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)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND CHANGE OF THE COMPANY'S WEBSITE

## FINANCIAL HIGHLIGHTS

*(in RMB thousands, unless otherwise stated)*

| | **Six months ended 30 June** | |
|---|---|---|
| | **2024** | 2023 |
| Revenue | **173,335** | 140,737 |
| Gross profit | **32,705** | 24,392 |
| Gross profit margin | **18.9%** | 17.3% |
| (Loss)/profit before tax | **(37,940)** | 85,556 |
| (Loss)/profit for the period | **(37,935)** | 85,520 |
| (Loss)/profit for the period attributable to owners of the Company | **(32,579)** | 86,612 |
| Basic (loss)/earning per share (RMB) | **(0.09)** | 0.40 |

The board (the "**Board**") of directors (the "**Directors**") of China Qidian Guofeng Holdings Limited (the "**Company**") herewith announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2023. The unaudited condensed consolidated interim results of the Group have been reviewed by the audit committee of the Company (the "**Audit Committee**").

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | Notes | **Unaudited 30 June 2024 RMB'000** | Audited 31 December 2023 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **892** | 7,423 |
| Right-of-use assets | | **11,424** | 14,544 |
| Investment properties | | **—** | 24,189 |
| | | **12,316** | 46,156 |
| **Current assets** | | | |
| Inventories | | **58,872** | 56,392 |
| Trade and bills receivables | 3 | **9,995** | 3,760 |
| Prepayments, deposits and other receivable | | **22,090** | 40,033 |
| Restricted bank deposits | | **1,670** | 5,020 |
| Cash and cash equivalents | | **29,324** | 162,301 |
| | | **121,951** | 267,506 |
| **Total assets** | | **134,267** | 313,662 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 4 | **110,774** | 29,174 |
| Reserves | | **(379,618)** | (461,822) |
| | | **(268,844)** | (432,648) |
| **Non-controlling interests** | | **11,190** | 16,546 |
| **Total equity** | | **(257,654)** | (416,102) |

| | Notes | **Unaudited**<br>**30 June**<br>**2024**<br>**RMB'000** | Audited<br>31 December<br>2023<br>RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 6 | **158,909** | 471,192 |
| Lease liabilities | | **8,016** | 11,317 |
| Provision for reinstatement costs | | **282** | 282 |
| | | **167,207** | 482,791 |
| **Current liabilities** | | | |
| Trade and bills payables | 5 | **24,326** | 36,557 |
| Accruals and other payables | | **101,998** | 97,703 |
| Contract liabilities | | **36,750** | 48,484 |
| Lease liabilities | | **7,845** | 10,434 |
| Other current liabilities | | **53,560** | 53,560 |
| Provision for reinstatement costs | | **235** | 235 |
| | | **224,714** | 246,973 |
| **Total liabilities** | | **391,921** | 729,764 |
| **Total equity and liabilities** | | **134,267** | 313,662 |
| **Net current (liabilities)/assets** | | **(102,763)** | 20,533 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | | Unaudited | |
|---|---|---|---|
| | | **Six months ended 30 June** | |
| | Notes | **2024** | 2023 |
| | | **RMB'000** | RMB'000 |
| Revenue | 7 | **173,335** | 140,737 |
| Cost of sales | | **(140,630)** | (116,345) |
| **Gross profit** | | **32,705** | 24,392 |
| Other income | 8 | **4,111** | 4,018 |
| Other (loss)/gains, net | 9 | **(2,223)** | 103,405 |
| Selling and marketing expenses | | **(41,497)** | (21,995) |
| Administrative expenses | | **(21,620)** | (12,241) |
| **Operating (loss)/profit** | | **(28,524)** | 97,579 |
| Finance income | | **292** | 128 |
| Finance costs | | **(9,708)** | (12,151) |
| Finance costs – net | 11 | **(9,416)** | (12,023) |
| **(Loss)/profit before income tax** | 10 | **(37,940)** | 85,556 |
| Income tax credit/(expense) | 12 | **5** | (36) |
| **(Loss)/profit for the period** | | **(37,935)** | 85,520 |
| **Attributable to:** | | | |
| – Equity holders of the Company | | **(32,579)** | 86,612 |
| – Non-controlling interests | | **(5,356)** | (1,092) |
| | | **(37,935)** | 85,520 |
| (Loss)/earning per share for profit attributable to equity holders of the Company (expressed in RMB per share) | | | |
| – Basic and diluted | 13 | **(0.09)** | 0.40 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Total comprehensive (loss)/profit for the period** | **(37,935)** | 85,520 |
| **Attributable to:** | | |
| – Equity holders of the Company | **(32,579)** | 86,612 |
| – Non-controlling interest | **(5,356)** | (1,092) |
| | **(37,935)** | 85,520 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is principally engaged in investment holding. The principal activities of the Group included (i) the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance; (ii) the liquor business; and (iii) education-related training services in the People's Republic of China (the "**PRC**").

The shares of the Company ("**Shares**") were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 March 2010.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and equity investment designated at fair value through other comprehensive income which are measured at fair value, and in accordance to Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2023 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**").

The condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company and all values are rounded to the nearest thousands (RMB'000), unless otherwise indicated.

In preparing these condensed consolidated interim financial statements, the Directors have considered the operation of the Group as a going concern as the Group resulted in a net loss of approximately RMB37,935,000 for the six months ended 30 June 2024, and as of that date the Group's current liabilities exceeded its current assets by approximately RMB102,763,000. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors considered that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements, having given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The ability of the Group to continue as a going concern depends on the ongoing availability of finance to the Group, including the financial support from substantial shareholders of the Company.

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the following:

(i) The Group will continue to carry out cost control measurement in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs.

Based on the Group's cash flow projections, which cover a period of twelve months from the date of the approval of these condensed consolidated interim financial statements and taking into account the available financial resources, the Directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the Directors consider that it is appropriate to prepare these condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated interim financial statements.

**APPLICATION OF NEW AND AMENDMENTS TO HKFRSs**

Except for the application of new and amendments to HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2024, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2024 are consistent with those adopted in the preparation of audited financial statements for the year ended 31 December 2023.

For the six months ended 30 June 2024, the Group has applied all new and amendments to HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 January 2024. The application of the new and amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

## 3. TRADE AND BILLS RECEIVABLES

| | **Unaudited 30 June 2024 RMB'000** | Audited 31 December 2023 RMB'000 |
|---|---|---|
| Trade receivables | **10,662** | 4,475 |
| Less: Provision for impairment | **(667)** | (715) |
| Trade receivables, net | **9,995** | 3,760 |

The credit terms granted to customers by the Group ranges from 30 days to 90 days.

The ageing analysis of trade receivables based on invoice date as at the end of the Reporting Period is as follows:

| | **Unaudited 30 June 2024 RMB'000** | Audited 31 December 2023 RMB'000 |
|---|---|---|
| 0 - 90 days | **9,567** | 3,289 |
| 91 - 365 days | **379** | 422 |
| 1 year - 2 years | **49** | 49 |
| 2 years - 3 years | **—** | — |
| Over 3 years | **—** | — |
| Total | **9,995** | 3,760 |

As at 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB428,000 (31 December 2023: RMB1,001,000) which are past due as at the end of the Reporting Period. None of them is considered as in default.

## 4. SHARE CAPITAL OF THE COMPANY

Details of the share capital of the Company are as follows:

| | Par value | Number of ordinary Shares | Nominal value of ordinary Shares USD | Equivalent nominal value of ordinary Shares RMB'000 |
|---|---|---|---|---|
| **Authorised:** | | | | |
| At 1 January 2023, 31 December 2023, 1 January 2024 | US$0.02 | 600,000,000 | 12,000,000 | 72,444 |
| Issue of new Shares (a) | US$0.02 | 4,400,000,000 | 88,000,000 | 636,865 |
| At 30 June 2024 | US$0.02 | 5,000,000,000 | 100,000,000 | 709,309 |
| **Issued and fully paid** | | | | |
| At 1 January 2023, 31 December 2023, 1 January 2024 | | 219,279,744 | 4,385,594 | 29,174 |
| Issue of new Shares (b) | US$0.02 | 43,855,948 | 877,119 | 6,232 |
| Issue of new Shares (c) | US$0.02 | 530,000,000 | 10,600,000 | 75,368 |
| At 30 June 2024 | US$0.02 | 793,135,692 | 15,862,713 | 110,774 |

(a) The Group's authorised share capital was increased by approximately 733.33% upon approval by shareholders at the extraordinary general meeting of shareholders held on 21 May 2024, by way of ordinary resolution. Accordingly, the authorised share capital of the Company has been increased to US$100,000,000 (divided into 5,000,000,000 Shares).

(b) On 14 January 2024, the Company entered into a subscription agreement with a subscriber Yayue Longte Co., Limited (亞悅隆特有限公司), pursuant to which the Company conditionally agreed to allot and issue and the subscriber conditionally agreed to subscribe 43,855,948 subscription shares at a subscription price of HK$0.69 per share. The net proceeds from the subscription amounted to HK$29,960,604.12. The Company intends to apply such net proceeds for general working capital of the Group and general corporate expenses. All conditions of the subscription agreement were subsequently fulfilled and the subscription agreement was completed on 26 January 2024 in accordance with the terms and conditions of the subscription agreement and the Company has allotted and issued 43,855,948 Shares to the subscriber. For details, please refer to the announcements of the Company dated 14 January 2024 and 26 January 2024.

(c) On 18 March 2024, the Company and a subscriber Noble Trade International Holdings Limited (聖行國際集團有限公司) entered into a subscription agreement, pursuant to which the subscriber conditionally agreed to subscribe and the Company conditionally agreed to allot and issue 530,000,000 Shares. The subscription price is HK$0.35 per subscription share and the total consideration is HK$185.50 million, which was settled by offsetting the outstanding principal of HK$185.50 million under the shareholder loans provided by the subscriber. As the consideration 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. The subscription agreement was completed on 24 May 2024 and 530,000,000 Shares were alloted and issued by the Company to the subscriber. For details, please refer to the announcements of the Company dated 18 March 2024, 30 April 2024 and 24 May 2024 and the circular of the Company dated 30 April 2024.

## 5. TRADE AND BILLS PAYABLES

| | Note | **Unaudited 30 June 2024 RMB'000** | Audited 31 December 2023 RMB'000 |
|---|---|---|---|
| Trade payables | | **19,051** | 27,847 |
| Bills payable | (a) | **5,275** | 8,710 |
| | | **24,326** | 36,557 |

Notes:

(a) At 30 June 2024, the bills payable were secured by bank deposits.

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days for both reporting periods.

Ageing analysis of trade payables based on invoice date as at the end of the Reporting Period is as follows:

| | **Unaudited** | Audited |
|---|---|---|
| | **30 June** | 31 December |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| 0 - 30 days | **15,226** | 20,577 |
| 31 - 90 days | **2,495** | 2,675 |
| 91 - 365 days | **998** | 1,805 |
| 1 year - 2 years | **—** | — |
| 2 years -3 years | **327** | 327 |
| Over 3 years | **5** | 2,463 |
| | **19,051** | 27,847 |

The trade and bills payables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the Reporting Period.

## 6. BORROWINGS

| | **Unaudited** | Audited |
|---|---|---|
| | **30 June** | 31 December |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Non-current** | | |
| Other borrowings | **158,909** | 471,192 |
| | **158,909** | 471,192 |

## 7. REVENUE AND SEGMENT INFORMATION

### REVENUE

Revenue represents fair value of the consideration received or receivable and for goods sold in normal course of business to customers, net of discounts and sales related taxes.

Disaggregation of revenue from contracts with customers is as follows:

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Types of goods and services** | | |
| Sales of home appliances | **118,492** | 121,667 |
| Sales of liquor | **36,308** | 17,235 |
| **Rendering of service** | | |
| Maintenance and installation service | **—** | 1,835 |
| Provision of education services | **18,535** | — |
| Total revenue | **173,335** | 140,737 |
| **Timing of revenue recognition** | | |
| A point in time | **154,800** | 138,902 |
| Over time | **18,535** | 1,835 |
| | **173,335** | 140,737 |

## 8. OTHER INCOME

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Rental income from investment properties | **1,155** | 120 |
| Activities income | **247** | 1,387 |
| Other | **2,709** | 2,511 |
| | **4,111** | 4,018 |

## 9. OTHER GAIN, NET

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Loss on disposal of property, plant and equipment, net | **—** | (1,369) |
| Gain on deregistration of subsidiaries | **219** | — |
| (Loss)/gain on sale of subsidiaries | **(3,313)** | 104,185 |
| (Write down on)/reversal for obsolescence on inventories | **(53)** | 125 |
| Reversal for impairment on trade receivables | **48** | 182 |
| Other | **876** | 282 |
| | **(2,223)** | 103,405 |

## 10. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cost of merchandise sold | **140,264** | 116,122 |
| Employee benefit expenses - including the Directors' emoluments | **21,163** | 17,061 |
| Amortisation of right-of-use assets | **2,592** | 283 |
| Depreciation of property, plant and equipment | **838** | 2,237 |
| Depreciation of investment properties | **792** | 787 |
| Write down on/(reversal of) obsolescence on inventories | **53** | (125) |
| Reversal of for impairment on trade receivables | **(48)** | (182) |

## 11. FINANCE COST - NET

| | Unaudited Six months ended 30 June 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Finance costs | | |
| – Interest expenses on other borrowings | **7,347** | 9,861 |
| – Interest expenses on bonds payables | **—** | 562 |
| – Net foreign exchange loss | **1,778** | 1,140 |
| Interest expenses on lease liabilities | **583** | 588 |
| | **9,708** | 12,151 |
| Finance income | | |
| – Interest income on bank deposits | **(292)** | (128) |
| Finance costs – net | **9,416** | 12,023 |

## 12. INCOME TAX (CREDIT)/EXPENSE

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| PRC enterprise and withholding income taxes | | |
| – Income tax (credit)/expenses | **(5)** | 36 |

### (a) HONG KONG PROFITS TAX

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong for the six months ended 30 June 2024 (2023: Nil).

### (b) PRC ENTERPRISE INCOME TAX

Under the Corporate Income Tax Law of the PRC, the enterprise income tax rate applicable to the subsidiaries located in mainland China is 25% (2023: 25%).

## 13. (LOSS)/EARNING PER SHARE

Basic and diluted earning/(loss) per Share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Reporting Period.

| | Unaudited<br>Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| (Loss)/profit attributable to equity holders of the Company (RMB'000) | **(32,579)** | 86,612 |
| Weighted average number of ordinary shares in issue ('000) | **370,662** | 219,280 |
| Basic and diluted (loss)/earning per Share (RMB) | **(0.09)** | 0.40 |

The computation of diluted (loss)/earning per Share for the six months ended 30 June 2024 and 2023 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as such assumed exercise would decrease/increase the (loss)/earning per share for both of the six months ended 30 June 2024 and 2023.

## 14. INTERIM DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

The year 2024 is the third year of the "14th Five-Year Plan" and the second year of economic recovery after the pandemic. The disruptions of the pandemic and the economy in the post pandemic era are still recovering and the downward trend in growth has improved significantly. In the past half of 2024, China's economy has generally continued to rebound and improve, with high-quality development advancing solidly. However, it still faces challenges such as insufficient effective demand and weak social expectations.

## BUSINESS REVIEW

Since the beginning of 2024, the successive introduction of trade-in policies has effectively boosted domestic sales demand for home appliances. On 7 March 2024, the State Council issued a notice on the"Action Plan to Promote the Large-scale Renewal of Equipment and the Trading-in of Consumer Goods" (《推動大規模設備更新和消費品以舊換新行動方案》) to support home appliance sales companies in cooperating with production companies and recycling companies to carry out trade-in promotions; On 28 April 2024, the General Office of the Ministry of Commerce and the General Office of the Ministry of Finance issued a notice on "Improving the Renewable Resource Recycling System and Supporting the Trade-in of Durable Consumer Goods Such as Home Appliances" (《關於完善再生資源回收體系，支持家電等耐用消費品以舊換新》) to help local governments promote the trade-in of durable consumer goods such as home appliances. The performance of the home appliance market has gradually decoupled from the real estate sector, and the sales of white appliances have grown against the trend, driving the industry's recovery as expected.

Liu Zhenguo (劉振國), deputy secretary-general of the China Alcoholic Drinks Association (中國酒業協會), said that since 2023-2024, the liquor industry has shown a decline in output, an increase in sales revenue, an increase in total profits, obvious industry differentiation, and obvious characteristics of the dual rationality of consumption and the era of stock. From the consumer market feedback, in the first half of 2024, 80% of the surveyed liquor enterprises said that the market had become colder, and there was competition on the liquor production side and the circulation side, showing obvious consumption diversification and strong differentiation.

As for the training business that the Company has engaged in since last year, the government has introduced a number of policies such as tax and fee reductions, and optimization of the business environment to encourage and support the development of small and medium-sized enterprises, and continuously invigorate market entities. Data from the State Administration for Market Regulation show that as of the end of May 2024, there were 180.45 million private economic entities in China, accounting for 96.4% of the total number of business entities, up from 95.5% in 2019, including 55.177 million private enterprises and 125.273 million self-employed individuals. The proportion of the private economy in China's economy has steadily increased, and it has become a new force in promoting Chinese-style modernization and an indispensable and important foundation for high-quality development.

As a diversified enterprise integrating home appliance retail sales and liquor business and training business, the Group continuously promotes optimization and improvement in various aspects such as alliance among different industries, aftersales and logistics support, enterprise culture, informatization system, digitalization and internal control system. The Group continuously promotes work in the aspects below:

## 1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUSING ON MARKETING AND PAYING ATTENTION TO MARKETING RETURN OF EMERGING CHANNELS

Under the macro environment of the slowdown of economic growth and frequent external black swan events, corporates of consumer goods are facing greater challenges, which brings larger demand for differentiated and refined operations. Channels of postpandemic are changing obviously. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development bonus period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, despite pressure during the pandemic, there is an integration tendency of home appliance channel front-loading with home construction materials, and lower tier markets have been constantly refined and expanded.

The Group, as a chain retailer in the third- and fourth-tier cities, on the one hand, further deepens the role of fragmented channels in promoting marketing, and on the other hand, promotes the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable, cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live streaming, short video, wechat community etc., so as to improve the Group's retail performance.

## 2. STRENGTHENING THE CONSTRUCTION OF DISTRIBUTORS AND STEADILY EXPANDING THE SALES MARKET OF MAOTAI-FLAVOR LIQUOR

In the first half of 2024, China's liquor market still showed solid risk resistance and continued development resilience. Consumers have decreased their purchases, but not their pursuit of quality, and cost-effectiveness is the core support for consumers' rational choices. In terms of products, popularized liquor products with "high quality and excellent price" have shown strong growth momentum.

During the Reporting Period, the Company paid close attention to and conducted research on the industry development trend, based on which to actively promote Maotai-flavor Liquor business line, strengthen the construction of distributors, vigorously develop Maotai-flavor Liquor business, thus developing a secondary growth curve for business growth and steadily enhancing the profitability of the Company. On one hand, Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒業有限公司) ("**Guizhou Guofeng**"), a subsidiary of the Company in liquor industry, launched the exclusive Guofeng Maotai-flavor Liquor (國峰醬酒), which aims at mid- to high-end market. Being overseen by various China liquor consultants with a background in state-owned enterprises in production technology processes, the Guofeng Maotai-flavor Liquor has guaranteed quality and higher value of collection and tasting. Currently, the Guofeng Maotai-flavor Liquor has gradually formed a multi-channel sales model, which consists of offline distributors + online store, livestreaming, sales on social media communities and private e-commerce. It will grasp the development potential opportunities of Maotai-flavor liquor, attract related distributors, increase sales and steadily improve the Company's performance. Meanwhile, during the Reporting Period, Guizhou Guofeng orderly organized eight times of "Tour in Liquor City (酒都資本之旅)" and 974 times of tasting investment fairs. Making full use of the high socialized nature of liquor, step by step and with diligence and care, Guizhou Guofeng expanded the scale of distributors and market of Maotai-flavor liquor, improved coverage at the point of sale, kept making efforts on offline sales to form favorable interaction with online marketing, thus giving a strong push on the Company's results. On the other hand, Yuanli Liquor (Shenzhen) Co., Ltd. (原力酒業 (深圳) 有限公司) ("**Yuanli Liquor**"), a subsidiary of the Company in liquor industry, kept optimizing the product design including logo and packages as well as cultivating and improving the operating and marketing capabilities. Maotai-flavor liquor products were released as scheduled.

### 3. DEVELOPING THE TRAINING BUSINESS AND INJECTING NEW GROWTH MOMENTUM

While steadily promoting home appliances and Maotai-flavor Liquor business, the Company actively explored new growth opportunities for its business. Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司) ("**Shenzhen Co**"), a subsidiary owned as to 75% by the Company, entered into an agency agreement with Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司) ("**Beijing Shengshang**"), pursuant to which Shenzhen Co acted as Beijing Shengshang's agent for sales and promotion of Beijing Shengshang's training courses and services for micro-, small- and medium-sized enterprises. Also, Shenzhen Co focused on agency services for business management courses designed and delivered by course providers and sales, marketing and provision of training services including capital market investment and financing, which injected new growth momentum for the result development of the Company.

## FINANCIAL REVIEW

### REVENUE

For the six months ended 30 June 2024, the Group's revenue was approximately RMB173.3 million, representing an increase of 23.2% from approximately RMB140.7 million for the six months ended 30 June 2023.

Turnover of the Group comprising revenues by operations is as follows:

| | Unaudited | |
|---|---|---|
| | Six months ended 30 June | |
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Types of goods and services | | |
| Sales of home appliances | **118,492** | 121,667 |
| Sales of liquor | **36,308** | 17,235 |
| Maintenance and installation service | **—** | 1,835 |
| Education-related training services | **18,535** | — |
| Total revenue | **173,335** | 140,737 |

**COST OF SALES**

For the six months ended 30 June 2024, the cost of sales of the Group was approximately RMB140.6 million, increased by 20.9% from approximately RMB116.3 million for the six months ended 30 June 2023, which was due to an increase of sales volume.

**GROSS PROFIT**

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB32.7 million, increased by 34.0% from approximately RMB24.4 million for the six months ended 30 June 2023.

## OTHER INCOME

For the six months ended 30 June 2024, other income recorded by the Group amounted to approximately RMB4.1 million, representing an increase of 2.5% in comparison to approximately RMB4.0 million for the six months ended 30 June 2023.

## OTHER (LOSS)/GAINS

For the six months ended 30 June 2024, the Group recorded other net loss of approximately RMB2.2 million as compared to gain of approximately RMB103.4 million for the six months ended 30 June 2023.

## SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2024, the Group's total selling and marketing expenses amounted to approximately RMB41.5 million, representing an increase of 88.7% from approximately RMB22.0 million for the six months ended 30 June 2023.

## ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2024, the Group's total administrative expenses amounted to approximately RMB21.6 million, increased by 76.7% from approximately RMB12.2 million for the six months ended 30 June 2023.

## OPERATING (LOSS)/PROFIT

For the six months ended 30 June 2024, the operating loss amounted to approximately RMB28.5 million, decreased by 129.2% from the operating profit of approximately RMB97.6 million for the six months ended 30 June 2023.

## FINANCE COSTS-NET

For the six months ended 30 June 2024, the net financial cost of the Group amounted to approximately RMB9.4 million, representing a decrease of 21.7% in comparison to approximately RMB12.0 million for the six months ended 30 June 2023.

## (LOSS)/PROFIT BEFORE INCOME TAX

For the six months ended 30 June 2024, the loss before income tax amounted to approximately RMB37.9 million, while the profit before income tax was approximately RMB85.6 million for the six months ended 30 June 2023.

## INCOME TAX CREDIT/(EXPENSE)

For the six months ended 30 June 2024, the income tax credit of the Group amounted to approximately RMB5,000, while the income tax expense was approximately RMB36,000 for the six months ended 30 June 2023.

## (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the six months ended 30 June 2024 was approximately RMB32.6 million, while there was profit attributable to equity holders of approximately RMB86.6 million for the six months ended 30 June 2023.

## CASH AND CASH EQUIVALENTS

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB29.3 million, representing a decrease of 81.9% from approximately RMB162.3 million as at 31 December 2023.

## INVENTORIES

As at 30 June 2024, the Group's inventories amounted to approximately RMB58.9 million, representing an increase of 4.4% from approximately RMB56.4 million as at 31 December 2023.

## PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2024, prepayments, deposits and other receivables of the Group amounted to approximately RMB22.1 million, representing a decrease of 44.9% from approximately RMB40.1 million as at 31 December 2023.

## TRADE AND BILLS RECEIVABLES

At 30 June 2024, trade and bills receivables of the Group amounted to approximately RMB10.0 million, representing an increase of 163.2% from approximately RMB3.8 million as at 31 December 2023.

## TRADE AND BILLS PAYABLES

At 30 June 2024, trade and bills payables of the Group amounted to approximately RMB24.3 million, representing a decrease of 33.6% from approximately RMB36.6 million as at 31 December 2023.

## GEARING RATIO AND THE BASIS OF CALCULATION

As at 30 June 2024, gearing ratio of the Group was 291.9%, in comparison to 232.7% as at 31 December 2023. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2024, the Group's cash and cash equivalents (excluding the restricted cash) were approximately RMB29.3 million (31 December 2023: approximately RMB162.3 million).

The net current liabilities of the Group were approximately RMB102.7 million (31 December 2023 net assets : approximately RMB20.5 million), which consisted of current assets of approximately RMB122.0 million (31 December 2023: approximately RMB267.5 million) and current liabilities of approximately RMB224.7 million (31 December 2023: approximately RMB247.0 million).

The Group manages its capital structure to finance its overall operation by using different sources of funds. As at 30 June 2024, the interest-bearing borrowings of the Group amounted to approximately RMB158.9 million, decreased from approximately RMB471.2 million as at 31 December 2023. As at 30 June 2024, the Group's borrowings were denominated in RMB and Hong Kong Dollar with fixed interest rate ranging from 4.5% to 6.5%.

## FOREIGN CURRENCIES AND TREASURY POLICY

All the income and the majority of expenses of the Group were denominated in RMB. During the six months ended 30 June 2024, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

## LITIGATION AND CONTINGENCIES

As at 30 June 2024, the Group had no significant contingent liabilities.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

## EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region. Our management receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments.

The remuneration of other employees comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group participates in different social welfare plans for the employees.

## HUMAN RESOURCES

As at 30 June 2024, the Group had 349 employees, increased by 16.3% from 300 employees as at 31 December 2023.

## SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not hold any significant investments, the fair value of which accounted for more than 5% of the Group's total assets.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any plans for future material investments and capital assets with established and legally enforceable contracts for the coming year.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

On 19 June 2024, Beijing Qidian New Business Technology Co., Ltd.* (北京奇点新商业科技有限公司), an indirect wholly-owned subsidiary of the Company as the seller and Guangdong Shengrong Financial Services Holdings Limited* (廣東聖融金服控股有限公司) as the purchaser entered into an equity transfer agreement, pursuant to which Beijing Qidian New Business Technology Co., Ltd. agreed to dispose the entire issued share capital of Yangzhou Laihao Electrical Appliances Trading Co., Ltd.* (揚州來好電器商貿有限公司) at a consideration of RMB29,300,000, which was settled by offsetting firstly the outstanding principal amount and then the outstanding accrued interest under a loan agreement dated 25 October 2022 provided by Guangdong Shengrong Financial Services Holdings Limited. Upon completion of such disposal, the principal amount outstanding under the loan agreement was fully settle and the remaining outstanding sum of RMB12,613,199.67 would be repaid by Beijing Qidian New Business Technology Co., Ltd. by 13 June 2025. For details, please refer to the announcements of the Company dated 20 June 2024 and 28 June 2024.

## FUTURE OUTLOOK

In the second half of the year, China's economy will continue to rebound and improve. Considering that the base number for the same period in the second half of the year is higher than that of the second quarter, GDP is expected to be around 5% year-on-year in the third and fourth quarters, and the full-year growth rate will be around 5.1%.

### 1. TRADE-IN POLICY DRIVING HOME APPLIANCE REPLACEMENT AND ITERATION

A spokesman for the National Development and Reform Commission (NDRC) said that from January to May this year, the trade-in sales of home appliances on major e-commerce platforms have increased by more than 80%, and trade-in has become an important factor in boosting the growth of home appliance consumption. It is expected that by 2025, the market share of high-efficiency and energy-saving home appliances will be further increased, and the recycling volume of waste home appliances will increase by 15% compared with 2023.

In the future, the Group will, on the one hand, focus on analyzing macro and related industry policies and study the impact of policies on home appliances. On the other hand, the Group will promptly adjust its marketing strategy and provide services such as community access, door-to-door collection, free dismantling, delivery of new and used machines, and discounts on old machines etc., so as to optimize the active corresponding policies, and appropriately increase sales of air conditioners, refrigerators, washing machines and other major appliances in accordance with the policy.

## 2. UNDER THE DIGITAL TRANSFORMATION, ACTIVELY PROMOTING THE SALES OF SMART HOME APPLIANCES

Since the 18th CPC National Congress, the country has continued to attach greater importance to the digital economy, and policy support has continued to increase. The government work report in March 2024 clearly stated a series of requirements such as "vigorously promoting the construction of a modern industrial system and accelerating the development of material productivity" and "deeply promoting the innovative development of the digital economy".

According to data from the Bureau of Statistics, the total retail sales of consumer goods such as home appliances and audio-visual equipment in 2023 was basically the same year-on-year. However, in contrast to the overall slowdown in the growth rate of home appliance consumption, the demand for smart home appliance was strong and the penetration rate continued to increase. According to data of the China Commercial Industry Research Institute(中商產業研究院), the compound growth rate of China's smart home appliance market from 2017 to 2022 was 18.30%, and the market penetration rate increased from 42% to 50%, with a wide space for development. As artificial intelligence (AI), Internet of Things (LoT) and other technologies are integrated with the home appliance industry, product functions are constantly expanding, and a large number of smart products are emerging. At the same time, as residents' incomes increase, people pursue a more comfortable and quality home life, and their demand for smart products continues to grow, showing that there is broad room for development in the market for smart home appliances.

In view of the above prospects, as a diversified retailer of home appliances in third- and fourth-tier cities, the Group will make full use of the continued growth in demand for smart home appliances to strengthen the sales and promotion of smart home appliances and satisfy the diversified needs of consumers, and strive to improve the retail performance of home appliances.

## 3. THE ONLINE AND OFFLINE EFFORTS IN MAOTAI-FLAVOR LIQUOR AREA CONTINUOUSLY IMPROVING RESULTS AND PROFITABILITY

According to the data from Lanjinger (藍鯨財經), the sales income of Maotai-flavor liquor industry will amount to RMB255.6 billion by 2026, with the average annual growth rate maintaining at 6.50%. As the Central Economic Work Conference held at the end of 2022 took the recovery of consumption as the primary development strategy, the Maotai-flavor liquor industry will embrace development opportunities under the economic recovery.

According to the "2023-2028 In-Depth Analysis and Investment Value Research and Consultation Report of the Maotai-flavor Liquor Industry (《2023-2028年醬香型白酒行業深度分析及投資價值研究諮詢報告》)" by the Zero Power Intelligence Research Institute (中研普華研究院), it is shown that 2023 will be a watershed in the development of Chinese liquor. In the context of a market where brand potential continues to be strengthened, market competition will be unprecedentedly fierce.

In view of the multiple opportunities and challenges in the sustainable development of Maotai-flavor liquor industry, in the future, by making best use of the special nature of Maotai-flavor liquor, such as high social nature, strong demand, stable customer base and increasingly young customers, the Company will put efforts on online shopping malls, live broadcasts, private domain e-commerce and offline distributors, including reshaping consumption occasion, expanding customer source, innovating package design, enhancing brand operational ability and digital marketing, pay attention to consumer interaction, finally form a perfect closed loop of win-win, co-creation and sharing between distributors and consumers, and steadily enhance the competitiveness and market share of Maotai-flavor liquor.

### 4. GRASPING THE DEVELOPMENT POTENTIAL OF TRAINING MARKET AND STEADILY PROMOTING TRAINING BUSINESS

In the second half of 2024, the economy recovery may present a feature of "developing and advancing with fluctuation" with the structural adjustment of national economy, gradual recovery of endogenous momentum and refreshed economy vitality. The development vitality and service demand of small- and medium-sized enterprises will also be gradually released due to the gradual resuscitation of domestic economy.

The Group will grasp the favorable opportunity with the improvement of macro economy and the recovery of small- and medium-sized enterprises' vitality, continue to expand the Group's training business by relying on Shenzhen Co, our subsidiary. The Group will steadily develop training agency business of training courses for small- and medium-sized enterprises, take full advantage of its self-course research and development and agent training business course model, and deeply engage in five training businesses (i.e. investment and financing in capital market, family education, sinology, study tour and new media). Meanwhile, the Group will enhance marketing strategy such as "precision marketing", aiming at special target student and customer, and adopt targeted marketing strategies in the aspects of marketing strategies, means, ways and price, so as to improve the market shares and the brand influence of the Company when meeting personalized demand of student and customers.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing corporate governance, and the Board reviews and updates all necessary measures from time to time in order to promote good corporate governance.

Throughout the six months ended 30 June 2024, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in the Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviation from the code provision C.2.1 of the Code. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this announcement, Mr. Yuan Li acted as an executive Director and the chairman of the Board, and assumed the interim duties and responsibilities of the chief executive following the resignation of Ms. Liu Simei on 23 September 2022. However, having considered the nature and extent of the Company's operations, and Mr. Yuan Li's in-depth knowledge and experience in the industry and familiarity with the operations of the Company, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances thereby facilitating the execution of the Group's business strategies and boosting effectiveness of its operation, as well as enabling more effective planning and better execution of long-term strategies.

In order to comply with code provision C.2.1 of the CG Code that the roles of chairman and chief executive should be separate and should not be performed by the same individual, with effect from 27 May 2024, Mr. Sun Yue, an executive Director, has been appointed as the new chief executive officer of the Company. Mr. Yuan Li will remain as an executive Director, the chairman of the Board and the member of the remuneration committee of the Company. For details, please refer to the announcement of the Company dated 27 May 2024.

## AUDIT COMMITTEE

During the six months ended 30 June 2024, the Audit Committee comprises the independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi, including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

As of the date of this announcement, the composition of the Audit Committee is in compliance with relevant requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the CG Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2024.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the period from 1 January 2024 to 30 June 2024, and up to the date of this announcement.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not have any treasury shares.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 28 June 2024, the Company entered into subscription agreements with two subscribers, Yayue Longte Co., Limited and Oupu Shanwei International Holdings Limited, pursuant to which, the Company conditionally agreed to allot and issue and the two subscribers conditionally agreed to subscribe for an aggregate of 158,627,138 Shares at the subscription price of HK$0.515 per Share. The net proceeds from the subscriptions amounted to HK$80,917,094.66 and the Company intended to apply such net proceeds for repayment of debts, general working capital and corporate expenses for the Group. The subscription agreements were completed on 9 July 2024. For details, please refer to the announcements of the Company dated 28 June 2024, 2 July 2024 and 9 July 2024.

On 26 July 2024, the Company entered into an acquisition agreement with the vendors of Shengshang Entrepreneurial Services Co., Ltd., pursuant to which the Company has conditionally agreed to acquire and the vendors have conditionally agreed to sell the sale shares, representing the entire issued share capital of Shengshang Entrepreneurial Services Co., Ltd.. The consideration of the acquisition agreement amounts to HK$340,000,000, which will be settled by way of consideration shares, being 850,000,000 Shares of the Company. For further details, please refer to the announcement of the Company dated 26 July 2024.

## CHANGE OF THE COMPANY'S WEBSITE

The Board hereby announces that the website of the Company is changed from "www.hyjd.com" to "www.qidianguofeng.cn". All announcements, notices or other documents submitted by the Company for publication on the website of the Stock Exchange will also be published on this new website of the Company.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2024 interim report of the Company will be dispatched (if requested) to shareholders of the Company and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.qidianguofeng.cn in due course. This announcement can also be accessed on these websites.

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

Shenzhen, PRC, 26 August 2024

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