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奇点国际有限公司

QIDIAN INTERNATIONAL CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE AGENCY AGREEMENT**

AGENCY AGREEMENT

The Board hereby announces that on 28 August 2023, Shenzhen Co entered into the Agency Agreement with Beijing Shengshang, pursuant to which Beijing Shengshang authorised Shenzhen Co to act as its agent for sales and promotion of Beijing Shengshang's training courses and services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Yuan Li is an executive Director and a substantial shareholder of the Company, controlling 65,001,624 Shares (representing approximately 29.64% of the issued share capital of the Company). Meanwhile, Mr. Yuan Li together with parties acting in concert pursuant to an acting in concert arrangement collectively control 58.47% of the issued share capital of Beijing Shengshang. Therefore, Beijing Shengshang is an associate of Mr. Yuan Li and a connected person of the Company. As such, the transaction contemplated under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Agency Agreement and the transaction contemplated thereunder. All Shareholders who have a material interest in the Agency Agreement and the transaction contemplated thereunder, together with their close associates, will be required to abstain from voting at the EGM.

A circular containing, among other things, (i) details in relation to the Agency Agreement and the transaction contemplated thereunder; (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agency Agreement and the transaction contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agency Agreement and the transaction contemplated thereunder; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Independent Shareholders on or around 18 September 2023.

AGENCY AGREEMENT

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Principal terms of the Agency Agreement are summarised as below:

Date

28 August 2023

Parties

- (i) Shenzhen Co as sales agent
- (ii) Beijing Shengshang as principal

Nature of transaction

Beijing Shengshang provides micro-, small- and medium-sized enterprises (“MSME”) and individual business entrepreneurship training services in the PRC targeting at entrepreneurs and senior executives in MSMEs, as well as individuals conducting individual businesses who are interested in establishing start-up enterprises.

During the term of the Agency Agreement, Beijing Shengshang authorised Shenzhen Co to act as its agent for the sales and promotion of Beijing Shengshang's training courses and services.

Term and termination

For a term commencing upon obtaining the Independent Shareholders' approval of the transaction contemplated under the Agency Agreement at the EGM and expiring on 31 December 2025.

Payment arrangement

Shenzhen Co will enter into sales contracts directly with end customers. Beijing Shengshang shall produce the details of customers introduced by Shenzhen Co for the preceding month within ten (10) days from the end of the preceding month. 25% of the income from the sales of Beijing Shengshang's training courses and services by Shenzhen Co as an agent will be paid as transaction fees to Beijing Shengshang within ten (10) days after parties have agreed on the amount of the transaction fees.

Pricing Policy

The transaction fees payable by Shenzhen Co to Beijing Shengshang under the Agency Agreement should be fair and reasonable, on the normal commercial terms. The transaction fee is determined after arm's length negotiation between the parties to the Agency Agreement with reference to the cost of training courses provided by Beijing Shengshang for the past two financial years ended 31 December 2022 and the six months ended 30 June 2023.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of transaction fees under the Agency Agreement.

The proposed Annual Caps on the aggregate transaction fees under the Agency Agreement payable to Beijing Shengshang for the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025, respectively are RMB10 million, RMB55 million and RMB58 million, respectively.

In arriving at the Annual Caps, the Directors estimated the aggregate transaction fees under the Agency Agreement based on the historical total revenue and cost of Beijing Shengshang's training courses and services for the past two financial years ended 31 December 2022 and the six months ended 30 June 2023 in its scalable sales channels.

If the actual total amount of the transaction fees payable to the Group under the Agency Agreement shall exceed the abovementioned Annual Caps, the Company will re-comply with all applicable requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGENCY AGREEMENT

The principal activities of the Group include the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance and the liquor business in the PRC.

Meanwhile, the Group has been actively exploring investment and business opportunities to broaden its assets and revenue base. Beijing Shengshang has a long history and a successful record of operating its training services business in the PRC. Beijing Shengshang promotes its training programs and enhances its overall brand recognition among prospective students with extensive sales channels. Marketing activities of Beijing Shengshang are mainly conducted through the sales agencies, which are supported by the sales and marketing team and monitored by the monitoring and surveillance team of Beijing Shengshang.

Given the strong record of Beijing Shengshang's training services business, Shenzhen Co, acting as an agent to Beijing Shengshang, will bring in a new source of income to the Group. The Company is positive about the prospects of the Shenzhen Co also because the management team of the Shenzhen Co has rich experience in sales and marketing of similar business. Taking all the factors into consideration, it is beneficial to the Group to introduce this new business without diluting the equity interests of minority shareholders of the Company.

Given the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Agency Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Shenzhen Co

Shenzhen Co is a limited liability company established under the laws of the PRC on 8 August 2023, 75% owned by the Company as at the date of this announcement. Shenzhen Co is principally engaged in sales and marketing and provision of training services.

Beijing Shengshang

Beijing Shengshang is a limited liability company established under the laws of the PRC on 5 August 2005. Beijing Shengshang and its subsidiaries are engaged in MSME and individual business entrepreneurship training services in the PRC which targets entrepreneurs and senior executives in MSMEs, as well as individuals conducting individual businesses who are interested in establishing start-up enterprises. As at the date of this announcement, Beijing Shengshang is an associate of Mr. Yuan Li and therefore a connected person of the Company.

INTERNAL CONTROL MEASURES

The Company has adopted relevant internal control policies to monitor the pricing policy of the continuing connected transactions contemplated under the Agency Agreement and to ensure that the Annual Caps will not be exceeded.

- The Company's audit committee is responsible for the annual review and evaluation of the Group's internal control procedures, including but not limited to the relevant information relating to the Agency Agreement. In addition, the audit committee will prepare an internal control report for review and approval by the Board.
- The legal department and finance department of the Company is responsible for regularly monitoring, collecting and evaluating details of the continuing connected transactions under the Agency Agreement, including but not limited to the implementation of pricing policies, payment arrangements and actual transaction amounts under specific transactions, to ensure that such transactions are conducted in accordance with the Agency Agreement.
- The Board is responsible for regularly reviewing the implementation of the pricing policy and the Annual Caps.
- The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the Agency Agreement to ensure that the transactions are entered into on normal commercial terms and that the terms of the Agency Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- The Company's auditors will also conduct an annual review of the pricing policy and Annual Caps.

Having considered that (i) the above methods and procedures include the necessary components of a system of internal control such as designated departments and responsible officers, clear approval procedures and monitoring systems and detailed and defined evaluation criteria; and (ii) the above review procedures for the detailed

and defined evaluation criteria will ensure that the transactions will be executed in accordance with the pricing policies set out in the Agency Agreement, the Directors (including the independent non-executive Directors) consider that the Company has implemented effective internal control and risk management measures and that such methods and procedures will ensure that the transactions contemplated under the Agency Agreement will be carried out on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Yuan Li is an executive Director and a substantial shareholder of the Company, controlling 65,001,624 Shares (representing approximately 29.64% of the issued share capital of the Company). Meanwhile, Mr. Yuan Li together with parties acting in concert pursuant to an acting in concert arrangement collectively control 58.47% of the issued share capital of Beijing Shengshang. Therefore, Beijing Shengshang is an associate of Mr. Yuan Li and a connected person of the Company. As such, the transaction contemplated under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Agency Agreement and the transaction contemplated thereunder. All Shareholders who have a material interest in the Agency Agreement and the transaction contemplated thereunder, together with their close associates, will be required to abstain from voting at the EGM.

As at the date of this announcement, Noble Trade International Holdings Limited (聖行國際集團有限公司) (“**Noble Trade International**”) is beneficially interested in 65,001,624 Shares. As Noble Trade International is an associate of Mr. Yuan Li, and Mr. Xu Xinying is a substantial shareholder of Chongqing Saint Information Technology Co., Ltd. (重慶聖商信息科技有限公司) (the parent company of Noble Trade International), Mr. Yuan Li and Mr. Xu Xinying are considered to have a material interest in the transaction contemplated under the Agency Agreement and are required to abstain from voting on the Board resolution(s) of the Company to approve the Agency Agreement and the transactions contemplated thereunder. Noble Trade International will abstain from voting on the resolutions to be proposed at the EGM to approve the Agency Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director has a material interest in the Agency Agreement and the transaction contemplated thereunder and therefore has abstained from voting on the board resolution(s) of the Company to approve the Agency Agreement and the transactions contemplated thereunder.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the other Shareholders and its associates is required to abstain from voting on any resolutions to be proposed at the EGM.

Save for Mr. Yuan Li and Mr. Xu Xinying who are considered to be interested in the Agency Agreement and the transaction contemplated thereunder, no other Directors are required to abstain from voting on the board resolution to approve the Agency Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) details in relation to the Agency Agreement and the transaction contemplated thereunder, (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agency Agreement and the transaction contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agency Agreement and the transaction contemplated thereunder; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Independent Shareholders on or around 18 September 2023.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it in the Codes on Takeovers and Mergers and Share Buy-backs
“Agency Agreement”	the agreement entered into by the Shenzhen Co and Beijing Shengshang on 28 August 2023, pursuant to which, Shenzhen Co agreed to act as the agent for Beijing Shengshang in respect of the sales and promotion of its training courses and services
“Annual Cap(s)”	the proposed cap(s) of the transaction fees payable by the Shenzhen Co under the Agency Agreement and the transactions thereunder
“Beijing Shengshang”	Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司), a company with limited liability established in the PRC on 5 August 2005
“Board”	the board of Directors of the Company

“Company”	Qidian International Co., Ltd. (奇点国际有限公司), a company incorporated in the Cayman Islands with limited liability on 5 February 2008, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1280)
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for approving the Agency Agreement and the transaction contemplated thereunder
“Group”	the Company and its existing subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Agency Agreement and the transaction contemplated thereunder
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agency Agreement and the transaction contemplated thereunder
“Independent Shareholders”	shareholders of the Company other than Noble Trade International and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary shares of the Company with a nominal value of US\$0.02 each
“Shareholders”	the shareholders of the Company
“Shenzhen Co”	Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司), a company with limited liability established in the PRC on 8 August 2023 and a subsidiary owned as to 75% by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Yangzhou, PRC, 28 August 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yuan Li and Mr. Xu Xinying; one non-executive Director, namely Ms. Xu Honghong, and three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.