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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN TARGET COMPANY

THE EQUITY TRANSFER AGREEMENT

References are made to the annual reports of the Company for the years ended 31 December 2022 and 2023 and the interim report of the Company for the period ended 30 June 2023. Pursuant to the Loan Agreement dated 25 October 2022, Beijing Qidian, an indirectly wholly-owned subsidiary of the Company, is indebted to Guangdong Shengrong in the principal amount of RMB45,000,000, which is secured and bears interest at the rate of 5% per annum due for repayment on 18 April 2024 as agreed by the parties.

On 19 June 2024 (after trading hours), Beijing Qidian as the seller and Guangdong Shengrong as the purchaser entered into the Equity Transfer Agreement in relation to the Disposal at the consideration of RMB29,300,000 as part of the settlement arrangement of the outstanding amount under the Loan Agreement.

LISTING RULES IMPLICATIONS

As the highest of all applicable percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement.

BACKGROUND

References are made to the annual reports of the Company for the years ended 31 December 2022 and 2023 and the interim report of the Company for the period ended 30 June 2023. Pursuant to the Loan Agreement dated 25 October 2022, Beijing Qidian, an indirectly wholly-owned subsidiary of the Company, is indebted to Guangdong Shengrong in the principal amount of RMB45,000,000, which is secured and bears interest at the rate of 5% per annum due for repayment on 18 April 2024 as agreed by the parties. Details of the Loan Agreement are set out in the annual reports of the Company for the years ended 31 December 2022 and 2023 and the interim report of the Company for the period ended 30 June 2023.

As at the date of this announcement, the due but unpaid principal amount and the accrued interest outstanding under the Loan Agreement amount to RMB29,300,000 and RMB12,613,199.67, respectively, with the total amount being RMB41,913,199.67 (the "**Outstanding Amount**").

EQUITY TRANSFER AGREEMENT

On 19 June 2024 (after trading hours), Beijing Qidian as the seller and Guangdong Shengrong as the purchaser entered into the Equity Transfer Agreement in relation to the Disposal as part of the settlement arrangement of the Outstanding Amount. Pursuant to the Equity Transfer Agreement, the Seller will dispose of the entire issued share capital of the Target Company at the consideration of RMB29,300,000 to Guangdong Shengrong.

Principal terms of the Equity Transfer Agreement are summarised below:

Date:	19 June 2024 (after trading hours)
Parties:	Beijing Qidian (as the seller); and Guangdong Shengrong (as the purchaser)

To the best knowledge, information and belief of the Directors after making reasonable enquiries, Guangdong Shengrong and its ultimate beneficial owners are all third parties independent of the Company and its connected person(s) (as defined in the Listing Rules).

Consideration and Terms of Payment

The consideration of the Equity Transfer Agreement amounts to RMB29,300,000, which was determined after arm's length negotiations between the parties with reference to (i) the valuation (the "**Valuation**") of the 100% equity interest of the Target Company at RMB32,000,000 appraised by independent valuer, Ravia Global Appraisal Advisory Limited (the "**Valuer**"), as at 31 March 2024 (the "**Valuation Date**") under the asset-based approach; (ii) the net asset value of the Target Company in the amount of RMB32,556,439.02 as at 31 December 2023; and (iii) the downward adjustment factor being that a property, which is wholly owned by the Target Company and located in Building 6-10, No. 277 Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu Province, the PRC in the name of 匯銀大廈 (the "**Property**"), is also pledged to Mr. Wu Jipeng, an independent third party, to secure a loan of approximately RMB5,532,000 granted by Mr. Wu Jipeng to the Group in October 2021 for a period of four years and a loan of approximately RMB4,610,000 granted by Mr. Wu Jipeng to the Group in June 2022 for a period of three years. Please refer to the annual report of the Company for the year ended 31 December 2023 for more details.

The consideration of RMB29,300,000 under the Equity Transfer Agreement shall be settled by offsetting firstly the outstanding principal amount and then the outstanding accrued interest under the Loan Agreement. Upon completion of the Disposal under the Equity Transfer Agreement, the principal amount outstanding under the Loan Agreement will be fully settled and the remaining outstanding sum of RMB12,613,199.67, being the outstanding accrued interest under the Loan Agreement as at the date of the Equity Transfer Agreement, shall be repaid by Beijing Qidian by 13 June 2025.

Completion

Completion of the Disposal contemplated under the Equity Transfer Agreement will take place upon the registration of the change of shareholder of the Target Company with the local Administration for Industrial and Commerce, which shall be done within ten days from the date of the Equity Transfer Agreement.

The Valuation

Valuation approach and methodology

The fair value of the 100% equity interest in the Target Company of RMB32,000,000 as at the Valuation Date is determined by the Valuer using the asset-based approach. The Valuer issued the Valuation Report on 31 May 2024.

The Valuer considered the following valuation approaches: market approach, income approach, cost approach and asset-based approach. The selection of the valuation approach in valuing the Target Company is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the business operations and the nature, professional judgment and technical expertise of the participating industry. The reasons for selecting the asset-based approach as the method for the Valuation are as follows:

- The market approach measures the value of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted based on differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets. Due to the uncertainty of the future business development, and the fact that business operation for the latest twelve months cannot reflect the true value of the Target Company's major assets (i.e., fixed assets and intangible assets), the market approach is not suitable to be adopted.

- The income approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition. For the same reasons set out above in relation to the unsuitability of adoption of the market approach, the income approach is not suitable to be adopted.

- The cost approach measures the value of an asset by the cost to reproduce or replace it with another like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, and functional and economic obsolescence. The cost approach is also considered inappropriate as the replication cost may not represent its value.

- The asset-based approach provides an indication of value based on the principle that the overall value of an entity is represented by the summation of the net value of individual assets and liabilities. Since the fair value for each of the assets and liabilities will have been valued using either the market, income or cost approaches, it is not a distinct valuation approach. The asset-based approach is considered to be the most appropriate valuation approach for the Valuation. It is based on the economic principle of substitution and essentially measures what the net asset value is as at the Valuation Date and how much it would cost to replace those assets.

The adjusted net asset value method is used to estimate the current fair value of the business or assets of the Target Company, which comprise: (i) current assets and liabilities — the current assets consist of cash and accounts receivable in the balance sheet, which represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities consist of tax payable and other payables, which represent the debts or obligations that are due within one year. Hence, the Valuer has assumed there are no material differences between the book values and fair values of the current assets and liabilities, and the book values of the current assets and liabilities of RMB1,352,859 and RMB596,287 as at Valuation Date are adopted as their fair values in the Valuation; (ii) fixed assets and intangible assets — the fixed assets comprise of the Property, which is a commercial property with a gross floor area of approximately 3,104.60 square meters erected thereon the land with a land area of approximately 896.30 square meters. The intangible assets represent the land use right underlying the Property. The land use right will expire on 7 January 2045 for commercial purposes only. In the Valuation, the Valuer has adopted the direct comparison approach, assuming sale of the Property in its existing state with the benefit of vacant possession and by referencing comparable evidence with similar characteristics as available in the relevant market and arrived at the fair value of RMB31,400,000 while the book value as at 31 March 2024 was RMB31,302,871.

Major Assumptions

The Valuation is subject to specific representations and certain principal assumptions that the management of the Company and the management of the Target Company and/or their representatives (the "**Management**") consider necessary and appropriate for adoption in the Valuation which are stated as follows:

- the information provided and the representations made by the Management with regard to the Target Company's financial and business affairs are accurate and reliable;

- the Target Company will continue to operate as a going concern, has sufficient liquidity and has the ability to maximize the efficiency of the operation of Target Company;

- the Target Company has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;

- there will be sufficient supply of technical staff in the industry in which the Target Company operates or intends to operate, and the Target Company will retain competent management, key personnel and technical staff to support their ongoing operations and development;

- there will be no major changes in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- there will be no major changes in the political, legal, economic or market conditions in the localities in which the Target Company operates or intends to operate which would adversely affect the revenue attributable to and the profitability of the Target Company;

- there will be no material changes in the relevant interest rates and exchange rates which would impact the Target Company's business; and

- there are no undisclosed actual or contingent assets or liabilities, and no unusual obligations or substantial commitments other than in the ordinary course of business and as reflected in the financials of the Target Company, nor any pending or threatened litigation which would have a material impact on the value of the Target Company as at the Valuation Date.

View of the Board

The Directors have reviewed the assumptions adopted in the Valuation Report and have been advised that the key assumptions adopted in the Valuation Report are commonly used in valuing similar companies. There are no irregularities noted by the Directors in relation to the quantitative inputs in the Valuation. The Directors (including the independent non-executive Directors) therefore consider that the key assumptions, quantitative inputs and methodology adopted in the valuation are fair and reasonable.

Taking into account the Valuation and having considered the independence of the Valuer, the Board is of the view that the basis of determination of the consideration of the Disposal is fair and reasonable.

INFORMATION OF THE TARGET COMPANY AND FINANCIAL EFFECT OF THE DISPOSAL

The Target Company is directly wholly-owned by Beijing Qidian and an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in home appliance wholesale and retail. Based on the unaudited financial statements of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles, the loss of the Target Company before and after taxation is as follows:

	For the year ended 31 December 2022 *(unaudited)* *(RMB)*	**For the year ended 31 December 2023** *(unaudited)* *(RMB)*
Loss before taxation	1,754,435.64	2,118,080.71
Loss after taxation	1,754,435.64	2,118,080.71

As at 31 December 2023, the net asset value of the Target Company amounted to RMB32,556,439.02. Upon completion of the Disposal, the Target Company will cease to be an indirect wholly-owned subsidiary of the Company and the financial statements of the Target Company will no longer be consolidated into that of the Group.

INFORMATION OF THE OTHER PARTIES

Beijing Qidian

Beijing Qidian is directly wholly-owned by China Yinrui (HK) Investment Holding Company Limited (中華銀瑞(香港)投資控股有限公司), which is in turn wholly owned by the Company. Beijing Qidian is principally engaged in technology development, consulting, technical services, undertaking exhibition and display activities pursuant to its business licence.

Guangdong Shengrong

Guangdong Shengrong is owned as to 89.21%, 5%, 5% and 0.79% by Beijing Qidian New Technology Group Co., Ltd.* (北京奇點新科技集團有限公司), Mr. Yuan Yang, Hengqin Rijinjin Equity Investment Partnership (Limited Partnership) (橫琴日金進股權投資合夥企業(有限合夥)) and Zhuhai Xinna Cangqiong Investment Center (Limited Partnership) (珠海心納蒼穹投資中心(有限合夥)), respectively. The single largest shareholder of Beijing Qidian New Technology Group Co., Ltd. is Xinyu Xinna Cangqion Investment Partnership Enterprise (Limited Partnership)* (新余心納蒼穹投資合夥企業(有限合夥)), the general partner of which is Mr. Yu Caihui (余彩輝), an independent third party. Mr. Yuan Yang is the brother of Mr. Yuan Li, who is an executive Director and chairman of the Board of the Company and therefore Mr. Yuan Yang is a connected person of the Company. The general partner of Hengqin Rijinjin Equity Investment Partnership (Limited Partnership) and Zhuhai Xinna Cangqiong Investment Center (Limited Partnership) is Mr. Yuan Yang. Guangdong Shengrong is principally engaged in investment activities with self-owned funds, enterprise management, enterprise management consulting and venture capital.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, save as disclosed above, Guangdong Shengrong and its ultimate beneficial owners are all third parties independent of the Company and its connected person(s) (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

In view of the financial position of the Group, the Disposal contemplated under the Equity Transfer Agreement for partial settlement arrangement of the Outstanding Amount under the Loan Agreement will reduce the gearing ratio of the Group and the full settlement of the outstanding principal amount under the Loan Agreement will relieve the the Company of its financial burden from interest payment thereunder.

In view of the above, the Directors (including the independent non-executive Directors) consider the amount of the consideration for the Disposal and the use of such consideration for partial settlement arrangement of the Outstanding Amount, which was negotiated between Beijing Qidian and Guangdong Shengrong at arm's length and on normal commercial terms, to be fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of all applicable percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement.

DEFINITIONS

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

"Beijing Qidian"	Beijing Qidian New Business Technology Co., Ltd.* (北京奇點新商業科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
"Board"	board of Directors
"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 of Hong Kong Limited (stock code: 1280)
"Director(s)"	the directors of the Company

"Disposal"	the disposal of the entire equity interest in the Target Company pursuant to the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement entered into between Beijing Qidian and Guangdong Shengrong on 19 June 2024 in relation to the Disposal
"Guangdong Shengrong"	Guangdong Shengrong Financial Services Holdings Limited* (廣東聖融金服控股有限公司), a company established in the PRC with limited liability and an independent third party of the Company and its connected person(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Loan Agreement"	the agreement dated 25 October 2022 entered into between, among others, Beijing Qidian and Guangdong Shengrong, pursuant to which Beijing Qidian is indebted to Guangdong Shengrong in the principal amount of RMB45,000,000, which is secured and bears interest at the rate of 5% per annum subject to the terms and conditions set forth therein
"percentage ratio"	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
"PRC"	the People's Republic of China, but for the purposes of this announcement, excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary share(s) of US$0.02 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Target Company"	Yangzhou Laihao Electrical Appliances Trading Co., Ltd.* (揚州來好電器商貿有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

"US$"	U.S dollars, the lawful currency of the United States of America

* *For identification purposes only.*

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

Shenzhen, the PRC, 19 June 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Yuan Li, Mr. Xu Xinying, Mr. Sun Yue and Mr. Zhuang Liangbao; the non-executive Directors of the Company are Mr. Gu Changchao and Mr. Wang Xianfu; and the independent non-executive Directors of the Company are Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.