3,680	16,913	20,172	—
Total current liabilities		3,680	17,111	21,200	1,012
Net current (liabilities)/assets		(3,680)	(14,609)	(20,812)	48,010
Total assets less current liabilities		(1,826)	(12,376)	(19,777)	48,542
Net (liabilities)/assets		(1,826)	(12,376)	(19,777)	48,542
Equity					
Share capital	*14(a)*	—*	—*	—*	205
Reserves		(1,826)	(12,376)	(19,777)	48,337
Total equity		(1,826)	(12,376)	(19,777)	48,542

Note:

* The balance represents less than HK$1,000.

The accompanying notes form an integral part of the Historical Financial Information.

Statements of financial position of the Target Company

	Notes	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 31 May 2020
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Investment in subsidiary		—*	—*	—*	—
Current asset					
Prepayments		—	—	—	9,900
Amount due from shareholders		—*	—*	—*	19,500
Cash and cash equivalent		—	—	—	19,500
Total current assets		—	—	—	48,900
Current liabilities					
Amount due to a subsidiary		—*	—*	—*	—*
Amount due to a related party		23	32	41	—
Total current liabilities		23	32	41	—*
Net current (liabilities)/assets		(23)	(32)	(41)	48,900
Total assets less current liabilities		(23)	(32)	(41)	48,900
Net (liabilities)/assets		(23)	(32)	(41)	48,900
Equity					
Share capital	*14(a)*	—*	—*	—*	205
Reserves	*14(b)*	(23)	(32)	(41)	48,695
Total equity		(23)	(32)	(41)	48,900

Note:

* The balance represents less than HK$1,000.

Consolidated statements of changes in equity

	Attributable to owners of the Target Company				
	Share capital *HK$'000* *(Note 14(a))*	**Share premium** *HK$'000* *(Note 14(a))*	**Exchange reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
As at incorporation date	—*	—	—	—	—
Loss and total comprehensive loss for the year	—	—	—	(1,826)	(1,826)
As at 31 December 2017 and 1 January 2018	—*	—	—	(1,826)	(1,826)
Loss for the year	—	—	—	(10,499)	(10,499)
Other comprehensive income for the year	—	—	(51)	—	(51)
As at 31 December 2018 and 1 January 2019	—*	—	(51)	(12,325)	(12,376)
Loss for the year	—	—	—	(7,395)	(7,395)
Other comprehensive loss for the year	—	—	(6)	—	(6)
As at 31 December 2019 and 1 January 2020	—*	—	(57)	(19,720)	(19,777)
Issuance of share capital	205	68,897	—	—	69,102
Loss for the period	—	—	—	(775)	(775)
Other comprehensive loss for the period	—	—	(8)	—	(8)
As at 31 May 2020	205	68,897	(65)	(20,495)	48,542
As at 1 January 2019 (audited)	—*	—	(51)	(12,325)	(12,376)
Loss for the period	—	—	—	(5,309)	(5,309)
Other comprehensive income for the period	—	—	23	—	23
As at 31 May 2019 (unaudited)	—*	—	(28)	(17,634)	(17,662)

Note:

* The balance represents less than HK$1,000.

The accompanying notes form an integral part of the Historical Financial Information.

Consolidated statements of cash flows

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Cash flows from operating activities					
Loss before taxation	(1,826)	(10,499)	(7,395)	(5,309)	(775)
Adjustments for:					
Depreciation of property, plant and equipment	221	1,161	1,200	500	500
Net exchange (gain)/loss	—	(177)	30	23	(20)
Expenses paid on behalf by a related company	1,605	6,384	2,595	2,405	30
Operating cash flows before movements in working capital	—	(3,131)	(3,570)	(2,381)	(265)
(Increase)/decrease in prepayments	—	(40)	(10)	(38)	11
Increase/(decrease) in other payables and accruals	—	198	830	144	(16)
Cash used in operations	—	(2,973)	(2,750)	(2,275)	(270)
Income tax paid	—	—	—	—	—
Net cash used in operating activities	—	(2,973)	(2,750)	(2,275)	(270)
Cash flows from investing activity					
Purchases of property, plant and equipment	—	(72)	(2)	(2)	—
Net cash used in investing activity	—	(72)	(2)	(2)	—

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Cash flows from financing activities					
Advance from a related company	—	5,375	664	664	—
Proceed from issuance of share capital	—	—	—	—	19,500
Net cash generated from financing activity	—	5,375	664	664	19,500
Net increase/(decrease) in cash and cash equivalents	—	2,330	(2,088)	(1,613)	19,230
Cash and cash equivalents at beginning of the year/period	—	—	2,462	2,462	338
Effect of exchange rate changes	—	132	(36)	2	15
Cash and cash equivalents at end of the year/period	—	2,462	338	851	19,583
Analysis of balances of cash and cash equivalents					
Bank balances and cash	—	2,462	338	851	19,583

The accompanying notes form an integral part of the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE TARGET GROUP

CBG Fintech Holdings Limited (formerly known as Eurasia Continental Capital Holdings Limited) was incorporated in the British Virgin Island ("**BVI**") as a limited liability company on 27 July 2017. Its registered office is located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Island. The principal place of business is Level 15, Nexxus Building, 41 Connaught Road Central, Central, Hong Kong.

The Target Company and its subsidiaries (collectively referred to as the "**Target Group**") are principally engaged in the provision of developing financial technology service in Kazakhstan. Particulars of the subsidiaries of the Target Group included in the preparation of the Historical Financial Information are set out in note 19.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Target Group has consistently applied Hong Kong Accounting Standards ("**HKASs**"), HKFRSs, amendments and interpretations ("**HK(IFRIC)-Int**") issued by the HKICPA which are effective for the Target Group's annual accounting period beginning on 1 January 2020 throughout the Track Record Period except that the Target Group has adopted HKFRS 9 "Financial Instruments" and HKFRS 16 "Leases" with effect from 1 January 2018 and 1 January 2019 respectively. The accounting policies for financial instruments and leases which conform with HKFRS 9 and HKFRS 16 respectively that are applicable from 1 January 2018 and 1 January 2019 onwards and with HKAS 39 "Financial Instruments" and HKAS 17 "Leases" that were applicable for each of the years ended 31 December 2017 and 2018 are set out in Note 3 to the Historical Financial Information below.

(a) HKFRS 9 Financial Instruments

Impact on changes in accounting policies of application on HKFRS 9 "Financial Instrument"

The Target Group has adopted HKFRS 9 "Financial Instruments" since 1 January 2018, the Target Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Target Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 disclosed in Note 3 to the Historical Financial Information.

Classification and measurement of financial assets and financial liabilities at amortised cost

At the date of initial application, the Target Group's financial assets previously classified as loans and receivables including amount due from a shareholder and cash and cash equivalent continued to be measured at amortised cost. There is no change in measurement basis of the financial assets.

All recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Impairment under ECL model

For the amount due from a shareholder and cash and cash equivalent, the directors reviewed and assessed the Target Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The directors consider the ECL for the Target Group's financial assets is insignificant.

(b) HKFRS 16 Leases

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16")

The Target Group has applied HKFRS 16 for the first time as from 1 January 2019. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Target Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Target Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Target Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Target Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Target Group elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application to leases previously classified as operating leases under HKAS 17.

The application of HKFRS16 does not have material impact on the Target Group where the leases are short term leases.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 17	Insurance Contracts[2]
HKFRS 16 (Amendment)	COVID-19 related Rent Concession[3]

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

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for annual period beginning on or after 1 June 2020.

The directors of the Target Group anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Historical Financial Information of the Target Group in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

Basis of preparation

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 Target Group 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 the Historical Financial Information 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 within the scope of HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), 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*.

For financial instruments which are transacted at fair value and a valuation technique that uses unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Target Company and entities controlled by the Target Company (its subsidiaries). Control is achieved when the Target Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Target Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Revenue and other income recognition

Revenue from contracts with customers

Under HKFRS 15, the Target Group 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 Target Group's performance as the Target Group performs;
- The Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- The Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance complete to date.

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

A contract asset represents the Target Group's right to consideration in exchange for services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle the obligation, 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 reporting period, 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Target Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group. When inflow is virtually certain, an asset is recognised.

Leasing (upon adoption of HKFRS 16 in accordance with transition in Note 2)

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 or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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 Target Group 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 Target Group also applies practical expedient not to separate non-lease components from lease component, an instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis or another systematic basis over the lease term.

Right of use assets

Except for leases of low value assets, the Target Group recognises right-of-use assets at the date of initial application of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentive received;

- any initial direct costs incurred by the Target Group; and

- an estimate of costs to be incurred by the Target Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Target Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKAS 39/HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the date of initial application of the lease, the Target Group recognises lease liabilities measured at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Target Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising the option to terminate.

After the date of initial application, the amount of lease liabilities is adjusted by interest accretion and lease payments.

The Target Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the modified 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.

The Target Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other lease are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period. On behalf of its employees, the Target Company makes pension contributions and pays termination benefits prescribed by legal requirements of the Republic of Kazakhstan.

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 wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment

Share-based payment transactions

Shares granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the counterparty renders the service. The fair values of the services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

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 Track Record Period. Taxable profit differs from “profit before taxation” as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 difference 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and interests in associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 year 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 reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies HKAS 12 Income Tax requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax for the year/period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements 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 repairs and maintenance, is normally charge 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 recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. 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. The principal annual rates are as follows:

Office equipment:	25%

An item of property, plant and equipment and any significant part initially recognised 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 on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the CGU to which the asset belongs. When reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can identified.

The recoverable amount of tangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount the assets on a pro-rata basis based on the carrying amount of each asset in the unit. 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 other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) 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) 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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.

Interest income which are derived from the financial assets are presented as other income.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in note 2)

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, 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 reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other incomes” line item.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2)

The Target Group performs impairment assessment under expected credit loss ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including amount due from a shareholder and cash and cash equivalents). The amount of ECL is updated at each reporting date 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 reporting date. Assessment are done based on the Target Group'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 reporting date as well as the forecast of future conditions.

The Target Group measures the loss allowance for other receivables equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group 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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group 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; and

- 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 Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group 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.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full.

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) 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;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group 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 loan and interest receivables, when the amounts are over three year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Group'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.

(v) 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 the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Target Group's other receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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 Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of loan and interest receivables where the corresponding adjustments are recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before adoption of HKFRS 9 on 1 January 2018)

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a shareholder and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets (before adoption of HKFRS 9 on 1 January 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 Target Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Target Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Target Company's own equity instruments.

Financial liabilities at amortise cost

Financial liabilities (including other payables and accruals and amount due to a related company) are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL.

Derecognition

Derecognition of financial assets

The Target Group 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 Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group continued to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Derecognition of financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the Target Group's consolidated statements of cash flows, cash and cash equivalents comprises of cash at banks which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value.

Foreign currency

In preparing the financial statements of each individual group entity, 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 reporting period, 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Target Group's operations are translated into the presentation currency of the Target Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. 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 (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Target Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Target Company are reclassified to profit or loss.

Related parties

A party is considered to be related to the Target Group if:

(a) a person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

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

(b) an entity is related to the Target Group if any of the following conditions applies:

(i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);

(iii) the entity and the Target Group 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 Target Group or an entity related to the Target Group. If the reporting entity is itself such a plan, the sponsoring employees are also related to the Target Group;

(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); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

Close family members 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND JUDGEMENTS

In the application of the Target Group's accounting policies, which are described in Note 3 to the Historical Financial Information, management 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 underlying 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years/period.

The following are the critical judgments, apart from those involving estimations, that the directors of the Target Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

(a) Useful lives and impairment of property, plant and equipment

In accordance with HKAS 16, the Target Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Target Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Target Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(b) Income tax

Determining income tax provisions involve judgment on the future tax treatment of certain transactions. The Target Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. The Target Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE

The Target Group had no revenue recognised during the Track Record Period.

6. OTHER INCOMES

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Foreign exchange gain	—	177	—	—	20

7. LOSS BEFORE TAXATION

The Target Group's loss before tax for the Track Record Period is arrived at after charging the following items:

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Auditors' remuneration	—	66	64	60	60
Depreciation of property, plant and equipment	221	1,161	1,200	500	500
Directors' remuneration *(Note 8)*	—	—	—	—	—
Staff costs (excluding directors' remuneration)					
— Salaries, allowance and bonus	—	2,438	1,927	1,824	128
— Contributions to Mandatory Provident Fund	—	52	64	43	—
Minimum lease payments under operating leases	—	69	—	—	—
Expenses relating to leases of low-value assets	—	—	—	—	9
Expenses in relating to short term leases	—	—	24	—	—
Exchange losses, net	—	—	30	23	—

8. DIRECTOR'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

(a) Director's emoluments

The aggregate amounts of emoluments paid by the companies now comprising the director of the Target Company during the Track Record Period are as follows:

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Fees	—	—	—	—	—
Wages, salaries, allowance and bonus	—	—	—	—	—
Contributions to Mandatory Provident Fund	—	—	—	—	—
	—	—	—	—	—

31 December 2017

	Fees	**Wages, salaries, allowance and bonus**	**Mandatory Provident Fund**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director:				
Mr. Carson Wen	—	—	—	—

31 December 2018

	Fees	**Wages, salaries, allowance and bonus**	**Mandatory Provident Fund**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director:				
Mr. Carson Wen	—	—	—	—

Details for the emoluments of each director of the Target Company during the Track Record Period are as follows:

31 December 2019

	Fees	Wages, salaries, allowance and bonus	Mandatory Provident Fund	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director:				
Mr. Carson Wen	—	—	—	—

31 May 2019 (unaudited)

	Fees	Wages, salaries, allowance and bonus	Mandatory Provident Fund	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director:				
Mr. Wen Carson	—	—	—	—

31 May 2020

	Fees	Wages, salaries, allowance and bonus	Mandatory Provident Fund	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director:				
Mr. Wen Carson *(i)*	—	—	—	—
Ms. Wong Woon Yuk Angela *(ii)*	—	—	—	—
Mr. Leung Kin Man *(iii)*	—	—	—	—
	—	—	—	—

Notes:

(i) Mr. Wen Carson was resigned on 19 March 2020.

(ii) Ms. Wong Woon Yuk Angela was appointed on 19 March 2020.

(iii) Mr. Leung Kin Man was appointed on 19 March 2020.

(b) Five highest paid individuals

Emoluments payable to the remaining highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and bonuses	—	2,438	1,927	1,824	128
Contribution to defined contribution retirement plan	—	52	64	43	—
	—	2,490	1,991	1,867	128

Their emoluments were within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
HK$Nil to HK$1,000,000	—	4	4	3	1
HK$1,000,001 to HK$1,500,000	—	—	1	1	—
HK$1,500,001 to HK$2,000,000	—	1	—	—	—
	—	5	5	4	1

9. TAXATION

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current tax					
— Hong Kong Profit tax	—	—	—	—	—
— Overseas corporate income tax	—	—	—	—	—
	—	—	—	—	—

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profit for the years ended 31 December 2017 and 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 millions of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 millions will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two tiered profits tax rates regime is applicable to the Target Group for the year ended 31 December 2019 and the five months ended 31 May 2019 and 2020.

Accordingly, starting from the year ended 31 December 2019, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 millions of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 millions.

No provision of profit tax as no assessable profit for the Track Record Period.

(ii) Overseas Corporate Income Tax

The subsidiary of the Target Group established in the Republic of Kazakhstan is generally subject to Kazakhstan Corporate Income Tax on its taxable income at an income tax rate of 20% and assessed for a calendar year. All Kazakhstan legal entities and branches of foreign legal entities are subject to Corporate Income Tax.

Until 1 January 2066, in accordance with paragraph 3 of article 6 of the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre", company is exempt from corporate income tax on income received from providing the financial services in the Astana International Financial Centre.

The tax expenses for the year/period can be reconciled to the loss before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Loss before taxation	(1,826)	(10,499)	(7,395)	(5,309)	(775)
Tax at the Hong Kong Profits Tax rate	(301)	(1,732)	(1,220)	(876)	(128)
Tax effect of tax different tax rates of subsidiaries operating in other jurisdiction	—	(104)	(99)	(84)	(9)
Tax effect of income not taxable for tax purpose	—	(35)	—	—	(4)
Tax effect of expenses not deductible for tax purpose	301	1,871	1,319	960	141
Tax charge for the year/period	—	—	—	—	—

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	HK$'000
Cost	
As at date of incorporation	—
Additions	2,075
As at 31 December 2017 and 1 January 2018	2,075
Additions	1,546
Exchange differences	(7)
As at 31 December 2018 and 1 January 2019	3,614
Additions	2
Exchange differences	—
As at 31 December 2019 and 1 January 2020	3,616
Exchange differences	(6)
As at 31 May 2020	3,610
Accumulated depreciation	
As at incorporation date	—
Charged for the year	221
As at 31 December 2017 and 1 January 2018	221
Charged for the year	1,161
Exchange differences	(1)
As at 31 December 2018 and 1 January 2019	1,381
Charged for the year	1,200
Exchange differences	—
As at 31 December 2019 and 1 January 2020	2,581
Charged for the period	500
Exchange differences	(3)
As at 31 May 2020	3,078
Carrying amounts	
As at 31 December 2017	1,854
As at 31 December 2018	2,233
As at 31 December 2019	1,035
As at 31 May 2020	532

11. PREPAYMENTS

	As at 31 December			As at 31 May
	2017	2018	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments *(Note)*	—	40	50	9,939

Note: Prepayments as at 31 May 2020 included the amount approximately HK$9,900,000 prepaid to APEX and VKV for advisory services in relation to the establishment of banking business.

12. CASH AND CASH EQUIVALENT

	As at 31 December			As at 31 May
	2017	2018	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank	—	2,462	338	19,583

Note: Cash and cash equivalent comprise USD and KZT held by the Target Group.

13. OTHER PAYABLES AND ACCRUALS

The Target Group

	As at 31 December			As at 31 May
	2017	2018	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	—	15	8	—
Accruals	—	183	1,020	1,012
	—	198	1,028	1,012

14. SHARE CAPITAL AND RESERVES

(a) Share capital

The Target Company

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary Shares:		
At 1 January 2017, at 31 December 2017, at 1 January 2018, at 31 December 2018, at 1 January 2019, at 31 December 2019, at 1 January 2020 and 31 May 2020 — US$1 each	50,000	390
Issued and fully paid:		
At 1 January 2017, at 31 December 2017, at 1 January 2018, at 31 December 2018, at 1 January 2019, at 31 December 2019 and at 1 January 2020 *(note i)*	1	—*
Issuance of share capital *(note ii, iii, iv, v)*	26,315	205
At 31 May 2020	**26,316**	**205**

Notes:

(i) The Company was incorporated in the British Virgin Island with limited liability as an investment holding company on 27 July 2017. Upon its incorporation one share was allotted and issued to the Sancus Group Limited. As at 31 December 2017, 2018 and 2019, the share capital of the Target Company was US$1 (Equivalent to HK$7.8).

(ii) On 28 May 2020, 14,737 shares of US$1 (equivalent to approximately HK$7.8 per share) each of the Target Company were issued in accordance with the subscription agreement, to CFSG, for 56% of the issued shares. The consideration of shares issued were US$5 million (equivalent to approximately HK$39,000,000). Difference between the nominal value of share issued of approximately HK$38,885,000 standing to the credited of the Share premium.

(iii) On 28 May 2020, 2,105 shares of US$1 (equivalent to approximately HK$7.8 per share) each of the Target Company were issued in accordance with the subscription agreement, to APEX, for 8% of the issued shares. The consideration of shares issued were approximately 5,400,000. Difference between nominal value of share issued of approximately HK$5,384,000 standing to the credited of the Share premium.

(iv) On 28 May 2020, 1,579 shares of US$1 (equivalent to approximately HK$7.8 per share) each of the Target Company were issued in accordance with the subscription agreement, to VKV, for 6% of the issued shares. The consideration of shares issued were approximately 4,500,000. Difference between nominal value of share issued of approximately HK$4,488,000 standing to the credited of the Share premium.

(v) On 28 May 2020, 7,895 shares of US$1 (equivalent to approximately HK$7.8 per share) each of the Target Company were issued in accordance with the subscription agreement, to EBRI, for 30% of the issued shares. The consideration of shares issued were settled by the amount approximately HK$20,202,000 to a related party, BOA International Financial Group Limited. Difference between the nominal value of the share issued of approximately HK$20,140,000 standing to the credited of the Share premium.

* The balance represents less than HK$1,000.

(b) Reserve

Movements of the Target Company's reserve

	Share premium account *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 January 2017	—	—	—
Loss and total comprehensive loss for the year	—	(23)	(23)
At 31 December 2017 and at 1 January 2018	—	(23)	(23)
Loss and total comprehensive loss for the year	—	(9)	(9)
At 31 December 2018 and at 1 January 2019	—	(32)	(32)
Loss and total comprehensive loss for the year	—	(9)	(9)
At 31 December 2019 and at 1 January 2020	—	(41)	(41)
Loss and total comprehensive loss for the period	—	(20,161)	(20,161)
Issuance of share capital	68,897	—	68,897
At 31 May 2020	68,897	(20,202)	48,695

15. OPERATING LEASE COMMITMENTS

The Target Group as lessee

At the end of each of the Track Record Periods, the Target Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	As at 31 December	
	2017	2018
	HK$'000	*HK$'000*
Within one year	—	24
In the second to fifth years, inclusive	—	—
	—	24

16. RELATED PARTY TRANSACTIONS

16(a) Parent entities

The Target Company is controlled by the following entities:

			Ownership Interest			
			As at 31 December			As at 31 May
Name	Type	Place of incorporation	2017	2018	2019	2020
Eurasia Belt & Road Investment Limited ("EBRI")	Share holder *(note 14a v)*	British Virgin Islands	—	—	—	30%
CBG Financial Services Group Limited	Share holder *(note 14a ii)*	British Virgin Islands	—	—	—	56%
Apex Alliance Limited	Share holder *(note 14a iii)*	Republic of Seychelles	—	—	—	8%
Vital Key Ventures Limited	Share holder *(note 14a iv)*	Republic of Seychelles	—	—	—	6%

16(b) Subsidiaries

Interests in subsidiaries are set out in note 19.

16(c) Key management personnel compensation

No compensation of any kind was paid to the Target Company's directors who were key management personnel during the Track Record Periods.

16(d) Transaction with other related parties

The following transactions occurred with related parties:

	Year ended 31 December			Five months ended 31 May	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Prepaid consultancy services	—	—	—	—	9,990

16(e) Transaction with other related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Current receivables (issuance of shares capitals) (Note):

	As at 31 December			As at 31 May
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sancus Group Limited	—*	—*	—*	—*
CBG Financial Services Group Limited	—	—	—	19,500
	—	—	—	19,500

Note: the amount due from shareholders are unsecured, interest-free and recoverable on demand. The balance represents the allotment, of the issued share capital of Target Company.

* The balance represents less than HK$1,000.

16(f) Loans from related parties

Loans from BOA International Financial Group Limited (Note):

	As at 31 December			As at 31 May
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Beginning of the year	—	3,680	16,913	20,172
Loans advanced	3,680	13,233	3,259	30
Issuance of share capital	—	—	—	(20,202)
End of the year	3,680	16,913	20,172	—

Note: The company is indirectly owned to 90% by Ms. Fung Yuet Shan, Julia who held 65.91% controlling interest of EBRI. These balances are unsecured, interest-free and have no fixed terms of repayment.

17. CAPITAL RISK MANAGEMENT

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Target Group may adjust return of capital to the shareholders or issue new shares.

The Target Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher returns to equity owners that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Target Group consists of debt comprising amount due to a related company and equity attributable to the owners of the Target Company, comprising issued share capital and accumulated losses. The directors consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. This ratio is expressed by as a percentage of net borrowings over the total equity. As at 31 December 2017, 2018, 2019 and 31 May 2020, the Target Group's gearing ratio was undefined because the Target Group did not have any external borrowing.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	As at 31 December			As at 31 May
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Amortised cost	—	2,462	338	39,083
Loan and receivables	—	—	—	—
Financial liabilities				
Amortised cost	3,680	17,111	21,200	1,012

The Target Group's major financial instruments include amount due from a shareholder, cash and cash equivalent, other payables and accruals and amount due to a related company. The risks associated with these financial instruments include credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

Market risk

At the end of the reporting year, the Target Group had no significant exposure to market risk.

(i) Foreign currency risk

The Target Group operates mainly in the Republic of Kazakhstan (the "**Kazakhstan**") and Hong Kong and majority of transactions are denominated in United States dollars ("**US$**") and Kazakhstani Tenge ("**KZT**"). The Target Group is exposed to limited foreign exchange risk as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Target Group. Therefore the Target Group will only exposed to foreign exchange risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the entity to which related. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

At the end of the Track Record Period, the Target Group did not have any financial assets and liabilities which are at floating rate of interests. The Target Group does not have significant exposure to interest rate risk.

Credit risk and impairment assessment

The amount due from a shareholder and cash and cash equivalents represent the Target Group's maximum exposure to credit risk in relation to financial assets.

Other financial assets at amortised cost include amount due from shareholders and cash and cash equivalent. In order to minimize the credit risk of amount due from shareholders and cash and cash equivalents, the management would review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts periodically. In this regard, the directors of the Target Group are of the view that the Target Group does not expose to significant credit risk and no loss allowance provision was made as at 1 January 2018, 31 December 2018, 2019 and 31 May 2020.

In respect of cash and cash equivalents, the credit risk is considered to be low as the counterparty is a reputable bank with high credit rating. The existing counterparty does not have defaults in the past. Therefore, the director of the Target Group expects that the ECL rate of cash and cash equivalents is assessed to be insignificant and no loss allowance provision was made as at 1 January 2018, 31 December 2018, 2019 and 31 May 2020.

Liquidity risk

The Target Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables detail the Target Group's remaining contractual maturity at the end of each reporting period of the Target Group's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay:

	As at 31 December 2017			
	On demand or within 1 year	**More than 1 year**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liability				
— Amount due to a related company	3,680	—	3,680	3,680

	As at 31 December 2018			
	On demand or within 1 year	**More than 1 year**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
— Other payables and accruals	198	—	198	198
— Amount due to a related company	16,913	—	16,913	16,913
	17,111	—	17,111	17,111

	As at 31 December 2019			
	On demand or within 1 year	**More than 1 year**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
— Other payables and accruals	1,028	—	1,028	1,028
— Amount due to a related company	20,172	—	20,172	20,172
	21,200	—	21,200	21,200

	As at 31 May 2020			
	On demand or within 1 year	**More than 1 year**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
— Other payables and accruals	1,012	—	1,012	1,012

Fair value measurements of financial instruments

The carrying amount of the Target Group's financial assets and liabilities are not materially different from their fair values.

19. INVESTMENT IN SUBSIDIARIES

As at the date of this report, the particulars of the subsidiaries in which the Target Company has direct and indirect interests are set as follows:

Name of subsidiaries	Date and place of incorporation/operations	Issue and fully paid up share capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Eurasia Continental Capital Limited ("**ECC**")	14 July 2017, Hong Kong	HK$1	100	Investment holdings
Indirectly held:				
Eurasia Continental Fintech Limited ("**ECCF**")	31 January 2018, Republic of Kazakhstan/Astana International Financial Centre	US$774,992	100	Developing financial technology services

20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated cash flow statement as cash flows from financing activities.

	Amount due to a related company *HK$'000*
As at incorporation date	—
Expenses paid on behalf by a related company	1,605
Property, plant and equipment paid on behalf by a related company	2,075
As at 31 December 2017 and 1 January 2018	3,680
Non-cash change:	
Expenses paid on behalf by a related company	6,384
Property, plant and equipment paid on behalf by a related company	1,474
Change from financing cash flow:	
Advanced from a related company	5,375
As at 31 December 2018 and 1 January 2019	16,913
Non-cash change:	
Expenses paid on behalf by a related company	2,595
Change from financing cash flow:	
Advanced from a related company	664
As at 31 December 2019 and 1 January 2020	20,172
Non-cash change:	
Expenses paid on behalf by a related company	30
Subscription shares issued in exchange of offset the amount due to a related company	(20,202)
Change from financing cash flow:	
Advanced from a related company	—
As at 31 May 2020	—
As at 1 January 2019	16,913
Non-cash change:	
Expenses paid on behalf by a related company	2,405
Change from financing cash flow:	
Advanced from a related company	664
As at 31 May 2019	19,982

21. SUBSEQUENT EVENTS

The Target Group's business severely suffered during the five months ended 31 May 2020 due to the outbreak of COVID-19 in early 2020. The Target Group has been closely monitoring the development and the impact of COVID-19 since then and taking appropriate responses in a timely manner in order to mitigate the impact on the Target Group's business.

22. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 May 2020.

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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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 Shareholder	*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	57.48%
Mr. Zhang Chunhua		Personal interest	15,564,000	1.07%
Ms. Chung Elizabeth Ching Yee		Personal interest	16,609,000	1.14%
Ms. Zhang Chunping		Personal interest	13,800,000	0.95%

Name of Shareholder	*Note*	Capacity/nature	No. of Shares or underlying shares held	% of shareholding in the Company's issued share capital
Ms. Chan Mei Yan Hidy		Personal interest	500,000	0.03%
Mr. Kwan Chi Hong		Personal interest	500,000	0.03%
Ms. Lee Kwun Ling, May Jean		Personal interest	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 and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (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 the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

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 Shareholding
Brilliant Chapter Limited	Beneficial interest	834,851,294	57.48%

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.

4. DIRECTORS' INTERESTS IN ASSETS

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 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), 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.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. 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 Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. COMPETING INTERESTS

As at the Latest Practicable Date, 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).

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. 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.

10. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinions, letter or advice included in this circular (the "Expert"):

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
CHFT Advisory and Appraisal Limited	Independent Qualified Valuer

As at the Latest Practicable Date, the Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Expert had no shareholding in any member of the Enlarged 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 Enlarged Group.

As at the Latest Practicable Date, the Expert had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group, or which were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2019, being the date to which the latest published audited accounts of the Company were made up.

11. MATERIAL CONTRACTS

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

(i) the sale and purchase agreement dated 3 July 2019 and entered into between the Company as vendor and Victory Surplus Holdings Limited as purchaser in relation to the disposal of the entire issued share capital of King Win Intelligent Technologies Limited ("**King Win**") by the Company in amounting to HK$9,800,000. The Completion took place on 23 September 2019 by way of transferring the ownership of the Sale Shares for King Win to Purchaser. The Company has ceased to have any interests in King Win;

(ii) the Subscription Agreement which the subscription price payable by the Company is US$5,000,000; and

(iii) On 17 January 2020, Prosten Development Limited ("**Prosten Development**"), a wholly-owned subsidiary of the Company, and the purchaser, Join Gold Limited ("**Join Gold**"), entered into the Disposal Agreement, pursuant to which Prosten Development agreed to sell, and Join Gold agreed to acquire in amounting to HK$15,100,000, the Disposed Shares representing 100% of issued share capital of Meteor Storm Holdings Limited ("**Meteor Storm**"). Hong Kong NET TV Limited (the "**Target Company**") was owned as to 6% by Meteor Storm immediately prior to Completion. Completion took place on 26 February 2020 after the signing of the Disposal Agreement and the Meteor Storm and the Target Company have ceased to be an indirectly wholly-owned subsidiary and an investment of the Company, respectively, since then.

(iv) On 14 July 2020, the Company and the Purchaser, 黎全源, entered into the sale and purchase agreement. Pursuant to the sale and purchase agreement , 黎全源 has agreed to acquire and the Company has agreed to sell the Shares of Prosten Development at the Consideration of HK$4,800,000. Completion has taken place simultaneously with the entering into of the Agreement. Upon Completion, Prosten Development has ceased to be a subsidiary of the Company.

12. MISCELLANEOUS

(i) 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.

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

(iii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iv) 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.

(v) Since 17 January 2020, the compliance officer of the Company is Ms. Chung Elizabeth Ching Yee, who is the Executive Director.

(vi) 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), Mr. Kwan Chi Hong and Ms. Lee Kwun Ling, May Jean. The Group's audited financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

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

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any business day (except Saturdays and public holidays) at the office of Michael Li & Co. at 19/F., Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong for 14 days from the date of this circular:

(i) the memorandum of association and the articles of association of the Company;

(ii) the annual report of the Company for each of the three financial years ended 31 March 2018, 2019 and 2020;

(iii) the material contracts disclosed in the section headed "Material Contracts" in this appendix;

(iv) this circular;

(v) the written consent referred to in paragraph headed "10. Qualification and Consent of Expert" of this appendix;

(vi) the accountants' report of CBG Fintech Holdings Limited 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.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") has been prepared to illustrate the effect of the proposed subscription of shares of the Target Company (the "**Subscription**"), assuming the transaction had been completed as at 31 March 2020 that might have affected the financial position of the Enlarged Group. We adopt the same defined terms as referred to in the circular issued by the Company on 21 August 2020 (the "**Circular**").

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company in accordance with paragraph 7.31 of the GEM Rules and with reference to Accounting Guidance 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants, for the purpose of illustrating the effect of the completion of the Subscription on the financial position of the Group as at 31 March 2020 as if the completion of the Subscription had been completed on 31 March 2020 pursuant to the terms of the Subscription agreement as set out in the Circular.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2020 extracted from the published annual report of the Group for the year ended 31 March 2020 as set out in the published interim report of the Company, the consolidated statement of financial position of Target Group as at 31 May 2020 as set out in the accountants' report in Appendix II to this Circular and after adjusted for the effects of the Subscription to illustrate how the Subscription might have affected the financial position of the Enlarged Group as if the Subscription took place on 31 March 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Enlarged Group had the Subscription been completed as at 31 March 2020 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in its published annual report for the year ended 31 March 2020 and other financial information included elsewhere in this Circular. The Target Group's accounting policies stated in Appendix II of this Circular and such policies are consistent with the accounting policies of the Group.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma consolidated statements of assets and liabilities of the Enlarged Group

	The Group as at 31 March 2020	The Target Group as at 31 May 2020	Pro forma adjustments			Unaudited pro forma of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
NON-CURRENT ASSETS						
Property, plant and equipment	2,418	532	—	—	—	2,950
Right-of-use asset	4,071	—	—	—	—	4,071
Interest in subsidiaries	—	—	39,000	(39,000)	—	—
Interest in an associate	482	—	—	—	—	482
Total non-current assets	6,971	532	39,000	(39,000)	—	7,503
CURRENT ASSETS						
Inventories	8,854	—	—	—	—	8,854
Loan and trade receivables	16,817	—	—	—	—	16,817
Prepayments, deposits and other receivables	5,400	9,939	—	—	—	15,339
Amount due from an associate	5,294	—	—	—	—	5,294
Amount due from shareholders	—	19,500	—	(19,500)	—	—
Prepaid tax	48	—	—	—	—	48
Cash and cash equivalents	55,973	19,583	—	(19,500)	—	56,056
Total current assets	92,386	49,022	—	(39,000)	—	102,408
CURRENT LIABILITIES						
Trade payables	257	—	—	—	—	257
Other payables and accruals	2,461	1,012	—	—	770	4,243
Contract liabilities	2,174	—	—	—	—	2,174
Amount due to a related company	—	—	—	—	—	—
Lease liabilities	2,660	—	—	—	—	2,660
Borrowings	983	—	—	—	—	983
Total current liabilities	8,535	1,012	—	—	770	10,317
NET CURRENT ASSETS	83,851	48,010	—	(39,000)	(770)	92,091

	The Group as at 31 March 2020	The Target Group as at 31 May 2020	Pro forma adjustments			Unaudited pro forma of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
TOTAL ASSETS LESS CURRENT LIABILITIES	90,822	48,542	39,000	(78,000)	(770)	99,594
NON-CURRENT LIABILITIES						
Lease liabilities	2,270	—	—	—	—	2,270
NET ASSETS	88,552	48,542	39,000	(78,000)	(770)	97,324

Notes:

(1) The balances are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2020 as set out in the published annual report of the Company for the year ended 31 March 2020.

(2) The balances are extracted from the audited consolidated statement of financial position of the Target Group as at 31 May 2020 as set out in the accountants' report as set out in Appendix II to this Circular.

(3) Pursuant to the Subscription Agreement, the Company has payable the aggregated cash consideration of HK$39,000,000 (equivalent to US$5,000,000) for the subscription with par value US$1 (equivalent to HK$7.8 per share) each. It represents approximately 56% equity interest of the Target Group. The cash consideration will assume to be financed by the internal resources of the Group. On 28 May 2020, the Group transferred US$2.5 million (equivalent to approximately HK$19,500,000) to the Target Company, the remaining US$2.5 million (equivalent to approximately HK$19,500,000) was transferred on 10 June 2020.

(4) This adjustment represents the elimination of the investment and inter company balance in Target Group as if upon completion of the Subscription at 31 March 2020, included in the cash and cash equivalents balance of the Target Group, approximately HK$19,500,000 was transferred from CBG Finance Limited as the consideration of share subscription.

(5) This adjustment represents the estimated transaction cost for the Subscription with approximately HK$770,000.

(6) No other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2020.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDE IN AN INVESTMENT CIRCULAR

TO THE DIRECTORS OF CHINA BRILLIANT GLOBAL LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Brilliant Global Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), CBG Fintech Holdings Limited (formerly known as Eurasia Continental Capital Holdings Limited) (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") (herein after collectively referred to as the "**Enlarged 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 assets and liabilities as at 31 March 2020 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-1 to IV-3 of the Company's circular dated 21 August 2020 in connection with the subscription. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-3.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the subscription of shares of Target Company (the "**Subscription**") on the Group's financial position as at 31 March 2020 as if the Subscription had taken place as at 31 March 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2020 on which an auditor's report has been published.

Directors' Responsibility 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 the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM 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 ("**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 Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagement* 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 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 Unaudited 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 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on 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 event or transaction 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' judgement, 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 Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 21 August 2020

華坊 CHFT 諮詢評估有限公司
Advisory and Appraisal Ltd.

香港上環文咸東街40號15樓1502室
1502, 15/F., 40 Bonham Strand, Sheung Wan, Hong Kong
電話 Tel: +852 2301 4080 傳真 Fax: +852 2301 4988

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

In accordance with an instruction from China Brilliant Global Limited (the "**Instructing Party**"), we hereby provide a valuation on the market value and post-money basis of 100% equity interest (the "**Equity Interest**") of CBG Fintech Holdings Limited (a joint venture company, the "**JV Company**"), as at 31 December 2019 (the "**Valuation Date**").

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the JV Company. This valuation complied with the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors ("**RICS**") and International Valuation Standards ("**IVS**") published by the International Valuation Standards Council.

1 PURPOSE OF VALUATION

The purpose of this report is to express an independent opinion on the market value of the Equity Interest as at the Valuation Date. This report outlines our latest findings and valuation conclusion, and is prepared solely for the management of the Instructing Party for the public circular reference.

2 SCOPE OF WORK

In conducting this valuation exercise and under our scope of work, we:

- Co-ordinated with Instructing Party and JV Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the JV Company, including the legal documents, licenses, financial data etc. made available to us;
- Discussed with the management of Instructing Party and JV Company to understand the history, cost breakdown, business plan, etc. of the JV Company for valuation purpose;

- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;

- Investigated into the information of JV Company made available to us and considered the basis and assumptions of our conclusion of value;

- Designed an appropriate valuation model to analyze the market data and derived the estimated market value of the JV Company; and

- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the JV Company should be provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, JV Company and their respective authorized representatives.

3 BASIS OF VALUATION

Our valuation is based on market value basis and post-money basis.

Market value is defined as "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".

Post-money valuation is a company's estimated worth after outside financing and/or capital injections are added to its original value. Post-money valuation refers to the approximate market value given to a start-up after a round of financing from outside investors have been completed.

4 BACKGROUND OF THE JV COMPANY

JV Company and its subsidiaries

Prior to the completion of the share subscription in the CBG Fintech Holdings Limited (the "**JV Company**"), JV Company is a wholly owned subsidiary of Sancus Group Ltd.

JV Company (formerly known as Eurasia Continental Capital Holdings Limited) was incorporated in the British Virgin Islands with limited liabilities on 27 July 2017. JV Company directly owns the entire issued share capital of CBG Fintech Limited.

CBG Fintech Limited in turn owns the entire issued share capital of Eurasia Continental Fintech Limited ("**ECF**"), a company established on 31 January 2018 in Astana International Financial Centre ("**the AIFC**") with limited liability. ECF has been granted an FinTech Lab Participant License ("**Banking License**") by the Astana Financial Services Authority ("**AFSA**") of the Republic of Kazakhstan.

JV Company and its subsidiaries (collectively referred to as "**JV Group**") are principally engaged in the provision of developing financial technology service in Kazakhstan. The product and services of ECF are expected to be launched before the end of 2020.

Formation of the JV Company

Sancus Group Ltd will transfer 30% of the issued share capital ("**Share Transfer**") of the JV Company to Eurasia Belt & Road Investment Ltd ("**EBRI**"), which is owned as to 65.9% by Sancus Group Limited.

As per the Subscription Agreements entered on 3 January 2020 between CBG Financial Services Group Limited (the "**CFSG**", a direct wholly-owned subsidiary of the Instructing Party), Apex Alliance Limited (the "**APEX**"), Vital Key Ventures Ltd (the "**VKV**") (collectively referred to as "**Subscribers**") and the JV Company, JV Company agreed to allot and issue 56%, 8% and 6% of subscription shares to the CFSG, APEX, and VKV, and the CFSG, APEX, and VKV agrees to subscribe for the respective subscription shares ("**Share Subscription**").

As a result, after the completion of Share Transfer and Subscription, JV Company will consist of following asset components:

1. Existing management and operation platform including the Banking License.

2. Other miscellaneous asset and liability (the "**Other Miscellaneous Asset and Liability**") from original Balance Sheet of JV Company (Item 1&2 are collectively referred to as "**Existing Business**").

3. USD 5 million cash contributed by CFSG (the "**CFSG Contribution**").

4. 3 years consultation, advisory service to be provided by APEX (the "**APEX Contribution**").

5. 3 years consultation, advisory service to be provided by VKV (the "**VKV Contribution**").

We conclude the post-money value of JV Company mainly by summarizing the value of Existing Business, CFSG Contribution, APEX Contribution, and VKV Contribution.

The table below has set out the respective shareholding percentage and asset components of JV Company after completion of Share Transfer and Subscription.

Shareholder	**Shareholding %**	**Asset Components**	**Remark**
EBRI	30%	Existing management and operation platform including the Banking License + Other miscellaneous asset and liability	
CFSG	56%	5 million USD Cash	
APEX	8%	Providing consultation, advisory service for 3 years	Note*
VKV	6%	Providing consultation, advisory service for 3 years	Note**
Total	**100%**		

Note:

* As per the undertaking letter, APEX shall provide advisory services in relation to the establishment of banking business to JV Group for a period of three years commencing from 3 January 2020

** As per the undertaking letter, VKV shall provide advisory services in relation to the establishing the information system of banking business to JV Group for a period of three years commencing from 3 January 2020

5 VALUATION METHODOLOGY

In the valuation of the Equity Interest, we have considered three generally accepted valuation approaches. The valuation approaches are sourced from International Valuation Standards 105 — Valuation Approaches and Methods.

5.1 Cost Approach

The cost approach is an asset-based rather than a market-oriented method. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The cost approach requires valuing the business on an individual basis to add up to the total valuations of business. Under this approach, the expenses or cost on replacing or re-acquiring individual items or parts are estimated by valuers on an itemised basis, thus arriving at the valuation of target business.

The cost approach should be used as the primary basis for a valuation under the following circumstances:

- market participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions;
- the asset is not income-generating (directly or indirectly) and the unique nature of the asset makes using an income approach or market approach unfeasible, and
- the basis of value being used is fundamentally based on replacement cost, such as reinstatement value.

5.2 Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach.

The market approach should be used as the primary basis for a valuation under the following circumstances:

- the asset has recently been sold in a transaction appropriate for consideration under the basis of value;

- the asset or substantially similar assets are actively publicly traded; and

- there are frequent or recent observable transactions in substantially similar assets.

5.3 Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

The income approach should be used as the primary basis for a valuation under the following circumstances:

- the income-producing ability of the asset is the critical element affecting value from a market participant perspective; and

- reliable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables.

5.4 Selection of Assessment Methodology

For the valuation of the JV Company, we considered that the market approach not applicable, as there are insufficient comparable transactions in the market for purpose of our valuation. We also considered that income approach was not appropriate because many assumption and justification are involved in the forecast. In light of the above, we have selected the cost approach as our valuation methodology. Specifically, we have chosen the summation method.

Summation Method

The summation method is a method that calculates the value of an asset by the addition of the separate values of its component parts. The summation is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

The key steps in summation methods are:

- value each of the component assets that are part of the subject apart using the appropriate valuation approaches and methods; and

- add the value of the component assets together to reach the value of the subject asset.

6 Other Miscellaneous Asset and Liability

We have obtained the breakdown of Other Miscellaneous Asset and Liability from original financial statement of JV Company as at Valuation Date. The net asset value of Other Miscellaneous Asset and Liability is **HKD0.395 million**. The details are set out as below:

Other Miscellaneous Asset and Liability	**31 December 2019**
Property, plant and equipment	1,035
Prepayments	50
Amount due from a shareholder	—*
Cash and cash equivalent	338
Total assets	**1,423**
Other payables and accruals	1,028
Total Liabilities**	**1,028**
Net Asset Value	**395**

Currency: HKD thousand

Note:

* The balance represent less than HKD 1,000

** Due from the JV Company to a related company of EBRI of approximately HKD 20.172 million will be waived and not in the scope of Other Miscellaneous Asset and Liability

7 COST APPROACH — DISCUSSION OF SUMMATION METHOD

Valuation of Existing Business

In the valuation of Existing Business, we have considered three generally accepted valuation approaches: Income Approach, Market Approach and Cost Approach. As JV Company is still in the early stage and has not commenced operation, there is no historical operating performance (for instance, growth pattern, cost and expense structure, profit margin) can be relied on. Many assumption and justification will be involved in the forecast, so income approach was not used. In terms of Market Approach, there are guideline publicly-traded comparable method ("**Comparable Companies Method**") and comparable transactions method ("**Comparable Transactions Method**"). One of steps in these two methods requires to identify the key valuation metrics to link the valuation subject and comparable companies or transactions. While the JV Company has not commenced operation and generated revenue, there is no suitable financial metrics, say P/E, EV/EBIT, EV/EBITDA which can be used. So, we consider that market approach is also not applicable.

We have adopted the cost approach, especially the replacement cost method, to assess the value of Existing Business. As replacement cost represents the amount that a typical participant would incur when seeking to create an asset proving equivalent utility. We are of opinion that the replacement cost method is reasonable and appropriate in valuation of Existing Business

Replacement cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset.

The key steps in replacement cost are:

- calculate all of the costs that would be incurred by a typical participant seeking to create or obtain an asset proving equivalent utility,

- determine whether there is any deprecation related to physical, functional and external obsolescence associated with the subject asset, and

- deduct total deprecation from the total costs to arrive at a value for the subject asset.

We have obtained the historical income statements of JV Company and checked the breakdown of administrative expenses (the "**Incurred Cost**") to assess the replacement cost of Existing Business. The total Incurred Cost of **HKD19.77 million** mainly refers to the following expenditure in relation to the establishment of the Existing Business:

- Legal and professional fee

  Total incurred legal and professional fee is approximately HKD 1.63 million. It mainly refers to the payment of company formation, change of shareholder, annual license, and on-line financial services.

- Advisor fee

  Total incurred advisor fee is approximately HKD 4.49 million. It mainly refers to the payment of advisor services on dealing with the AIFC authorities on public policy aspects for the FinTech Lab Participant License.

- IT related hosting fee

  Total incurred IT related hosting fee is approximately HKD 4.13 million. It mainly refers to the payment of hosting service in relation to the know-your- customer and bank systems.

- Payroll expense

  Total incurred payroll expense is approximately HKD 4.31 million. It mainly refers to the salary and related staff cost paid to the management and employees in the Kazakhstan.

- Travel expense

  Total incurred travel expense is approximately HKD 1.05 million.

- Depreciation expense

  Total incurred depreciation expense is approximately HKD 2.74 million, representing the depreciation expense of banking platform.

- Other remaining expense

  Other remaining expense is approximately HKD 1.42 million. It mainly consists of rent expense, representation expense, web source and domain subscribe fee., etc. incurred for establishment of the Existing Business.

As all the cost was incurred during last 3 years which is close to the Valuation Date, we are of the opinion that the total incurred cost, together with net value of Other Miscellaneous Asset and Liability can represent the replacement cost of the Existing Business. The replacement cost represents the amount that a typical participant would incur when seeking to create an asset proving equivalent utility as the Existing Business.

As such, the market value of Existing Business is **HKD20.17 million**.

Valuation of CFSG Contribution

Pursuant to the subscription agreement, CFSG has payable the aggregated cash consideration of USD 5 million, which is equivalent to HKD 39 million in exchange of 56% shareholding.

As such, the value of CFSG Contribution is **HKD39 million**.

Valuation of APEX Contribution

Pursuant to the subscription agreement and understanding of undertaking letter, APEX shall pay USD 1 and provide the consultation, advisory services to JV Group for a period of 3 years commencing from 3 January 2020 in exchange of 8% shareholding. The services consist of credit control which include assessing the value of collateral and repayment capacity of the potential lender, and designing the lending product especially for supply chain management.

The contribution value of APEX represents the human capital contribution or related service to be provided to the JV Company. There are two generally accepted methods in assessing the value of human capital.

Excess earning-based method (from income perspective)

This method assumes that human capital's value is the present value of excess earning brought by human capital to the enterprise. The human capital value can be determined with reference to the difference in enterprise value "with and without" the specific human capital, while enterprise value is concluded from discounted free cash flow. We consider that the excess earning-based method is not applicable.

The reasons are as follows:

1) JV Company is still in the early stage and has not generated revenue, reliable free cash flow forecast is not available.

2) Measurement of enterprise value without specific human capital contains many assumptions.

Remuneration-based method (from cost perspective)

This method uses the present value of remuneration to represent the value of human capital. It reflects labor market's view on the human capital. As the remuneration refers to the market price of a typical services provider with similar function roles, we are of opinion that the remuneration-based method is reasonable and appropriate in valuation of APEX and VKV Contribution.

In order to assess the value of APEX Contribution, we have considered to referring to the salary payment for a typical services provider, whose role function is as similar as the ultimate beneficial owner of APEX. The ultimate beneficial owner, Mr. Zhang Yangjin, of APEX will provide the services to the JV Company through APEX. He has over 13 years' experience in supply chain management and credit control.

Specifically, we have referred to a high end (HKD 1.80M per annum) of the salary range for a typical credit risk management provider with 8+years' experience in Financial Services Sector. The salary range was sourced from the **Salary Survey 2020 Report** published by Robert Walters Group (a specialist professional recruitment and a leading recruitment consultancy group).

The reason for adopting a high end of the salary range are:

- considering the Mr. Zhang's rich experience (over 13 years) in supply chain management and credit control.

- heavy workload during the establishment stage of JV Company.

- importance of such work to the JV Company.

As such, the market value of APEX Contribution is **HKD5.40 million**, approximately representing the value of 3 years human capital contribution or related services with reference to the adopted salary per annum (as the adopted salary per annum is not adjusted with inflation throughout the service period, APEX Contribution of HKD 5.40 million has already represent its present value and does not need to be further discounted).

Valuation of VKV Contribution

As per the subscription agreement and understanding of undertaking letter, VKV shall pay USD 1 and provide consultation, advisory services to JV Group for a period of 3 years commencing from 3 January 2020 in exchange of 6% shareholding. The services consist of setting up the IT infrastructure, monitoring the day to day in IT system.

The contribution value of VKV represents the human capital contribution or related services to be provided to the JV Company. In order to assess the value of VKV Contribution, we have considered to referring to the salary payment for a typical services provider, whose role function is as similar as the ultimate beneficial owner of VKV. The ultimate beneficial owner, Mr. Lin Samuel Jr., of VKV will provide the services to the JV Company through VKV. He has over 30 years' experience in the financial services.

Specifically, we have referred to a high end (HKD 1.5M per annum) of the salary range for a typical information technology infrastructure provider with 8+years' experience in Financial Services sector. The salary range was sourced from the **Salary Survey 2020 Report** published by Robert Walters Group.

The reason for adopting a high end of the salary range are:

- considering the Mr. Lin's rich experience (over 30 years) in financial services.
- heavy workload during the establishment stage of JV Company

As such, the value of VKV Contribution is **HKD4.50 million**, approximately representing the value of 3 years human capital contribution or related services with reference to the adopted salary per annum (as the adopted salary per annum is not adjusted with inflation throughout the service period, VKV Contribution of HKD 4.50 million has already represent its present value and does not need to be further discounted).

Post Money valuation

Based on the above discussion, we have concluded the market value of Equity Interest of JV Company to be **HKD69 million**. The detailed Calculation is set out as below.

Components	**Market Value**	***Formula***
Existing Business	20.17	*a*
CFSG Contribution	39.00	*b*
APEX Contribution	5.40	*c*
VKV Contribution	4.50	*d*
Total (rounded)	**69.00**	*e=a+b+c+d*

Currency: HKD million

8 PREMISE OF VALUATION

8.1 Source of Information

Our investigation covers the discussion and interviews with representations of JV Company and the Instructing Party for the collection of relevant information, including the details of the JV Company.

We assume that the data obtained during the course of the valuation, along with the opinions and representations provided to us by JV Company and the Instructing Party, were prepared and provided with reasonable care.

We have had no reason to doubt the truth and accuracy of the information provided to us by JV Company and the Instructing Party. We have also sought confirmation from JV Company and the Instructing Party that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

8.2 Assumptions and Factors Considered

The assumptions in this valuation included, but were not limited to, the following:

- JV Company has sufficient fund to support the further business development;
- Digital Banking business will be carried out as schedule;
- The replacement cost can reflect the average investment cost of entities which engaged in similar lines of business; and
- The market salary can fairly represent the price or value of services provided by APEX and VKV to the JV Company.

The factors considered in this valuation included, but were not limited to, the following:

- The nature and history of the JV Company;
- The financial conditions of the JV Company;
- Industrial policies set by the government that pertains to the JV Company;

- The demand and supply of digital banking services in the region; and
- The economic condition and the industry outlook in general.

9 DISCLAIMER AND LIMITATION

Our findings or conclusion of values of the subject(s) in this report are valid only for the stated purpose and at the Valuation Date, and for the sole use of the Instructing Party.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Instructing Party contractual undertakings in respect of their services and shall be deemed to have paid to the Instructing Party such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding three (3) times of the amount of our agreed fee(s) for this engagement. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Instructing Party is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

Any decision to purchase, sell or transfer any interest in the valuation subjects shall be the owners' sole responsibility, as well as the structure to be utilized and the price to be accepted. The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

10 CONCLUSION

The conclusion of value is based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Instructing Party and/or CHFT Advisory And Appraisal Limited ("**CHFT**").

Based on the valuation methodology adopted, we are of the opinion that the market value of 100% equity interest of CBG Fintech Holdings Limited on post-money basis as at 31 December 2019, was in the sum of **HKD69,000,000 (HONG KONG DOLLARS SIXTY NINE MILLION)**.

We hereby certify that we have neither present nor prospective interests in the Instructing Party, the JV Company or the value(s) reported. This report is prepared independently, and we confirm that neither CHFT nor any author of this report hold any present or prospective interest in the Instructing Party, JV Company or their respective related parties. The fee for providing this report is based on our normal professional rates and the payment of fee is not contingent upon the conclusions drawn in this report.

Yours faithfully,
For and on behalf of
CHFT Advisory And Appraisal Limited
Ross Wang, *CFA*
Director

Note: Mr. Ross Wang is a CFA charterholder. He has over 10 years' experience in providing the business valuation services in Hong Kong, the PRC and Asian region.