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# 中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1280)

**(1) CONNECTED TRANSACTION IN RELATION TO LOAN  
CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES  
UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
AND  
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**Independent Financial Adviser to the Takeovers Code  
Independent Board Committee and the Listing Rules  
Independent Board Committee and the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED  
泓博資本有限公司

**CONNECTED TRANSACTION IN RELATION TO LOAN  
CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES UNDER  
SPECIFIC MANDATE**

As at the date of this announcement, the Company is indebted to the Subscriber in the amount of approximately HK\$352.49 million under the Shareholder's Loans (including the outstanding principal amount and accrued interest) with repayment dates ranging from 31 January 2025 to 25 December 2026. The Shareholder's Loans are unsecured and bear interest at the rate of 4.5% per annum. The Shareholder's Loans were provided to the Group by the Subscriber for the purpose of the Group's general working capital requirement.

On 18 March 2024 (before trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 530,000,000 new Shares as the Subscription Shares at the Subscription Price of HK\$0.35 per Subscription Share for a total consideration of HK\$185.50 million, which shall be satisfied by way of offsetting HK\$185.50 million in the outstanding principal amount of the Shareholder's Loans. Upon Completion, HK\$185.50 million in the outstanding principal amount of the Shareholder's Loans shall be deemed to have been fully repaid. The remaining balance of the Shareholder's Loans, including any interest accrued under the Shareholder's Loans as at the date of the Subscription Agreement shall be approximately HK\$166.99 million.

The Subscription Shares will be issued at the Subscription Price per Subscription Share under the Subscription, which represents:

- (a) approximately 201.42% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 66.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to the Completion other than the issue of the Subscription Shares.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

#### **APPLICATION FOR LISTING**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and parties acting in concert with it holds 64,565,624 Shares, representing approximately 24.54% of the issued share capital of the Company. Upon Completion, the shareholding of the Subscriber and parties acting in concert with it will increase to approximately 74.96% of the issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares), thereby triggering an obligation on the Subscriber under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it, unless the Whitewash Waiver is granted by the Executive.

The Subscriber has made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalisation and the Specific Mandate) at the EGM. If the Whitewash Waiver is approved by the Independent Shareholders and the Subscription proceeds to completion, the shareholding of the Subscriber in the Company will exceed 50% upon the allotment and issue of the Subscription Shares. The Subscriber may further increase its shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

The Subscriber, its associates, and any parties acting in concert with it, and the Shareholders who are involved in or interested in the Whitewash Waiver and/or the underlying transactions, will be required to abstain from voting in respect of the resolutions to approve the Whitewash Waiver and the underlying transactions at the EGM. As at the date of this announcement, save for the Subscriber, there are no Shareholders who are involved in or interested in the Whitewash Waiver and the underlying transactions and are therefore required to abstain from voting in relation to such resolutions at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Subscription will not proceed if the Whitewash Waiver is not granted or approved.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Subscriber is a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders' approval requirements.

#### **ESTABLISHMENT OF THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND THE LISTING RULES INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all the non-executive Director and independent non-executive Directors who have no direct or indirect interest and are not involved in the Whitewash Waiver and the underlying transactions, namely Mr. Gu Changchao, Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi) has been formed to advise the Independent Shareholders on whether the Whitewash Waiver and the underlying transactions are fair and reasonable, and as to voting from the perspective of the Takeovers Code.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi) has been formed to advise the Independent Shareholders on whether the Subscription by the Subscriber is fair and reasonable and as to voting from the perspective of Listing Rules.

Independent Financial Adviser, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Takeovers Code Independent Board Committee to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in this regard.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorised share capital of the Company from US\$12,000,000 divided into 600,000,000 Shares of US\$0.02 each to US\$100,000,000 divided into 5,000,000,000 Shares of US\$0.02 each by the creation of an additional 4,400,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM to consider and, if thought fit, approve the Increase in Authorised Share Capital. The approval of the proposed Increase in Authorised Share Capital by the Shareholders at the EGM is a condition precedent to the Completion.

### **GENERAL**

The EGM will be convened (i) for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the Subscription, the Loan Capitalisation, granting of the Specific Mandate and the Whitewash Waiver; and (ii) for the Shareholders to consider, and if thought fit, to approve the Increase in Authorised Share Capital.

In light of (i) the indirect shareholding in the Subscriber held by each of the executive Directors (Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao) who have abstained from voting on the Board resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder; and (ii) other than the three executive Directors the Board only comprises of the non-executive Director and the independent non-executive Directors, the Board will defer its view on the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate, and the Whitewash Waiver to the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee.

A circular containing, among other things, (i) details of the Subscription Agreement, the Subscription, the Loan Capitalisation, the Whitewash Waiver and the proposed Increase in Authorised Share Capital; (ii) a letter of advice from the Takeovers Code Independent Board Committee and a letter of advice from the Listing Rules Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

## **CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION INVOLVING THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

As at the date of this announcement, the Company is indebted to the Subscriber in the amount of approximately HK\$352.49 million under the Shareholder's Loans (including the outstanding principal amount and accrued interest) with repayment dates ranging from 31 January 2025 to 25 December 2026. The Shareholder's Loans are unsecured and bear interest at the rate of 4.5% per annum. The Shareholder's Loans were provided to the Group by the Subscriber for the purpose of the Group's general working capital requirement.

On 18 March 2024 (before trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 530,000,000 new Shares as the Subscription Shares at the Subscription Price of HK\$0.35 per Subscription Share for a total consideration of HK\$185.50 million, which shall be satisfied by way of offsetting HK\$185.50 million in the outstanding principal amount of the Shareholder's Loans. Upon Completion, HK\$185.50 million in the outstanding principal amount of the Shareholder's Loans shall be deemed to have been fully repaid. The remaining balance of the Shareholder's Loans, including any interest accrued under the Shareholder's Loans as at the date of the Subscription Agreement shall be approximately HK\$166.99 million.

The principal terms of the Subscription Agreement are set out below.

### **Principal terms of the Subscription Agreement**

Date	18 March 2024
Parties	(a) the Company (b) the Subscriber
	As at the date of this announcement, the Subscriber is a substantial shareholder and thus a connected person of the Company.
Total Consideration	HK\$185.50 million
Subscription Price per Subscription Share	HK\$0.35
Par Value of the Subscription Shares	US\$10,600,000, with a par value of US\$0.02 each

The Subscription Shares will be issued at the Subscription Price per Subscription Share under the Subscription, which represents:

- (a) approximately 201.42% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 66.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to the Completion other than the issue of the Subscription Shares.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

### **Ranking**

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue.

## The Subscription Price

The Subscription Price of HK\$0.35 represents:

- (a) a discount of approximately 31.37% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 15 March 2024, being the last trading date prior to signing of the Subscription Agreement on 18 March 2024 before trading hours;
- (b) a discount of approximately 31.64% to the average closing price of HK\$0.512 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (c) a discount of approximately 30.97% to the average closing price of HK\$0.507 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (d) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.14%, represented by the theoretical diluted price of approximately HK\$0.40 per Share to the benchmarked price of approximately HK\$0.512 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$0.51 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK\$0.512 per Share); and
- (e) a premium of HK\$2.44 to the audited net liabilities per Share of approximately HK\$2.09 (equivalent to approximately RMB1.90 at the exchange rate of HK\$1=RMB0.90622) as at 31 December 2023 based on the 219,279,744 Shares in issue as at 31 December 2023.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (i) the recent and historical market prices of the Shares; (ii) the outstanding amount under the Shareholder's Loans; (iii) the market conditions, which suggest that it would be difficult for the Company to pursue sizeable equity financing alternative in the stock market; and (iv) the financial position of the Group, having considered that the net liabilities of the Group of approximately RMB384,292,000 as at 30 June 2023.



## Conditions precedent

Completion of the Subscription is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the passing by the Board of all necessary resolutions approving the Subscription Agreement, the Loan Capitalisation, the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the transactions contemplated hereunder;
- (b) the passing by the Shareholders of resolution approving the Increase in Authorised Share Capital and by the Independent Shareholders, as required under the Listing Rules and the Takeovers Code, of all necessary resolutions at the EGM approving the Subscription Agreement, the Loan Capitalisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the transactions contemplated hereunder;
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Subscription Shares and such approval and permission having not subsequently been revoked prior to the commencement of dealings in the Subscription Shares on the Stock Exchange;
- (d) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the SFC) which is applicable to the Company;
- (e) the Executive granting the Whitewash Waiver to the Subscriber and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (f) the warranties and representations given by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect as at the Completion Date; and
- (g) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.



In respect of condition (g), as at the date of this announcement, save for the approvals set out in conditions (a), (b) and (c), the Company is not aware of other approvals or consents that require to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder.

As at the date of this announcement, other than condition (a) in respect of Board's approval, none of the above conditions has been fulfilled or waived. Save that the Subscriber has the rights to waive condition (f) in respect of warranties and representations given by the Company under the Subscription Agreement, none of the above conditions can be waived by any party to the Subscription Agreement. In particular, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

### **Completion of the Subscription**

Completion of the Subscription shall take place within 10 Business Days (or such other date and time as may be agreed by the Company and the Subscriber) upon the satisfaction or (if applicable) waiver of the conditions under the Subscription Agreement, upon which the Company shall allot and issue the Subscription Shares to the Subscriber.

Upon Completion, HK\$185.50 million in the outstanding principal amount of the Shareholder's Loans shall be deemed to have been fully repaid. The remaining balance of the Shareholder's Loans (including any interest accrued under the Shareholder's Loans as at the date of the Subscription Agreement) shall be approximately HK\$166.99 million.

### **Termination of the Subscription Agreement**

If the above-mentioned conditions are not fulfilled or waived (if applicable) by the Subscriber in writing on or before the Long Stop Date, the Subscription Agreement shall terminate and neither of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, except that such termination shall not affect the then accrued rights and obligations of the parties.

### **INFORMATION OF THE GROUP**

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability. The Company is principally engaged in investment holding. The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services and the liquor business in the PRC.

The following is a summary of the key financial data of the Group for each of the six months ended 30 June 2022 and 30 June 2023 based on the unaudited consolidated financial statements and each of the years ended 31 December 2022 and 31 December 2023 based on the audited consolidated financial statements prepared in accordance with all applicable Hong Kong Financial Reporting Standards:

	For the six months ended		For the year ended	
	30 June 2023 <i>(Unaudited)</i> RMB'000	30 June 2022 <i>(Unaudited)</i> RMB'000	31 December 2023 <i>(Audited)</i> RMB'000	31 December 2022 <i>(Audited)</i> RMB'000
Revenue	140,737	128,452	319,813	262,348
Profit/(Loss) before taxation	85,556	(32,472)	53,789	(137,514)
Profit/(Loss) after taxation	85,520	(32,466)	53,710	(137,825)

As at 31 December 2023, the audited consolidated net liabilities of the Group was approximately RMB416,102,000.

## INFORMATION OF THE SUBSCRIBER

The Subscriber is Noble Trade International Holdings Limited\* (聖行國際集團有限公司), a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company, holding 64,565,624 Shares, representing approximately 24.54% of the issued share capital of the Company as at the date of this announcement. The Subscriber is principally engaged in investment holding and has no other significant investment, assets or business operation as at the date of this announcement. The Subscriber is wholly-owned by Mogen Ltd. (“**Mogen**”) as at the date of this announcement. Mogen is owned as to (i) 38.48% by Greatssjy Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Yuan Li, who is an executive Director; (ii) 14.06% by Xu Xinying Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Xu Xinying, who is an executive Director; (iii) 22.93% by Energystone Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Yuan Yang (袁煬), brother of Mr. Yuan Li; (iv) 2.96% by Zhuanglb Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Zhuang Liangbao, an executive Director; (v) 20.8% by Dopoint Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Ms. Dong Xiujuan (董秀娟), who is an Independent Third Party; and (vi) 0.77% by Top Vanguard Linkage Innotech Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Wang Yue (王玥), an Independent Third Party.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT

As mentioned in the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"), the Group commenced the operation of Guofeng Maotai-flavor liquor business alongside the retail of home appliances. The liquor industry saw a structural recovery in the first half of 2023 and it presents a rational growing trend. Meanwhile, the Company has also been exploring various opportunities aligning with the strategy to build itself as a diversified retail sales enterprise. Therefore, there is an immediate need for additional funding to increase liquidity to support the Group's existing operation in principal business and expand its liquor business and other future retail opportunities.

For this purpose, the Company has considered various financing methods such as bank borrowings and equity financing. However, the Group has a high gearing ratio of 232.7% as at 31 December 2023 and 339.8% as at 30 June 2023, respectively. With only RMB33.3 million in cash position, the Group itself has insufficient financial resources to settle all outstanding loans, including the Shareholders' Loans owing by the Company to the Subscriber, who is a connected person. In respect of bank borrowings, in light of the financial position, in particular, the high gearing ratio of the Group, it is infeasible, practically difficult and time-consuming for the Company to obtain additional bank borrowings at acceptable finance cost with affordable terms and conditions. In terms of equity financing, the Company has been proactively exploring opportunities in this regard. In particular, the Company has completed a placing under general mandate on 26 January 2024, which however cannot effectively alleviate the funding difficulties of the Group. Equity financing involves identification of suitable underwriters, placing agents or placees, which may be time consuming and less cost effective. Under the current volatile market condition and in light of the financial position of the Company which may not be appealing to the market, it is also difficult to ascertain market demand and there is uncertainty in successful equity financing.

Furthermore, as set out in the 2023 Interim Report, the Directors have considered the operation of the Group as a going concern notwithstanding that the Group's current liabilities exceeded its current assets by approximately RMB5,495,000 as at 30 June 2023, which indicated the existence of uncertainties casting doubt over the Group's ability to continue as a going concern. Although in the 2023 Interim Report the Directors concluded that there was no material uncertainty as to the ability of the Group to continue as a going concern based on the ongoing availability of finance to the Group, including the financial support from the substantial shareholder of the Company, it is in the interest of the Group to improve its financial position by lowering its gearing ratio and thus to ensure sustainable operation and development.

Taking into account of the above, the Directors are of the view that the Subscription and the Loan Capitalisation would be in the interest of the Company, having considered that: (i) the Subscriber has expressed its willingness to capitalise the Shareholder's Loans and increased its equity investment in the Company while the conversion price appeared to be attractive, which reflects the Subscriber's confidence in the Group's future business performance and the continuing support of the Subscriber would be beneficial to the long term business development of the Group; (ii) the Loan Capitalisation will reduce the liabilities and financial burden of the Group as well as achieve a lower gearing ratio; (iii) HK\$185.50 million of the outstanding principal amount under the Shareholder's Loans will be settled upon the issue of the Subscription Shares without requiring any cash outflow on the Company (save for settling the professional fees and related expenses for the Subscription which amount to approximately HK\$1.23 million, representing approximately 0.66% of the aggregate Subscription Price); and (iv) hence, the Loan Capitalisation will improve the gearing ratio of the Group and enhance the financial position of the Group.

In light of (i) the indirect shareholding in the Subscriber held by each of the executive Directors (Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao) who have abstained from voting on the Board resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder; and (ii) other than the three executive Directors the Board only comprises of the non-executive Director and the independent non-executive Directors, the Board will defer its view on the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate, and the Whitewash Waiver to the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee.

## **USE OF PROCEEDS**

As the Subscription Price will be satisfied by way of offsetting part of the outstanding principal amount under the Shareholder's Loans owed by the Company to the Subscriber, there will be no remaining net proceeds from the allotment and issue of the Subscription Shares available to be utilised by the Company.

## FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months from the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
14 January 2024	The Company entered into a subscription agreement with Yayue Longte Co., Limited (亞悅隆特有限公司), pursuant to which 43,855,948 Shares were allotted to Yayue Longte Co., Limited as the subscriber at the subscription price of HK\$0.69 per Share	The proceeds amounted to approximately HK\$29,960,604.12	The proceeds from are intended to be used for repayment of debts, general working capital of the Group and general corporate expenses	HK\$20 million has been applied for repayment of Company's outstanding debts and the remaining proceeds have not been utilised

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, other than the 263,135,692 Shares in issue, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after the Completion assuming that there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion, are set out below:

	<b>As at the date of this announcement</b> <sup>(Note 1)</sup>		<b>Immediately after the Completion</b> <sup>(Note 2)</sup>	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
<b>The Subscriber and parties acting in concert with it</b>				
The Subscriber <sup>(Note 3)</sup>	64,565,624	24.54	594,565,624	74.96
<b>Other substantial shareholder</b>				
Yayue Longte Co., Limited (亞悅隆特有限公司) <sup>(Note 4, Note 5)</sup>	43,855,948	16.67	43,855,948	5.53
Other public Shareholders <sup>(Note 5)</sup>	154,714,120	58.79	154,714,120	19.51
<b>Total issued Shares</b>	<b>263,135,692</b>	<b>100.00</b>	<b>793,135,692</b>	<b>100.00</b>

*Notes:*

- (1) These percentages are calculated based on 263,135,692 Shares in issue as at the date of this announcement.
- (2) These percentages are calculated based on 793,135,692 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares).
- (3) For details of the ultimate shareholders of the Subscriber, please refer to the section headed “Information of the Subscriber” in this announcement.
- (4) Yayue Longte Co., Limited is wholly owned by Ms. Liu Yang. Yayue Longte Co., Limited and Ms. Liu Yang are not acting in concert with and have no relationship with the Subscriber and its beneficial owners.
- (5) Upon the Completion, Yayue Longte Co., Limited will hold less than 10% of the issued share capital of the Company and cease to be a substantial shareholder of the Company and therefore the Shares held by it will be counted towards public float. Save for the interest held by Mr. Yuan Li, Mr. Xu Xinyang and Mr. Zhuang Liangbao in the Subscriber which is an existing Shareholder set out in the section headed “Information of the Subscriber” in the Announcement, none of the Directors directly or indirectly hold any Share.
- (6) The percentage figures as set out above are subject to rounding adjustments and any discrepancies in the table between totals and sums of amounts listed therein are due to rounding.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, the Subscriber confirms that:

- (a) save for 436,000 Shares sold by the Subscriber on the Stock Exchange on 15 January 2023 the selling prices of which range from HK\$0.8 per Share to HK\$1.36 per Share at the average of HK\$1.13 per Share and the Subscription Agreement, none of the Subscriber or parties acting in concert with it has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of this announcement;
- (b) other than the Subscription, none of the Subscriber or parties acting in concert with it will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the Completion;
- (c) save as disclosed in the section headed “Effects on Shareholding Structure of the Company” in this announcement, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by the Subscriber or parties acting in concert with it;

- (d) none of the Subscriber or parties acting in concert with it holds any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (e) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any of the Subscriber or parties acting in concert with it;
- (f) save for the Subscription Agreement, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (g) none of the Subscriber or parties acting in concert with it has received any irrevocable commitment from any person as to whether they will vote for or against the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate and/or the Whitewash Waiver;
- (h) save for the Subscription Agreement, there are no agreements or arrangements to which the Subscriber is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription or the Whitewash Waiver;
- (i) none of the Subscriber or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (j) save for the Subscription Price for the Subscription Shares payable under the Subscription Agreement, none of the Subscriber or parties acting in concert with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Subscription; and
- (k) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on the one hand and any of the Shareholders on the other hand.

There is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other hand.



## **APPLICATION FOR LISTING**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and parties acting in concert with it holds 64,565,624 Shares, representing approximately 24.54% of the issued share capital of the Company. Upon Completion, the shareholding of the Subscriber and parties acting in concert with it will increase to approximately 74.96% of the issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares), thereby triggering an obligation on the Subscriber under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it, unless the Whitewash Waiver is granted by the Executive.

The Subscriber has made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalisation and the Specific Mandate), at the EGM. If the Whitewash Waiver is approved by the Independent Shareholders and the Subscription proceeds to completion, the shareholding of the Subscriber in the Company will exceed 50% upon the allotment and issue of the Subscription Shares. The Subscriber may further increase its shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

The Subscriber, its associates, any parties acting in concert with it, and the Shareholders who are involved in or interested in the Whitewash Waiver and/or the underlying transactions, will be required to abstain from voting in respect of the resolutions to approve the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalisation and the Specific Mandate) at the EGM. As at the date of this announcement, save for the Subscriber, there are no Shareholders who are involved in or interested in the Whitewash Waiver or the underlying transactions and are therefore required to abstain from voting in relation to such resolutions at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the date of this announcement, the Company does not believe that the Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

## **LISTING RULES IMPLICATIONS**

As described in the section headed “Information of the Subscriber” in this announcement, the Subscriber, is a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements.

## **ESTABLISHMENT OF THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND THE LISTING RULES INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all the non-executive Director and independent non-executive Directors who have no direct or indirect interest and are not involved in the Whitewash Waiver and the underlying transactions, namely Mr. Gu Changchao, Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi) has been formed to advise the Independent Shareholders on whether the Whitewash Waiver and the underlying transactions are fair and reasonable, and as to voting from the perspective of the Takeovers Code.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi) has been formed to advise the Independent Shareholders on whether the Subscription by the Subscriber is fair and reasonable and as to voting from the perspective of Listing Rules.

Independent Financial Adviser, a corporation licensed to carry out Type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Takeovers Code Independent Board Committee to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in this regard.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorised share capital of the Company from US\$12,000,000 divided into 600,000,000 Shares of US\$0.02 each to US\$100,000,000 divided into 5,000,000,000 Shares of US\$0.02 each by the creation of an additional 4,400,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM to consider and, if thought fit, approve the Increase in Authorised Share Capital. The approval of the proposed Increase in Authorised Share Capital by the Shareholders at the EGM is a condition precedent to the Completion.

## **GENERAL**

The EGM will be convened (i) for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the Subscription, the Loan Capitalisation, granting of the Specific Mandate and the Whitewash Waiver; and (ii) for the Shareholders to consider, and if thought fit, to approve the Increase in Authorised Share Capital.

In light of (i) the indirect shareholding in the Subscriber held by each of the executive Directors (Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao) who have abstained from voting on the Board resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder; and (ii) other than the three executive Directors the Board only comprises of the non-executive Director and the independent non-executive Directors, the Board will defer its view on the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate, and the Whitewash Waiver to the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee.

A circular containing, among other things, (i) details of the Subscription Agreement, the Subscription, the Loan Capitalisation, the Whitewash Waiver, and the proposed Increase in Authorised Share Capital; (ii) a letter of advice from the Takeovers Code Independent Board Committee and a letter of advice from the Listing Rules Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

**Since the Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Subscription Agreement, the Subscription may or may not proceed.**

**The Whitewash Waiver may or may not be granted by the Executive and if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalisation and the Specific Mandate) at the EGM. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.**

**Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules or the Takeovers Code, where the context requires
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong and a day on which typhoon signal no.8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Qidian Guofeng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1280)

“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate), the Whitewash Waiver and proposed Increase in Authorised Share Capital
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	proposed increase in the authorized share capital of the Company from US\$12,000,000 divided into 600,000,000 Shares of US\$0.02 each to US\$100,000,000 divided into 5,000,000,000 Shares of US\$0.02 each by the creation of an additional 4,400,000,000 new Shares
“Independent Financial Adviser”	Rainbow Capital (HK) 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 Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver

“Independent Shareholders”	Shareholders other than (i) the Subscriber, its associates, and any parties acting concert with it; and (ii) all other Shareholders who are interested in or involved in the Whitewash Waiver and/or the underlying transactions (i.e. the Subscription, the Loan Capitalisation and the Specific Mandate) (if any)
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Independent Board Committee”	an independent committee of the Board established which comprises all the independent non-executive Directors in compliance with the Listing Rules to advise the Independent Shareholders on the Subscription Agreement
“Loan Capitalisation”	conversion of approximately HK\$185.50 million in the outstanding principal amount of the Shareholder’s Loans into the share capital of the Company by applying such amount of the Shareholder’s Loans in payment of the Subscription Price for the Subscription Shares credited as fully paid to the Subscriber under the Subscription
“Long Stop Date”	30 June 2024, or such other date as the Company and the Subscriber may agree in writing
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.02 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loans”	a series of unsecured Shareholder’s loans due from the Company to the Subscriber bearing interest at 4.5% per annum with the repayment dates ranging from 31 January 2025 to 25 December 2026, of which the outstanding principal amount is approximately HK\$349.79 million and accrued interest amounted to approximately HK\$2.7 million as at the date of the Subscription Agreement
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issuance of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Noble Trade International Holdings Limited* (聖行國際集團有限公司), a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company, holding approximately 24.54% of the issued share capital of the Company as at the date of this announcement
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 18 March 2024 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$0.35 per Subscription Share
“Subscription Shares”	530,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)



“Takeovers Code Independent Board Committee”	an independent committee of the Board established which comprises all the non-executive Director and independent non-executive Directors who do not have any direct or indirect interests and are not involved in the Subscription and the Whitewash Waiver in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the Subscription Agreement and the Whitewash Waiver
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“Whitewash Waiver”	the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement
“%”	per cent.

By order of the Board  
**China Qidian Guofeng Holdings Limited**  
**Yuan Li**  
*Chairman of the Board*

Shenzhen, PRC 18 March 2024

*As at the date hereof, the executive Directors of the Company are Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao; the non-executive Director of the Company is Mr. Gu Changchao; and the independent non-executive Directors of the Company are Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to the Subscriber and parties acting in concert with it, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*The sole director of the Subscriber, being Mr. Yuan Li, accepts full responsibility for the accuracy of the information relating to the Subscriber and parties acting in concert with it contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*\* For identification purpose only*