THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Qidian Guofeng Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company.

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) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED

浤 博 資 本 有 限 公 司

Capitalised terms used in this cover page have the same meanings as defined in this circular unless otherwise defined.

A letter from the Board is set out on pages 12 to 51 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 52 to 53 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 54 to 77 of this circular.

A notice convening the EGM to be held at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC on Tuesday, 24 September 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions stated thereon and return it to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish. In such event, the form of proxy shall be deemed to be revoked.

4 September 2024

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

"Acquisition"	the proposed acquisition of the entire issued share capital of the Target Company pursuant to the terms and conditions under the Acquisition Agreement;
"Acquisition Agreement"	the conditional sale and purchase agreement dated 26 July 2024 entered into among the Company and the Vendors in relation to the Acquisition;
"acting in concert"	has the meaning given to it under the Takeovers Code;
"associate"	has the meaning ascribed to it under the Listing Rules;
"Beijing Dixingjingliu"	Beijing Dixingjingliu Technology Partnership (Limited Partnership)* (北京滴行京流科技合夥企業(有限合夥)), a limited liability partnership established in the PRC on 14 October 2021 which is owned as to 99.999% by Xinyu Dixingjingliu and 0.001% by Ms. Zhou Xiuzhen (周秀珍), respectively, and is managed and operated by its general partner, Xinyu Dixingjingliu;
"Beijing Guangsuduoer"	Beijing Guangsuduoer Enterprise Management Partnership (Limited Partnership)* (北京光速多爾企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on 14 October 2021 which is owned as to 0.001% by its limited partner, Mr. Yuan Yang and 99.999% by its general partner, Xinyu Gaoxin District Guangsuduoer Investment Center (Limited Partnership)* (新余高新區光速多爾投資中心(有限合夥)) a limited liability partnership established in the PRC which is owned as to 75.46% by Xinyu Northern Dingyuan and 24.54% by Xinyu Northern Huiyuan, respectively, and is managed and operated by its general partner, Xinyu Northern Dingyuan;
"Beijing Guoyan"	Beijing Guoyan Zhigu Industry Information Technology Research Co., Ltd.* (北京國研智谷產業信息技術研究院有限公司), a limited liability company established in the PRC on 15 August 2018 which is owned as to 43.33% by Beijing Shengshang and 56.67% by Hongren International Technology (Beijing) Co., Ltd.* (泓仁國際科技(北京)有限公司), a limited liability company established in the PRC which is wholly owned by Ms. Li Wei (李微), an Independent Third Party. Beijing Guoyan is an associated company of the Target Company;

"Beijing Heimazhidi"	Beijing Heimazhidi Enterprise Management Partnership (Limited Partnership)* (北京黑馬智迪企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 14 October 2021 which is owned as to 99.999% and 0.001% by Xinyu Heimazhidi and Mr. Yuan Yang, respectively, and is managed and operated by its general partner, Xinyu Heimazhidi;
"Beijing HopePe"	Beijing HopePe Investment Management Co., Ltd.* (北京厚誼投資管理有限公司), a limited liability company established in the PRC on 12 August 2014 which is owned as to 60.00% and 40.00% by Ms. Liu Liying (劉利英) and Mr. Zhao Jinyong (趙金勇), respectively;
"Beijing Houyishengrong"	Beijing Houyishengrong Enterprise Management Partnership (Limited Partnership)* (北京厚誼盛榮企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on 14 October 2021 which is owned as to 99.999% and 0.001% by Xinyu HopePe and Mr. Ni Jirong (倪繼榮), respectively, and is managed and operated by its general partner, Xinyu HopePe;
"Beijing Qidian"	Beijing Qidian New Business Consulting Co., Ltd.* (北京奇點新商業諮詢有限公司), a limited liability company established in the PRC on 22 December 2020 and a direct wholly owned subsidiary of Beijing Shengshang;
"Beijing Qidian Chuangfu"	Beijing Qidian Chuangfu Consulting Co., Ltd.* (北京奇點創服諮詢有限公司), a limited liability company established in the PRC on 16 December 2021 and a direct wholly owned subsidiary of Shengshang Entrepreneurial;
"Beijing Shengshang"	Beijing Shengshang Entrepreneurial Technology Co., Ltd.* (北京聖商創業科技有限公司), formerly known as Beijing Shengshang Education Technology Co., Ltd.* (北京聖商教育科技股份有限公司) and Beijing Fuwish Biotech Co., Ltd.* (北京福樂維生物科技股份有限公司), a limited liability company established in the PRC on 5 August 2005 and the principal operating subsidiary indirectly wholly owned by the Target Company;
"Board"	the board of Directors;
"BVI"	British Virgin Islands;
"BVI 1"	Greatssjy Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Yuan Li;

"BVI 2"	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;
"BVI 3"	Zhuanglb Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Zhuang Liangbao (莊良寶), an executive Director;
"BVI 4"	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);
"BVI 5"	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) who was a director of Beijing Shengshang and resigned on 6 May 2022;
"BVI 6"	Energystone Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Yuan Yang;
"BVI 7"	Shengshangmingyue Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is owned as to 80.00% and 20.00% by Mr. Yuan Yang and Mr. Xu Xinying, respectively;
"BVI 8"	Chengshan Co., Ltd., a company incorporated in the BVI with limited liability on 30 September 2021 which is owned as to 50.00% each by Mr. Sun Lejiu (孫樂久) and Ms. Liu Liying (劉利英), respectively;
"BVI 9"	Heimazhidi Co., Ltd., a company incorporated in the BVI with limited liability on 9 November 2021 which is wholly owned by Beijing Heimazhidi, a limited partnership which is managed and operated by its general partner, Xinyu Heimazhidi, a limited partnership which is managed and operated by its general partner, Suzhou Xiaoding Shengying, a limited partnership which is managed and operated by its general partner, Shanghai Noa, a limited liability company which is owned as to 74.50%, 20.00%, 5.00%, and 0.50% by Mr. Han Baoshi (韓寶石), Shanghai Mefund, Mr. Chen Xiang (陳香) and Mr. Wang Donghua (王東華), respectively;

"BVI 10"	Guangsuduoer Co., Ltd., a company incorporated in the BVI with limited liability on 9 November 2021 which is wholly owned by Beijing Guangsuduoer, a limited partnership established in the PRC which is managed and operated by its general partner, Xinyu Gaoxin District Guangsuduoer Investment Center (Limited Partnership)* (新余高新區光速多爾投資中心(有限合夥)), a limited partnership established in the PRC which is owned as to 75.46% by Xinyu Northern Dingyuan and 24.54% by Xinyu Northern Huiyuan and is managed and operated by its general partner, Xinyu Northern Dingyuan;
"BVI 11"	Dixingjingliu Co., Ltd., a company incorporated in the BVI with limited liability on 9 November 2021 which is wholly owned by Beijing Dixingjingliu, a limited liability partnership managed and operated by its general partner, Xinyu Dixingjingliu, a limited liability company which is owned as to 1.00% by Ms. Zhou Xiuzhen (周秀珍) and 99.00% by Xinyu Gaoxin Northern Chuangda, a limited liability partnership which is managed and operated by Northern Financing, a limited liability company which is owned as to 80.00% and 20.00% by Mr. Sun Yuedong (孫躍東) and Mr. Li Hua (李華), respectively;
"BVI 12"	Houyishengrong Co., Ltd., a company incorporated in the BVI with limited liability on 9 November 2021 which is wholly owned by Beijing Houyishengrong, a limited liability partnership which is managed and operated by its general partner, Xinyu HopePe, a limited liability partnership which is managed and operated by its general partner, Beijing HopePe, a limited liability company which is owned as to 60.00% and 40.00% by Ms. Liu Liying (劉利英) and Mr. Zhao Jinyong (趙金勇), respectively;
"Chongqing Saint"	Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司), a limited liability company established in the PRC;
"Company" or "Purchaser"	China Qidian Guofeng Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 5 February 2008, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1280), being the purchaser under the Acquisition Agreement;
"Completion"	completion of the Acquisition;
"Completion Date"	the date falling on the fifth business day after the last condition precedent having been fulfilled (or, if applicable, waived);

"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Consideration Share(s)"	an aggregate of 850,000,000 new Shares to be allotted and issued by the Company to the Vendors (or its nominee in accordance with the Acquisition Agreement) at the Issue Price for full settlement of the consideration for the Acquisition;
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules;
"PRC"	the People's Republic of China which for the purpose of this circular does not include Taiwan, Macau Special Administrative Region of the PRC and Hong Kong;
"Director(s)"	the 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 Acquisition and the Specific Mandate;
"Enlarged Group"	the Group together with the Target Group upon the Completion;
"Group"	the Company and its subsidiaries;
"Guoyi Culture"	Guoyi Culture Industry Research (Hainan) Co., Ltd.* (國弈文化產業研究院(海南)有限公司), a limited liability company established in the PRC on 28 January 2021 and a direct wholly owned subsidiary of Beijing Shengshang;
"Hengqin Chengshan"	Hengqin Chengshan Investment Enterprise (LLP)* (橫琴誠善投資企業(有限合夥)), a limited liability partnership established in the PRC on 18 January 2016 which is owned as to approximately 52.88%, 20.00%, 13.56% and 13.56% by Mr. Yuan Li, Mr. Yuan Yang, Mr. Sun Lejiu (孫樂久) and Ms. Liu Liying (劉利英), respectively, and is managed and operated by its general partner, Mr. Yuan Yang;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IB"	individual business;
"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 Acquisition Agreement;

"Independent Financial Adviser"	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate and the transactions contemplated thereunder;
"Independent Shareholders"	the Shareholder(s) who are not involved or interested in (other than solely as a Shareholder) the Acquisition Agreement and the transactions contemplated thereunder and/or the Specific Mandate and therefore permitted to vote in respect of the resolution(s) to approve the Acquisition, the Specific Mandate and the transactions contemplated thereunder;
"Independent Third Party(ies)"	third party(ies) who is, to the best knowledge of the Directors having made due and reasonable enquiries, not a connected person of the Company (having the meaning ascribed to it under the Listing Rules);
"Issue Price"	the issue price of HK$0.40 per Consideration Share;
"Last Trading Date"	26 July 2024, being the last full trading day for the Shares on the Stock Exchange immediately prior to signing of the Acquisition Agreement;
"Latest Practicable Date"	2 September 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;
"Long-stop Date"	31 December 2024, being the last date for the satisfaction of all the conditions precedent in respect of the Acquisition Agreement unless the Purchaser and the Vendors otherwise agree;
"Mifang Venture Capital"	Mifang Venture Capital Partnership (Limited Partnership)* (蘇州同創冪方創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on 11 December 2019 which is managed and operated by its general partner, Mr. Zhou Yujian (周玉建) and is owned as to 41.46% by Mr. Le Xiao (樂笑), 39.72% by Mr. Zhou Yujian (周玉建) and 18.82% by Mr. Lu Wei (盧瑋);

"Mr. Xu Xinying"	Mr. Xu Xinying (徐新穎), an executive Director;
"Mr. Yuan Li"	Mr. Yuan Li (袁力), a controlling Shareholder and an executive Director;
"Mr. Yuan Yang"	Mr. Yuan Yang (袁煬), brother of Mr. Yuan Li;
"MSME(s)"	micro-, small- and medium-sized enterprises;
"NEEQ"	the National Equities Exchange and Quotations;
"Noble Trade International"	Noble Trade International Holdings Limited (聖行國際集團有限公司), a company incorporated in Hong Kong with limited liability on 20 December 2016 which is wholly-owned by Mogen Ltd. and is a controlling Shareholder as at the Latest Practicable Date;
"Northern Financing"	Northern Financing Investment (Beijing) Investment Fund Management Co., Ltd.* (北方融投(北京)投資基金管理有限公司), a limited liability company established in the PRC on 26 September 2014 which is owned as to 80.00% and 20.00% by Mr. Sun Yuedong (孫躍東) and Mr. Li Hua (李華), respectively;
"NPCSC"	Standing Committee of the National People's Congress
"PRC"	the People's Republic of China which for the purpose of this circular does not include Taiwan, Macau Special Administrative Region of the PRC and Hong Kong;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Share(s)"	the entire issued share capital of the Target Company as of the date of the Acquisition Agreement;
"SFC"	The Securities and Futures Commission;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Shanghai Danzhong Investment"	Shanghai Danzhong Investment Management Center (Limited Partnership)* (上海旦中投資管理中心(有限合夥)), a limited liability partnership established in the PRC on 16 July 2015 owned as to 99.00% by Mr. Wu Fenglin (吳鳳林) and 1.00% by Shanghai Shiyi, respectively, and is managed and operated by its general partner, Shanghai Shiyi;

"Shanghai Mefund"	Shanghai Mefund Asset Management Co., Ltd.* (上海冪方資產管理有限公司), a limited liability company established in the PRC on 8 October 2014 which is ultimately owned as to (i) 6.88% by Mr. Jiang Bohan (姜博瀚); (ii) 46.39% by Mifang Venture Capital; (iii) 38.17% by Suzhou Sharing Power Venture Capital Partnership (Limited Partnership)* (蘇州共享冪方創業投資合夥企業(有限合夥)), a limited partnership owned as to 34.69% by Mr. Zhou Yujian (周玉建), 25.42% by Mr. Lu Wei (盧瑋), 24.65% by Mr. Liang Zhanchao (梁佔超), 6.35% by Mr. Bai Yang (白暘), 6.35% by Mr. Li Shanbing (李善兵), 1.27% by Mr. Su Zhonghe (蘇仲和) and 1.27% by Mr. Sun Lei (孫磊), respectively, which is operated and managed by its general partner, Mr. Zhou Yujian (周玉建); (iv) 2.91% by Gongqingcheng Yongtaida Investment Management Partnership* (共青城永泰達投資管理合夥企業(有限合夥)), which is owned as to 50.00% each by Mr. Zhou Youyong (周有勇) and Ms. Zhou Damin (周達敏), respectively, and is operated and managed by its general partner, Ms. Zhou Damin (周達敏); and (v) 5.65% by Xiamen Qianshan;
"Shanghai Noa"	Shanghai Noa Jin Assets Management Co., Ltd.* (上海諾瑾資產管理有限公司), a limited liability company established in the PRC on 30 September 2014 which is owned as to 74.50%, 20.00%, 5.00% and 0.50% by Mr. Han Baoshi (韓寶石), Shanghai Mefund, Mr. Chen Xiang (陳香) and Mr. Wang Donghua (王東華), respectively;
"Shanghai Shiyi"	Shanghai Shiyi Enterprise Management Center* (上海時以企業管理中心), a limited liability company established in the PRC on 18 August 2021 which is wholly owned by Mr. Wu Shanhao (吳善昊);
"Share(s)"	ordinary shares of the Company with a nominal value of US$0.02 each;
"Shareholder(s)"	holder(s) of the Shares;
"Shengshang Entrepreneurial"	Shengshang Entrepreneurial Services International Company Limited (聖商創業服務國際有限公司), a limited liability company incorporated in Hong Kong on 8 November 2021 and a direct wholly owned subsidiary of the Target Company;
"Specific Mandate"	the specific mandate proposed to be granted by the Independent Shareholders to the Directors at the EGM to allot and issue the Consideration Shares pursuant to the Acquisition Agreement upon the Completion;

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(s)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholders"	has the meaning ascribed to it under the Listing Rules;
"Suzhou Xiaoding Shengxi"	Suzhou Xiaoding Shengxi Investment Center (limited Partnership)* (蘇州小鼎聖熙投資中心(有限合夥)), a limited liability partnership established in the PRC on 20 December 2016 which is owned as to 0.03% by Shanghai Noa, 10.64% by Mr. Yang Guishuang (楊桂雙) and 89.33% by 20 other individuals each holding not more than 6.38% of the partnership interest who is an Independent Third Party respectively, and is managed and operated by its general partner, Shanghai Noa;
"Suzhou Xiaoding Shengying"	Suzhou Xiaoding Shengying Investment Center (Limited Partnership)* (蘇州小鼎聖贏投資中心(有限合夥)), a limited liability partnership established in the PRC on 19 December 2016 which is owned as to 5.42% by Mr. Yuan Yang, 4.99% by Mr. Jiang Bin (姜斌), 0.02% by Shanghai Noa and 89.57% by 45 other individuals each holding not more than 5.21% of the partnership interest who is an Independent Third Party respectively, and is managed and operated by its general partner, Shanghai Noa;
"Shenzhen Co"	Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司), a company with limited liability established in the PRC on 8 August 2023 and a subsidiary owned as to 75% by the Company;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers;
"Target Company"	Shengshang Entrepreneurial Services Co., Ltd., an exempted company with limited liability incorporated in the Cayman Islands on 26 October 2021, being the holding company of the Target Group;
"Target Group"	the Target Company and its subsidiaries;
"US$"	United States Dollar, the lawful currency of the United States;
"Valuation Report"	the valuation report issued by Ravia Global Appraisal Advisory Limited in respect of the fair value of 100% equity interest of the Target Company as at 31 May 2024;

"Vendor(s)"	BVI 1, BVI 2, BVI 3, BVI 4, BVI 5, BVI 6, BVI 7, BVI 8, BVI 9, BVI 10, BVI 11, BVI 12 and Ms. Liu, being the vendors under the Acquisition Agreement;
"Xiamen Qianshan"	Xiamen Qianshan Qiwen Investment Partnership (Limited Partnership)* (廈門千杉啟穩投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on 31 July 2015 which is owned as to 49.00% by Ms. Lin Huiqi (林慧奇), 49.00% by Mr. Lin Huihao (林慧豪) and 2.00% by its general partner, Xiamen City Qianshan Investment Management Co., Ltd.* (廈門市千杉投資管理有限公司), a limited liability company owned as to 28.69% by Ms. Lin Huiqi (林慧奇), 21.25% by Mr. Zeng Yiwei (曾藝偉), 6.37% by Mr. Lin Huihao (林慧豪), 15.00% by Ms. Zhou Damin (周達敏), and 28.69% by Xiamen Huirisheng Investment Management Partnership (Limited Partnership)* (廈門匯日升投資管理合夥企業(有限合夥)), a limited partnership which is owned as to 49.00% by Mr. Wang Shikai (王世凱), 49.00% by Mr. Wang Shibin (王世斌) and 2.00% by its general partner, Xiamen Wellsun Trading Co., Ltd.* (廈門匯日升商貿有限公司), a limited liability company which is owned as to 45.00% by Mr. Wang Shibin (王世斌), 45.00% by Mr. Wang Shikai (王世凱) and 10.00% by Mr. Wang Heping (王和平), respectively;
"Xinyu Dixingjingliu"	Xinyu Dixingjingliu Technology Co., Ltd.* (新余滴行京流科技有限公司), a limited liability company established in the PRC on 8 May 2018 which is owned as to 99.00% by Xinyu Gaoxin Northern Chuangda and 1.00% by Ms. Zhou Xiuzhen (周秀珍), respectively;
"Xinyu Gaoxin Northern Chuangda"	Xinyu Gaoxin District Northern Chuangda Investment Partnership (Limited Partnership)* (新余高新區北方創達投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on 8 March 2018 which is owned as to 2.04% by Mr. Jiang Bin (姜斌), 0.02% by Northern Financing and 97.94% by 48 other individuals each holding not more than 2.04% of the partnership interest who is an Independent Third Party respectively, and is managed and operated by its general partner, Northern Financing;
"Xinyu Heimazhidi"	Xinyu Heimazhidi Investment Center (Limited Partnership)* (新余黑馬智迪投資中心(有限合夥)), a limited partnership established in the PRC on 28 May 2018 which is owned as to 74.89% by Suzhou Xiaoding Shengying and 25.11% by Suzhou Xiaoding Shengxi, respectively, and the general partner of which is Suzhou Xiaoding Shengying;

"Xinyu HopePe"	Xinyu HopePe Investment Centre (Limited Partnership)* (新余厚誼盛榮投資中心(有限合夥)), a limited liability partnership established in the PRC on 13 January 2021 which is owned as to 3.66% by Beijing HopePe and 96.34% by 24 other individuals each holding not more than 5.49% of the partnership interest who is an Independent Third Party respectively, and the general partner of which is Beijing HopePe;
"Xinyu Northern Dingyuan"	Xinyu Northern Dingyuan Investment Centre (Limited Partnership)* (新余北方鼎元投資中心(有限合夥)), a limited liability partnership established in the PRC on 25 August 2017 which is owned as to 14.46% by Mr. Yuan Yang, 10.26% by Mr. Zhao Dongyang (趙東陽), 8.20% by Mr. Jiang Bin (姜斌), 0.01% by Northern Financing and 67.07% by 19 other individuals, each holding not more than 7.38% of the partnership interest who is an Independent Third Party respectively, and is managed and operated by its general partner, Northern Financing;
"Xinyu Northern Huiyuan"	Xinyu Northern Huiyuan Investment Center (Limited Partnership)* (新余北方慧遠投資中心(有限合夥)), a limited liability partnership established in the PRC on 25 August 2017 which is owned as to 18.92% by Mr. Duo Zhiyuan (多志遠), 12.30% by Ms. Lu Xiuqin (陸秀琴), 11.04% by Ms. Ying Xiaolan (應小蘭), 10.41% by Mr. Ding Qingfeng (丁慶豐), 0.03% by Northern Financing and 47.30% by five other individuals, each holding not more than 9.46% of the partnership interest who is an Independent Third Party respectively, and is managed and operated by its general partner, Northern Financing;
"Xinyu Shengshang"	Xinyu Shengshang Mingyue Investment Management Centre (LLP)* (新余聖商明月投資管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on 23 February 2016 which is owned as to approximately 80.00% and 20.00% by Mr. Yuan Yang and Mr. Xu Xinying, respectively, and is managed and operated by its general partner, Mr. Yuan Yang; and
"%"	per cent.

* *The English names of the PRC entities mentioned in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

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)

Executive Directors:
Mr. Yuan Li (*Chairman*)
Mr. Xu Xinying (*Vice-chairman*)
Mr. Sun Yue (*Vice-chairman and Chief Executive Director*)
Mr. Zhuang Liangbao

Non-executive Directors:
Mr. Gu Changchao
Mr. Wang Xianfu

Independent non-executive Directors:
Mr. Zhang Yihua
Mr. Chen Rui
Mr. Fung Tak Choi

Registered office:
The offices of Vistra (Cayman) Limited,
P.O. Box 31119 Grand Pavilion,
Hibiscus Way, 802 West Bay Road,
Grand Cayman, KY1-1205,
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
5/F, Manulife Place,
348 Kwun Tong Road, Kowloon,
Hong Kong

4 September 2024

To the Shareholders

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 26 July 2024 in relation to the Acquisition. On 26 July 2024 (after trading hours), the Company entered into the Acquisition Agreement with the Vendors, 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 the Target Company. The consideration for the Acquisition is HK$340,000,000, and will be settled by the allotment and issue of the Consideration Shares, representing (i) approximately 89.31% of the existing issued share capital of the Company as of the Latest Practicable Date; and (ii) approximately 47.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, at the Issue Price of HK$0.40 per Consideration Share to the Vendors. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with the information, among other things, (i) further details of the Acquisition Agreement, (ii) further details of financial information of the Target Company, (iii) the accountants' report of the Target Group, (iv) the management discussion and analysis of the Target Group, (v) the unaudited pro forma financial information of the Enlarged Group, (vi) the Valuation Report and (vii) the notice of EGM and other information as required to be disclosed under the Listing Rules.

PREVIOUS ACQUISITION

Reference is made to announcement of the Company dated 23 August 2022 in relation to the previous acquisition of the Target Company (the "**Previous Acquisition**"), where the Company entered into an acquisition agreement ("**Previous Acquisition Agreement**") with the Vendors at the consideration ("**Previous Consideration**") of HK$1,995,000,000, which was agreed to be settled by the allotment and issue of 3,990,000,000 Shares at the issue price (the "**Previous Issue Price**") of HK$0.50 per share. There is no major change to the terms of the Acquisition Agreement compared to those of the Previous Acquisition Agreement.

On 11 September 2023, the Company and the Vendors mutually agreed not to proceed with the Previous Acquisition and entered into an agreement to terminate the Previous Acquisition Agreement due to the reasons that:

(i) the Company failed to fulfil all the conditions precedent, including but not limited to obtaining all required approval from relevant authorities, including the Stock Exchange and the SFC, prior to expiration of the already extended long-stop date of the Previous Acquisition Agreement, being 30 September 2023; and

(ii) the change in macro-economy has affected the Target Company's financial performance and consequentially there was a substantial decrease in the valuation of the Target Company since the signing of the Previous Acquisition Agreement.

The Company considered it less favourable to complete the Previous Acquisition at the Previous Consideration.

References are made to the announcement of the Company dated 28 August 2023 and the circular of the Company dated 24 October 2023 in relation to the continuing connected transaction of the Company ("**CCT**"). Pursuant to the CCT, Shenzhen Co, a subsidiary of the Company, will focus on agency services for business management courses designed and delivered by Beijing Shengshang and will provide training services including family relationship, traditional Chinese culture, study tour programs and new media. The Target Group has a robust track record, an esteemed reputation, and extensive experience within the training industry. While the Company is interested to further expand its presence in the training related services business, the Board is of the view that the Acquisition will bring synergy effect and strategic benefits to the Company including the enlarged scale of training business and enhanced market position in the training industry. In addition, the consideration under the Acquisition Agreement of HK$340,000,000 which is much less than the Previous Consideration and presents a more reasonable valuation of the Target Company. Therefore, after having considered all above, the Company is of the view that re-entering into the Acquisition is beneficial to the Company.

ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised below:

Date

26 July 2024 (after trading hours)

Parties

(1) The Company, as the Purchaser; and

(2) BVI 1, BVI 2, BVI 3, BVI 4, BVI 5, BVI 6, BVI 7, BVI 8, BVI 9, BVI 10, BVI 11, BVI 12 and Ms. Liu, as the Vendors

Assets to be acquired

Pursuant to the Acquisition Agreement, 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 the Target Company. Through the Acquisition, the Company will indirectly acquire the Target Company's equity interest in its operating subsidiaries in the PRC.

Conditions precedent

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

(a) the approval by the Independent Shareholders at the EGM of the Acquisition Agreement and the transactions contemplated thereunder, including without limitation, the Specific Mandate in relation to the allotment and issue of the Consideration Shares;

(b) the Company having conducted and completed the due diligence review over the financial, legal, business, operational and other matters of the Target Group as determined by the Company and the results of such review being satisfactory to the Company in its absolute discretion;

(c) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Target Group, other relevant third parties and/or governmental or regulatory authorities or bodies (including relevant authorities in the PRC and Hong Kong), which are required for the execution and performance of the Acquisition Agreement or the Completion having been obtained and not having been revoked prior to the Completion (which mainly include the approval from the Listing Committee of the listing of the Consideration Shares as stated in paragraph (i) below);

(d) no relevant governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the Acquisition Agreement;

(e) the representations and warranties given by the Purchaser remaining true and accurate and not misleading in any material respect as if they were repeated at any time prior to the Completion by reference to the facts and circumstances then existing;

(f) the representations and warranties given by the Vendors remaining true and accurate and not misleading in any material respect as if they were repeated at any time prior to the Completion by reference to the facts and circumstances then existing;

(g) the Vendors having performed and complied with all agreements, obligations and conditions contained in the Acquisition Agreement that are required to be performed or complied with by them on or before the Completion;

(h) each of the Vendors having delivered to the Company a certificate signed by each of its directors or, in case of natural person Vendor, signed by the Vendor personally, certifying that the conditions set out in the Acquisition Agreement have been fulfilled;

(i) the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange and such permission not subsequently being revoked or withdrawn; and

(j) no material adverse change having occurred to the business, operations and financial performance of the Target Group since 30 June 2024.

The conditions precedent set out in paragraphs (b), (f), (g) and (h) above may be waived by the Company by serving a written notice to the Vendors. The condition precedent set out in paragraph (e) above may be waived by the Vendors by serving a written notice to the Company. Save for the aforementioned, none of the other conditions precedent set out above may be waived by any party.

The Company considers that the option to waive the conditions precedent, in particular, condition precedent (g), to the Acquisition Agreement will provide the Company with more flexibility and certainty in terms of deal execution while complying with mandatory regulatory requirements in Hong Kong and the PRC. Whether or not the abovementioned discretion will be exercised by the Company may depend on a number of factors, including but not limited to, the materiality of the impact of the condition(s) precedent not being satisfied at the relevant time. The Company currently has no intention in waiving any of the conditions precedent set out in paragraphs (b), (f), (g) and (h).

With respect to the condition precedent set out in paragraph (c), as of the Latest Practicable Date, there are no licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Target Group, other relevant third parties and/or governmental or regulatory authorities or bodies (including relevant authorities in the PRC and Hong Kong), which are required for the execution and performance of the Acquisition Agreement or the Completion.

As of the Latest Practicable Date, none of the conditions precedent set out above has been satisfied.

If any of the conditions precedent set out above has not been fulfilled (or, if applicable, waived by the Company or the Vendors in writing) on or before the Long-stop Date, the Acquisition Agreement will terminate with immediate effect and the parties thereto shall have no further obligations or liabilities thereunder save for antecedent breach.

Consideration

The consideration for the Acquisition is HK$340,000,000. It will be settled by the allotment and issue of the Consideration Shares at the Issue Price to the Vendors in proportion to their respective shareholding (or their respective nominee shareholding) in the Target Company. The consideration was determined after arm's length negotiations among the Company and the Vendors with reference to, (i) the prospects of the Target Group's business considering of the substantial market demand for training in entrepreneurship development and transformation and the long history of providing training business by the Target Group; (ii) the financial performance of the Target Group which has been reflected in the Valuation Report; (iii) the preliminary valuation of the Target Group of RMB330,000,000 (approximately HK$361.43 million at the exchange rate of HK$1=RMB0.91304 as at the date of the Acquisition Agreement) based on market approach as assessed by Ravia Global Appraisal Advisory Limited (the "**Valuer**"), an independent valuer; (iv) the reasons for and benefits of the Acquisition to the Group following the Completion as set out in the section headed "Reasons for and Benefits of the Acquisition" below; and (v) the prevailing market prices of the Shares of approximately HK$0.50 prior to entering into the Acquisition Agreement and the recent volatile market conditions.

The Valuation

Valuation approach and methodology

The fair value of 100% equity interest of the Target Company as at 31 May 2024 (the "**Valuation Date**") is determined by the Valuer using the market approach. The Valuer considered the following valuation approaches: market approach, income approach and cost approach.

Market Approach

Market approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices may be adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets.

Income Approach

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.

Cost Approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

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 Target Company's business operations and nature of the industry is participating, professional judgment and technical expertise.

The market approach is considered to be the most appropriate valuation approach in this valuation as it requires far fewer subjective assumptions than the income approach. The cost approach is also considered inappropriate as the replication cost may not represent its value. Under the market approach, the Guideline Public Company Method (the "**GPCM**") is adopted in the valuation. GPCM utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. GPCM is applied as there are a certain number of public traded companies engaged in the same or similar line of business as the Target Company that can be identified. The shares of these publicly traded companies are actively traded in free and open markets and provide valid indicators of value to permit meaningful comparison. In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to the Target Company are calculated, then the indicated value of the Target Company is calculated by the adopted price multiples with adjustments of size, control premium and discount for lack of marketability if applicable. The price multiples are ratios that relate business value to some measure of the Target Company's financial performance.

Major Assumptions

Certain major assumptions are adopted in order to sufficiently support the opinion of value. In addition, the valuation analyses are also subject to specific representations and certain principal assumptions that management of the Company considers necessary and appropriate for adoption in the valuation analyses 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 and has sufficient liquidity and maximize the efficiency of the operation of the 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 developments.

- 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 revenues attributable to and profitability of the Target Company.

- There will be no material changes in the relevant interest rates and exchange rates that would impact the Target Company's business.

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

Comparable Companies

In the valuation, the adopted parameters are determined with reference to the information in respect of publicly listed companies that are considered to be comparable to Target Company (the "**Comparable Companies**", each a "**Comparable Company**"). Since no company is exactly alike as the Target Company, a set of the Comparable Companies is required in valuing the Target Company. In order to determine the Comparable Companies appropriately, the Valuer has considered the following perspectives in the selection criteria from public available sources as follows:

- the companies are engaged in the provision of entrepreneurship or vocational training services and such business accounts for more than 50% of their revenue;

- the principal activities are located in China; and

- listing in a major stock exchange and has traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market.

Details of the Comparable Companies are listed as follows:

Company Name	Stock Code	Business Description
China East Education Holdings Limited	667 HK	China East Education Holdings Limited provides vocational training educational services. It offers culinary education, internet technology education, automotive education, and other services. China East Education Holdings provides services in China.
Jiangsu Chuanzhiboke Education Technology Company Limited	003032 CH	Jiangsu Chuanzhiboke Education Technology Co., Ltd. provides online training courses. It offers system training courses, big data analysis training courses, software testing training courses, and other courses. Jiangsu Chuanzhiboke Education Technology provides services in China.
Shanghai Action Education Technology Company Limited	605098 CH	Shanghai Action Education Technology CO., LTD. provides educational services. It mainly offers entrepreneur training, management training, management consulting, and other services. Shanghai Action Education Technology provides its services throughout China.
Offcn Education Technology Company Limited	002607 CH	Offcn Education Technology Co., Ltd. offers education training services. It provides civil servants, institutions, and teachers training services. Offcn Education Technology Ltd. mainly operates businesses in China.
Fenbi Limited	2469 HK	Fenbi Limited offers non formal vocational education and training services. It provides career test preparation, recruitment and qualification examination tutoring, and other services.
Kaiyuan Education Technology Group Company Limited	300338 CH	Kaiyuan Education Technology Group Co., Ltd. offers educational services. It provides education management, education consulting, education investment, teaching testing, teaching evaluation, and other services.

Although the training services provided by the Comparable Companies (as illustrated in the table above) are not exactly the same as those of the Target Group and it is impracticable to make numerical adjustment for the differences in services provided (unique attributes of each service provided by Comparable Companies make it difficult to quantify adjustments), the Comparable Companies already have the most comparable business nature to the Target Group as they are within the same industry framework as that of the Target Group, and could provide the Shareholders with valuable insights and a meaningful benchmark when valuing the business of the Target Group of entrepreneurship or vocational training services.

Given that (1) the Target Group is a MSME and IB entrepreneurship training services provider in the PRC and each of the Comparable Companies also generated its revenue mainly from the provision of training services; (2) for companies which are engaged in the provision of entrepreneurship training services, only Dark Horse Technology Group Co., Ltd. (300688.CH) can be identified in the search (which was not selected as a Comparable Company on the basis that (a) the revenue contribution from entrepreneurship training services of Dark Horse Technology Group Co., Ltd. was less than 40% for FY2023 and does not satisfy the selection criteria for the valuation; (b) in addition to entrepreneurship training services, Dark Horse Technology Group Co., Ltd. also provides intellectual property, marketing, software as a service and other enterprise services, the revenue composition of which falls short of the selection criteria.) In addition, Dark Horse Technology Group Co., Ltd. had P/B multiple of approximately 8.0 times as at the Valuation Date. If Dark Horse Technology Group Co., Ltd were to be considered as a Comparable Company, it would lead to an increase in the hypothetical valuation of the Target Company which could potentially mislead the Company and the Shareholders; and (3) although the Comparable Companies may provide different entrepreneurship or vocational training services compared to the Target Group's training services, the expanded scope provides a sufficient and appropriate sample size for analysis. Based on the above, the Board is of the same view with the Valuer that the selection criteria is fair and reasonable and the Comparable Companies are fair and representative for assessing the valuation of the Target Group.

Pricing Multiples, Adjustments and Inputs of the Valuation

Adopted Price Multiples

To derive the fair value of the Target Company, the Valuer has considered various price multiples including the Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization ("**EV/EBITDA**") multiple, Enterprise Value to Earnings Before Interest and Taxes ("**EV/EBIT**") multiple, Enterprise Value to Sales ("**EV/S**"), Price to Earnings ("**P/E**") multiple, Price to Sales ("**P/S**") multiple and the Price to Book ("**P/B**") multiple.

Taking into account that (1) the EV/S multiple and the P/S multiple do not capture differences in cost structure across companies and the Target Group's revenue fluctuated during the three years ended 31 December 2023 and the five months ended 31 May 2024; (2) it is the market consensus that P/E multiple generally is the most suitable for valuing a service provider company. However, in this case, the earnings of the Target Group for the trailing 12 months prior to the Valuation Date were mostly driven other income and other gains, and the reversal of allowance for financial assets under expected credit loss which were not related to its principal business. These factors indicate that reporting earnings do not accurately reflect the Company's operational performance and the adoption of P/E multiple in valuing the Target Company not to be suitable; (3) EV/EBIT multiple and EV/EBITDA multiple are also not suitable since the earnings of the Target Group for the trailing 12 months prior to the Valuation Date were mostly driven by other income and other gains, and the reversal of allowance for financial assets under expected credit loss; and (4) the P/B multiple is typically applied for valuing companies which hold relatively liquid assets on their balance sheets and could provide a general reference for the valuation of a company relative to its book value, although the Target Group's business is not capital intensive, the Board considers it fair and reasonable that the P/B multiple was adopted in assessing the value of the Target Company in the valuation. The Target Group's assets consist primarily of amounts due from related companies that the Target Group's directors consider to have a low risk of default. Based on review of the latest annual reports of the Comparable Companies by the Valuer, only China East Education Holdings Limited had a high level of fixed assets leading to a relatively low P/B multiple compared to other Comparable Companies as it has its own schools for provision of training services. The exclusion of China East Education Holdings Limited from the Comparable Companies does not affect the analysis result of the valuation.

The P/B multiple is calculated by the market capitalization of the Comparable Companies divided by the net assets value ("**NAV**").

Due to the fact that the Comparable Companies are often of different size than the company being valued and larger companies generally have lower expected returns that translate into higher value. On the other hand, small companies are perceived as riskier in relation to business operation and financial performance, and therefore the expected returns (or discount rate) are higher and resulting in lower valuation multiples. Therefore, the base valuation multiples of the Comparable Companies were adjusted to reflect the difference in natures between the Comparable Companies and the Target Group. The adjusted valuation multiples (the "**Adjusted Valuation Multiples**") were calculated using the following formula:

$$\text{Adjusted Valuation Multiples} = \frac{1}{\frac{1}{M} + \theta}$$

Where:

M = Base valuation multiples

θ = Required increase in the equity discount rate for size difference

In the course of the valuation, the Valuer has made reference to Cost of Capital by Kroll Cost of Capital Navigator as at 31 December 2023 (the "**2023 Kroll Cost of Capital**") for the required increase in the equity discount rate for size difference. Taking the first Comparable Company in the list as an example, the market capitalisation of the first Comparable Company in the list as at Valuation Date was US$641 million which is in the range of US$555.88 million and US$3,010.81 million; thus the size premium for the first Comparable Company is 1.24% according to the 2023 Kroll Cost of Capital. As the Target Company is not listed, the market capitalisation is unknown. Therefore, the Target Company's net book value is adopted. The net book value of the Target Company as at the Valuation Date is US$12.31 million which is in the range of US$1.58 million and

US$554.52 million; thus the size premium of the Target Company is 2.91% according to the 2023 Kroll Cost of Capital. Therefore, the required increase in the equity discount rate for size difference, the θ, for the first Comparable Company is equal to 2.91% minus 1.24%, which is 1.67%. The other Comparable Companies adopt the same method to derive the size premium. Then, the size premium of the Target Company (2.91%) is subtracted by the Comparable Companies' size premium to obtain the θ.

Details of the adjusted valuation multiples of the Comparable Companies are shown below:

Company Name	**Ticker**	**NAV RMB' million**	**P/B multiples**	**Adjusted P/B multiples**
China East Education Holdings Limited	667 HK	5,608	0.83	0.82
Jiangsu Chuanzhiboke Education Technology Company Limited	003032 CH	1,338	2.87	2.87
Shanghai Action Education Technology Company Limited	605098 CH	989	5.78	5.27
Offcn Education Technology Company Limited	002607 CH	650	22.3	12.54[Note 1]
Fenbi Limited	2469 HK	1,268	6.96	6.24
Kaiyuan Education Technology Group Company Limited	300338 CH	-118	N/A[Note 2]	N/A[Note 2]
			Average	**3.80**

Note 1: Considered to be an outlier and thus excluded in the selection.

Note 2: P/B multiple is not available as its NAV is negative in the latest financial statement as at the Valuation Date.

Discount for Lack of Marketability (DLOM)

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared to similar interest in public companies, ownership interest in privately held company is not readily marketable. Therefore, the value of a share in a privately held company is usually less than that in a publicly held company. The lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability.

According to the research "Control Premium and Discount for Lack of Marketability Study 2023 — Issue 2", published by Moore. The research summarized the data extracted from the Stock Exchange. The key findings provided a clear view of figures about DLOM adopted by the market participants. The Valuer has adopted a DLOM of 21.2%, which is the average of trailing 12-months market data.

Control Premium

The P/B multiples adopted in the valuation are calculated from publicly listed companies, which represents minority ownership interest; value calculated using such P/B multiples, therefore, represents the minority interest.

As the valuation was for 100% equity interests of the Target Company, a control premium has been adopted with reference to the research "Control Premium and Discount for Lack of Marketability Study 2023 — Issue 2", published by Moore. The research summarized the data extracted from the Stock Exchange. The key findings provided a clear view of figures about control premium adopted by the market participants. The Valuer has adopted a control premium of 23.7%, which is the average of trailing 12-months market data.

With consideration of the DLOM and control premium, the value of the Target Company was calculated using the following formula:

Value of Non-Marketable Controlling Interest = Value of Marketable Minority Interest x (1+Control Premium) x (1-DLOM)

For illustrative purpose, the calculation details of the fair value of 100% equity interest of the Target Company using the P/B multiple was shown below:

	Fair value before adjusting for DLOM and control premium	**Fair value after adjusting for DLOM and control premium**
P/B Multiple	RMB339,000,000	RMB330,000,000

For details, please refer to Appendix V for the Valuation Report.

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. Although the type of training services provided by the Comparable Companies are not exactly the same as those of the Target Group, the Directors, after discussions with the Valuer in relation to the selection criteria of the Comparable Companies, the types of training services provided by the Comparable Companies, the suitability for adopting the P/B as the valuation method and the rationale as disclosed in paragraphs above, concur with the views of the Valuer that the P/B is the most suitable pricing multiple for the valuation, the valuation is fair and reasonable and the consideration which is determined primarily on the Valuation Report is fair and reasonable. The Directors (excluding independent non-executive Directors whose views will be provided in the letter from the Independent Board Committee) therefore consider that the key assumptions, quantitative inputs, pricing multiples and adjustments 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 is fair and reasonable.

The Board primarily relies on the Valuation Report to determine the consideration of the Acquisition. The Board believes, that an independent valuation provides an objective and impartial assessment of the value of the Target Company, which helps the Board to minimise the influence of subjective biases that certain individual Board members who have material interest in the Acquisition may have. The valuation provides the Board with an informed price range within which the Board may negotiate the consideration with the Vendors. In addition, the non-executive Directors of the Company, namely Mr. Wang Xianfu and Mr. Gu Changchao who have extensive experience in the education and training industry and are familiar with the companies in education industry are of the views that the consideration, which is primarily based on the valuation, reflects the true value of the Target Company and such Acquisition is beneficial to the development of training business of the Company.

The Consideration Shares

The Consideration Shares represent (i) approximately 89.31% of the existing issued share capital of the Company as of the Latest Practicable Date; and (ii) approximately 47.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately upon the Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date, save as the issue of the Consideration Shares). The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with all the other Shares in issue as of the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

Further details on the effect of the Acquisition on the shareholding structure of the Company are set out in the section headed “Effect on the Shareholding Structure of the Company due to the Acquisition” below.

The Issue Price

The Issue Price represents:

(a) a discount of approximately 19.19% to the closing price per Share of HK$0.495 as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 72.79% to the closing price per Share of HK$1.47 as at the Latest Practicable Date;

(c) a discount of approximately 19.84% to the average of the closing price per Share of approximately HK$0.499 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(d) a discount of approximately 19.60% to the average of the closing price per Share of approximately HK$0.498 for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(e) a premium of HK$2.49 as compared 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;

(f) a premium of HK$0.75 as compared to the unaudited net liabilities per Share of approximately HK$0.35 (equivalent to approximately RMB0.32 at the exchange rate of HK$1 = RMB0.90927) as at 31 May 2024 based on 793,135,692 Shares in issue after the completion of a subscription agreement dated 18 March 2024 involving loan capitalisation; and

(g) a premium of HK$0.69 as compared to the unaudited net liabilities per Share of approximately HK$0.29 equivalent to approximately RMB0.27 at the exchange rate of 0.91268) as at 30 June 2024 based on 951,762,830 Shares in issue as at the 30 June 2024.

The Issue Price is HK0.40 per Consideration Share. The Issue Price was determined by the Purchaser and the Vendors after arm's length negotiations, with reference to, among others, (i) the financial position of the Company; (ii) the prevailing market price of the Shares; and (iii) the current market conditions. Rule 7.27B of the Listing Rules is not applicable as the Acquisition does not involve capital raising.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Completion

Completion is scheduled to take place on the fifth business day after the last condition precedent having been fulfilled (or, if applicable, waived). Immediately upon the Completion, the Target Company will become a wholly-owned subsidiary of the Company.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY DUE TO THE ACQUISITION

As of the Latest Practicable Date, the Company has 951,762,830 Shares in issue.

The shareholding structure of the Company (i) as of the Latest Practicable Date; and (ii) immediately upon Completion, assuming that no further Shares will be allotted and issued after the Latest Practicable Date and prior to the Completion is as follows:

Shareholder	Director controlling the Shareholder	Shareholding as of the Latest Practicable Date		Shareholding immediately upon the Completion and allotment and issue of the Consideration Shares			
		No. of Shares	*%*	*No. of Consideration Shares to be issued*	*Percentage of the Consideration Shares upon Completion (%)*	*Total No. of Shares to be held*	*%*
Parties acting or presumed to be acting in concert [(1)]							
Noble Trade International [(1)(2)]	Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao	298,472,783	31.36	—	—	298,472,783	16.57
BVI 1	Mr. Yuan Li	84,623,334	8.89	242,930,000	13.48	327,553,334	18.18
BVI 2	Mr. Xu Xinying	31,208,186	3.28	89,590,000	4.97	120,798,186	6.70
BVI 3	Mr. Zhuang Liangbao	2,960,928	0.31	8,500,000	0.47	11,460,928	0.64
BVI 4		30,408,735	3.19	87,295,000	4.48	117,703,735	6.53
BVI 5		2,279,915	0.24	6,545,000	0.36	8,824,915	0.49
BVI 6		13,472,224	1.42	38,675,000	2.15	52,147,224	2.89
BVI 7	Mr. Xu Xinying	43,792,131	4.60	125,715,000	6.98	169,507,131	9.41
BVI 8		2,960,928	0.31	8,500,000	0.47	11,460,928	0.64
BVI 9		52,230,777	5.49	149,940,000	8.32	202,170,777	11.22
BVI 10		12,672,774	1.33	36,380,000	2.02	49,052,774	2.72
BVI 11		9,682,236	1.02	27,795,000	1.54	37,477,236	2.08
BVI 12		9,504,580	1.00	27,285,000	1.51	36,789,580	2.04
Ms. Liu Shixiu (劉士秀)		296,093	0.03	850,000	0.05	1,146,093	0.06
Subtotal		594,565,624	62.47	850,000,000	47.18	1,444,565,624	80.18
Other Substantial Shareholder							
Yayue Longte Co., Limited [(3)]		132,483,086	13.92	—	—	132,483,086	7.35
Other Shareholders		224,714,120	23.61	—	—	224,714,120	12.47
Total		951,762,830	100.00	850,000,000	—	1,801,762,830	100.00

Notes:

(1) As at the Latest Practicable Date, BVI 1 directly holds 84,623,334 Shares, representing 8.89% of the Shares in issue. BVI 1 is wholly owned by Mr. Yuan Li, an executive Director, who, other than BVI 1, indirectly controls 298,472,783 Shares through Noble Trade International. As Mr. Yuan Yang is the brother of Mr. Yuan Li, he is presumed to be acting in concert with Mr. Yuan Li under the Takeovers Code. Mr. Yuan Yang, through BVI 6 and BVI 7, indirectly holding 13,472,224 Shares and 43,792,131 Shares respectively, representing approximately 1.42% and 4.60% of the Shares in issue.

Therefore, BVI 1 and parties acting or presumed to be acting in concert with it (the Vendors and Noble Trade International) are, in aggregate, interested in 440,360,473 Shares, representing 46.27% of the Shares in issue.

The Vendors, being shareholders of the Target Company and parties to the Acquisition Agreement to whom the Consideration Shares shall be issued upon the Completion, are persons acting in concert in respect of the Company pursuant to the Takeovers Code.

(2) Noble Trade International is wholly owned by Mogen Ltd., which is in turn owned as to (i) 38.48% by Mr. Yuan Li through BVI 1; (ii) 14.06% by Mr. Xu Xinying through BVI 2; (iii) 22.93% by Mr. Yuan Yang, brother of Mr. Yuan Li, through Energystone Co., Ltd.; (iv) 2.96% by Mr. Zhuang Liangbao through BVI 3; (v) 20.8% by Ms. Dong Xiujuan, who is an Independent Third Party, through BVI 4; and (vi) 0.77% by Mr. Wang Yue, who is an Independent Third Party, through BVI 5.

(3) Yayue Longte Co., Limited (亞悅隆特有限公司), a company incorporated in Hong Kong with limited liability which is wholly owned by Ms. Liu Yang (劉楊).

(4) The public float is 36.22% as at the Latest Practicable Date and is expected to be 45.61% upon Completion.

The table below shows how the public float is calculated as of the Latest Practicable Date and immediately upon Completion:

Shareholder	**Controlled person**	**Shareholding as of the Latest Practicable Date**		**Shareholding immediately upon the Completion and allotment and issue of the Consideration Shares**		
		No. of Shares	*%*	*Consideration Shares to be issued*	*No. of Shares*	*%*
Core Connected Persons						
(i) Directors and their close associates						
Noble Trade International	Mr. Yuan Li	298,472,783	31.36	—	298,472,783	16.57
BVI 1	Mr. Yuan Li	84,623,334	8.89	242,930,000	327,553,334	18.18
BVI 6	Mr. Yuan Yang	13,472,224	1.42	38,675,000	52,147,224	2.89
BVI 7	Mr. Yuan Yang	43,792,131	4.60	125,715,000	169,507,131	9.41
BVI 2	Mr. Xu Xinying	31,208,186	3.28	89,590,000	120,798,186	6.70
BVI 3	Mr. Zhuang Liangbao	2,960,928	0.31	8,500,000	11,460,928	0.64
(ii) Substantial shareholder						
Yayue Longte Co., Limited	—	132,483,086	13.92	—	132,483,086*	7.35*
Total		607,012,672	63.78		979,939,586	
Public Float	—	344,750,158	36.22		821,823,244	45.61
Total		951,762,830	100.00		1,801,762,830	100.00

* Yayue Lonte Co., Limited will cease to be a substantial shareholder immediately upon Completion and its shareholding in the Company has been included in the public float of 45.61% upon Completion.

The Company confirms that the parties counted as public shareholders are considered as public as (i) they are not core connected persons of the Company; (ii) their acquisition of securities will not be financed directly or indirectly by a core connected person; (iii) they are not accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his name or otherwise held by him; and (iv) the Company is not the holder of legal or beneficial interests in treasury shares.

Upon Completion, pursuant to the information of the Company available in public and to the knowledge of the Directors, the Directors believe that the Company will continue to comply with the requirement of minimum public float under Rule 8.08(1)(a) of the Listing Rules.

INFORMATION OF THE VENDORS

BVI 1

Greatssjy Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. Yuan Li, an executive Director, is the sole legal and beneficial owner of the entire issued share capital of BVI 1. As of the Latest Practicable Date, BVI 1 held approximately 28.58% of the issued share capital in the Target Company and approximately 8.89% of the issued share capital in the Company.

BVI 2

Xu Xinying Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. Xu Xinying, an executive Director, is the sole legal and beneficial owner of the entire issued share capital of BVI 2. As of the Latest Practicable Date, BVI 2 held approximately 10.54% of the issued share capital in the Target Company and approximately 3.28% of the issued share capital in the Company.

BVI 3

Zhuanglb Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. Zhuang Liangbao, an executive Director, is the sole legal and beneficial owner of the entire issued share capital of BVI 3. As of the Latest Practicable Date, BVI 3 held approximately 1% of the issued share capital in the Target Company and approximately 0.31% of the issued share capital in the Company.

BVI 4

Dopoint Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Ms. Dong Xiujuan (董秀娟), is the sole legal and beneficial owner of the entire issued share capital of BVI 4. As of the Latest Practicable Date, BVI 4 held approximately 10.27% of the issued share capital in the Target Company and approximately 3.19% of the issued share capital in the Company. As of the Latest Practicable Date, Ms. Dong Xiujuan is an Independent Third Party of the Company and its connected persons.

BVI 5

Top Vanguard Linkage Innotech Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. Wang Yue (王玥), is the sole legal and beneficial owner of the entire issued share capital of BVI 5. As of the Latest Practicable Date, BVI 5 held approximately 0.77% of the issued share capital in the Target Company and approximately 0.24% of the issued share capital in the Company. As of the Latest Practicable Date, Mr. Wang Yue is an Independent Third Party of the Company and its connected persons except for Mr. Wang Yue is serving as a lecturer of the Target Group.

BVI 6

Energystone Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. Yuan Yang, brother of Mr. Yuan Li, an executive Director of the Company, is the sole legal and beneficial owner of the entire issued share capital of BVI 6. As of the Latest Practicable Date, BVI 6 held approximately 4.55% of the issued share capital in the Target Company and approximately 1.42% of the issued share capital in the Company.

BVI 7

Shengshangmingyue Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 7 is owned as to 80.00% and 20.00% by Mr. Yuan Yang and Mr. Xu Xinying, respectively. As of the Latest Practicable Date, BVI 7 held approximately 14.79% of the issued share capital in the Target Company and approximately 4.60% of the issued share capital in the Company.

BVI 8

Chengshan Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 8 is owned as to approximately 50.00% each by Mr. Sun Lejiu (孫樂久) and Ms. Liu Liying (劉利英), respectively. As of the Latest Practicable Date, Mr. Sun Lejiu and Ms. Liu Liying are Independent Third Parties of the Company and its connected persons. As of the Latest Practicable Date, BVI 8 held approximately 1.00% of the issued share capital in the Target Company and approximately 0.31% of the issued share capital in the Company.

BVI 9

Heimazhidi Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 9 is wholly owned by Beijing Heimazhidi, a limited partnership established in the PRC which is owned as to approximately 99.999% and 0.001% by Xinyu Heimazhidi and Mr. Yuan Yang, respectively. Beijing Heimazhidi is managed and operated by its general partner, Xinyu Heimazhidi. Xinyu Heimazhidi is a limited partnership established in the PRC which is managed and operated by its general partner, Suzhou Xiaoding Shengying, a limited partnership established in the PRC which is in turn managed and operated by its general partner, Shanghai Noa, a limited partnership established in the PRC which is owned as to approximately 74.50%, 20.00%, 5.00% and 0.50% by Mr. Han Baoshi (韓寶石), Shanghai Mefund, Mr. Chen Xiang (陳香) and Mr. Wang Donghua (王東華), respectively. The single largest shareholder holding approximately 46.39% of the equity interest of Shanghai Mefund is Mifang Venture Capital, an Independent Third Party.

As of the Latest Practicable Date, BVI 9 held approximately 17.64% of the issued share capital in the Target Company and approximately 5.49% of the issued share capital in the Company.

BVI 10

Guangsuduoer Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 10 is wholly owned by Beijing Guangsuduoer, a limited partnership established in the PRC which is owned as to 0.001% by its limited partner, Mr. Yuan Yang, and 99.999% by its general partner, Xinyu Gaoxin District Guangsuduoer Investment Center (Limited Partnership)* (新余高新區光速多爾投資中心(有限合夥)), a limited partnership established in the PRC which is owned as to 24.54% by its limited partner, Xinyu Northern Huiyuan and 75.46% by its general partner, Xinyu Northern Dingyuan, a limited liability partnership established in the PRC which is owned as to 14.46% by Mr. Yuan Yang, 10.26% by Mr. Zhao Dongyang (趙東陽), 8.20% by Mr. Jiang Bin (姜斌), 0.01% by Northern Financing and 67.07% by 19 other individuals, each holding not more than 7.38% of the partnership interest, and is managed and operated by its general partner, Northern Financing, a limited liability company established in the PRC which is owned as to 80.00% and 20.00% by Mr. Sun Yuedong (孫躍東) and Mr. Li Hua (李華), respectively. As of the Latest Practicable Date, BVI 10 held approximately 4.28% of the issued share capital in the Target Company and approximately 1.33% of the issued share capital in the Company. As of the Latest Practicable Date, except for (iii) Mr. Yuan Yang is a limited partner directly holding 14.46% partnership interest in Xinyu Northern Dingyuan and 5.42% partnership interest in Suzhou Xiaoding Shengying; (vii) Mr. Yuan Yang is the general partner of Xinyu Shengshang; (ix) Mr. Yuan Yang is the general partner of Hengqin Chengshan; and (x) their shareholding in the Target Company through BVI 10, the ultimate beneficial owners of BVI 10 are Independent Third Parties.

As of the Latest Practicable Date, BVI 10 held approximately 4.28% of the issued share capital in the Target Company and approximately 1.60% of the issued share capital in the Company.

BVI 11

Dixingjingliu Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 11 is wholly owned by Beijing Dixingjingliu, a limited liability partnership established in the PRC which is owned as to 99.999% by Xinyu Dixingjingliu and 0.001% by Ms. Zhou Xiuzhen (周秀珍), respectively, and is managed and operated by its general partner, Xinyu Dixingjingliu, a limited liability company established in the PRC which is owned as to 1.00% by Ms. Zhou Xiuzhen (周秀珍) and 99.00% by Xinyu Gaoxin Northern Chuangda, a limited liability partnership established in the PRC which is owned as to 2.04% by Mr. Jiang Bin (姜斌), 0.02% by Northern Financing and 97.94% by 48 other individuals each holding not more than 2.04% of the partnership interest, respectively, and is managed and operated by Northern Financing, a limited liability company established in the PRC which is owned as to 80.00% and 20.00% by Mr. Sun Yuedong (孫躍東) and Mr. Li Hua (李華), respectively. As of the Latest Practicable Date, BVI 11 held approximately 3.27% of the issued share capital in the Target Company and approximately 1.02% of the issued share capital in the Company. As of the Latest Practicable Date, except for (i) Mr. Sun Yuedong (孫躍東) and Mr. Li Hua (李華) are directly holding 80.00% and 20.00% shareholding of Northern Financing, respectively, which is the general partner of each of Xinyu Northern Dingyuan and Xinyu Northern Huiyuan; (ii) Mr. Yuan Yang is a limited partner directly holding 14.46% partnership interest in Xinyu Northern Dingyuan; (iii) Mr. Jiang Bin (姜斌), a minority limited partner of Xinyu Gaoxin Northern Chuangda directly holding 2.04% of its partnership interest, is the general manager of the sales and marketing department of Beijing Shengshang, who is also a minority limited partner of Suzhou Xiaoding Shengying directly holding 4.99% of its partnership interest; (iv) Mr. Yuan Yang and Mr. Xu Xinying are directly holding 80.00% and 20.00% of the partnership interest of Xinyu Shengshang, respectively; (v) Mr. Yuan Yang is the general partner of Xinyu Shengshang; (vi) Mr. Yuan Li and Mr. Yuan Yang are directly holding approximately 52.88% and 20.00% of the partnership interest of Hengqin Chengshan; (vii) Mr. Yuan Yang is the general partner of Hengqin Chengshan; and (viii) their shareholding in the Target Company through BVI 11, the ultimate beneficial owners of BVI 11 are Independent Third Parties.

As of the Latest Practicable Date, BVI 11 held approximately 3.27% of the issued share capital in the Target Company and approximately 1.22% of the issued share capital in the Company.

BVI 12

Houyishengrong Co., Ltd., a limited company incorporated under the laws of the BVI, is an investment holding company. BVI 12 is wholly owned by Beijing Houyishengrong, a limited liability partnership established in the PRC which is managed and operated by its general partner, Xinyu HopePe, a limited liability partnership established in the PRC which is managed and operated by its general partner, Beijing HopePe, a limited liability company established in the PRC which is owned as to 60.00% and 40.00% by Ms. Liu Liying (劉利英) and Mr. Zhao Jinyong (趙金勇), respectively. As of the Latest Practicable Date, BVI 12 held approximately 3.21% of the issued share capital in the Target Company and approximately 1.00% of the issued share capital in the Company.

Ms. Liu Shixiu (劉士秀)

As of the Latest Practicable Date, Ms. Liu Shixiu held approximately 0.10% of the issued share capital in the Target Company and approximately 0.03% of the issued share capital in the Company. As confirmed by Ms. Liu Shixiu, she is the ultimate beneficial owner of her shareholding in the Target Company and she is not holding her shareholding in the Target Company on behalf of any person or entity.

INFORMATION OF THE TARGET GROUP

History of the Target Company

The history of the Target Group can be traced back to 2014 when Mr. Yuan Li and Mr. Xu Xinying established Chongqing Saint with other minority shareholders and commenced the business of provision of training services in the PRC through Chongqing Saint. Before Chongqing Saint was established, Mr. Yuan Li and Mr. Xu Xinying frequently attended various business developments training programmes organised by independent third parties to stay competitive in the industry and to broaden their network. They found attending such training programmes were beneficial to their business development. Mr. Yuan Li and Mr. Xu Xinying founded Chongqing Saint after noting the huge market potential in the entrepreneurship training industry. Mr. Yuan Li and Mr. Xu Xinying jointly contributed RMB650,000 into Chongqing Saint as its initial registered capital. Mr. Yuan Li and Mr. Xu Xinying accumulated such source of funds from their respective personal businesses. Prior to the establishment of Chongqing Saint, Mr. Yuan Li was mainly engaged in real estate business and Mr. Xu Xinying was mainly engaged in consulting business.

Beijing Shengshang, being the key operating subsidiary of the Target Group, is a company established in the PRC on 5 August 2005 and was listed on the NEEQ (stock code: 430277) on 1 August 2013. It was formerly named as Beijing Fuwish Biotech Co., Ltd.* (北京福樂維生物科技股份有限公司) ("**Beijing Fuwish**") and had been principally engaged in the sales of animal feed, feed additives and other chemical products. In 2016, Mr. Yuan Li, Mr. Xu Xinying and Mr. Yuan Yang acquired 42.5% of the shareholding interest in Beijing Fuwish. In 2017, Beijing Fuwish changed its name to Beijing Shengshang Education Technology Co., Ltd.* (北京聖商教育科技股份有限公司) and commenced the business of provision of MSME and IB entrepreneurship training services in the PRC. In November 2018, Beijing Shengshang disposed of Beijing Fuwish's original business operation of sales of animal feed, feed additives and other chemical products to focus on the provision of training services. In order to pursue the Previous Acquisition to better suit its business needs and benefit its future development, Beijing Shengshang voluntarily applied for delisting from the NEEQ ("**NEEQ Delisting**") and was delisted on 27 October 2021. The NEEQ Delisting was completed on 27 October 2021. After the NEEQ Delisting, Beijing Shengshang was changed from a joint stock company to a limited liability company. The main reason for the NEEQ Delisting is to pursue the Previous Acquisition to better suit the business needs and benefit its future development.

The Target Company was incorporated in the Cayman Islands on 26 October 2021, which upon completion of a series of reorganisation, became the holding company of the Target Group.

On 26 October 2021, the Target Company was incorporated as an exempted company with limited liability in the Cayman Islands, with an authorised capital of US$50,000 divided into 500,000,000 shares of a par value of US$0.0001 each. The Target Company then further allotted and issued 82,952,079, 31,639,330, 3,001,000, 27,837,680, 2,315,440, 11,447,240, 44,400,000, 11,100,000 and 15,816,000 shares to BVI 1, BVI 2, BVI 3, BVI 4, BVI 5, BVI 6, BVI 7, BVI 8, and a company wholly owned by Ms. Dong Xiujuan (董秀娟) which has been deregistered at the Latest Practicable Date, respectively. On 26 April 2022, Mr. Yuan Li, being the sole director of the Target Company, procured the Target Company to allot and issue 9,825,550 shares to BVI 11 at nominal consideration and 9,649,680 shares to BVI 12 at nominal consideration in order to compensate Xinyu Dixingjingliu and Xinyu HopePe for their investments made in Beijing Shengshang before the Previous Acquisition. On 21 July 2022, Ms. Liu Shixiu entered into a share subscription agreement with the Target Company, pursuant to which Ms. Liu Shixiu agreed to subscribe shares of the Target Company at a total consideration of US$168,309. Immediately upon the completion of such subscription, Ms. Liu Shixiu was interested in 300,300 shares of the Target Company, representing 0.10% of the total shares of the Target Company.

Business carried on by the Target Group

The Target Company is principally engaged in investment holding. The Target Group is a MSME and IB entrepreneurship training services provider in the PRC which targets entrepreneurs and senior executives in MSMEs, as well as individual businesses and customers who are interested in establishing start-up enterprises. The Target Group provides a variety of training programmes for its customers aiming to enhance their management capabilities in aspects such as business management, fiscal and tax optimisation, employee incentives, human resource management, supply chain management, marketing and sales. The training programmes cover topics such as business models, shareholding structures, capital structures, entrepreneurial thinking, business management, investment logic, macroeconomic analysis and policy interpretation, equity investment skills and the design of equity incentive schemes. In comparison, the Company is principally engaged in provision of agency services for business management courses designed and delivered by course providers and sales, marketing and provision of training services including family relationship, traditional Chinese culture, study tour programs and new media through Shenzhen Co. There was no change in the Target Group's business model after the Company became its sales agent under the CCT.

Immediately upon the Completion, the Target Company will become a wholly-owned subsidiary of the Company and the results of the Target Group will be consolidated into the Group's results. Therefore, although the agency relationship between Shenzhen Co and Beijing Shengshang will not change, the agency services provided by Shenzhen Co will be an intra-group transaction and such relationship will no longer constitute a continuing connected transaction of the Company.

The business nature and major assets (immediately upon entering into the Acquisition Agreement) of the Target Group include, among other things, the following:

Member of the Target Group	**Business nature**	**Major assets (immediately before entering into the Acquisition Agreement)**
Target Company	Investment holding	The entire issued share capital of Shengshang Entrepreneurial
Shengshang Entrepreneurial	Investment holding	The entire equity interests of Beijing Qidian Chuangfu
Beijing Qidian Chuangfu	Investment holding	The entire equity interests of Beijing Shengshang

Member of the Target Group	Business nature	Major assets (immediately before entering into the Acquisition Agreement)
Beijing Shengshang	MSME and IB entrepreneurship training services provider in the PRC which targets entrepreneurs and senior executives in MSMEs, as well as individual businesses and customers who are interested in establishing start-up enterprises	The entire equity interests of Beijing Qidian[(1)] and Guoyi Culture[(2)], and 43.33% equity interests of Beijing Guoyan[(3)], an associated company of the Target Company

Notes:

(1) Beijing Qidian is licensed to carry out the provision of corporate planning and education advisory services, etc, pursuant to its business licence. It has not been engaged in any business operation since its establishment.

(2) Guoyi Culture is licensed to carry out the provision of private vocational skills training service, etc, pursuant to its business licence. It has not been engaged in any business operation since its establishment.

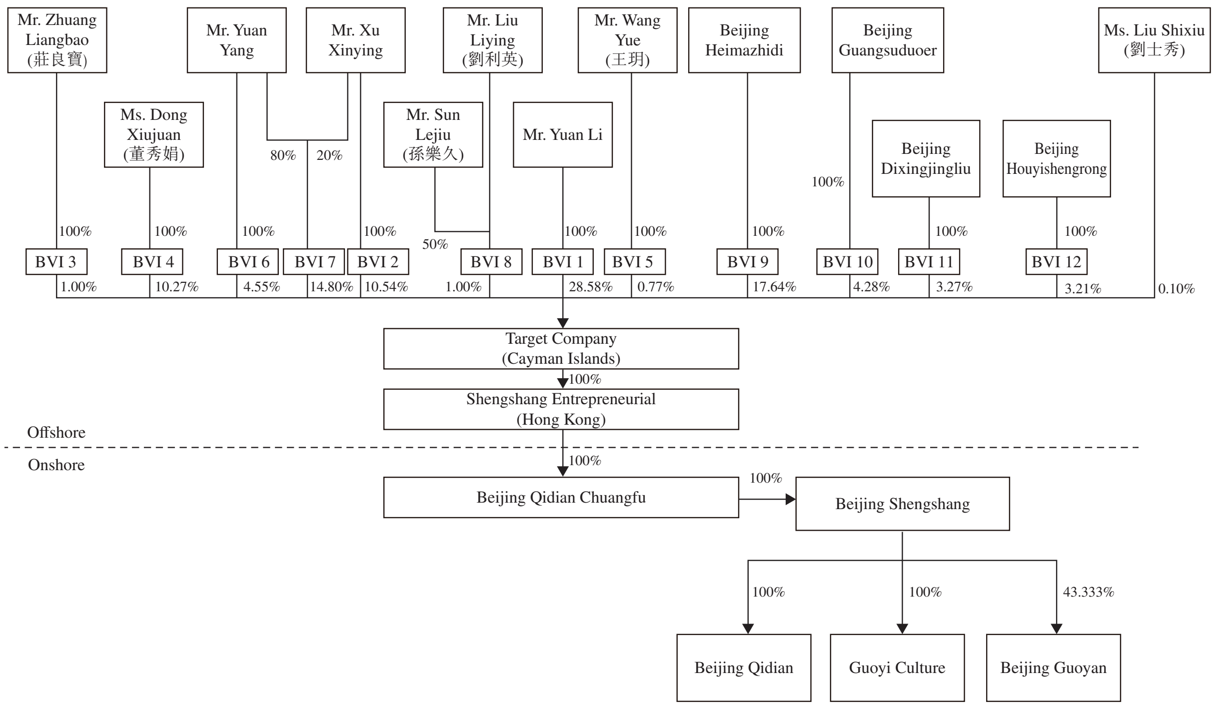
(3) Beijing Guoyan is licensed to carry out the provision of commercial and trading consultancy, market research, corporate management consultancy and public relations services, etc, pursuant to its business licence. Immediately upon the Completion, the Group will be indirectly interested in 43.33% of the equity interests in Beijing Guoyan and Beijing Guoyan will be treated as an associated company of the Company.

Based on the information provided by the Vendors, as the Target Company was established by the Vendors and not acquired by the Vendors from a third party, there is no original acquisition costs for the Sale Shares. The original acquisition costs of the shares in Beijing Shengshang to the Target Company is approximately RMB23.00 million.

On 1 November 2021, Mr. Yuan Li, Mr. Xu Xinying and Mr. Yuan Yang executed an acting-in-concert confirmation (the "**Concerted Parties Confirmation**") whereby they confirmed the existence of their intention to act in concert in consolidating their control over Beijing Shengshang and its subsidiaries until and unless the Concerted Parties Confirmation is terminated in writing by them or when any of them shall cease to be interested in the shareholding of Beijing Shengshang directly or indirectly.

The Concerted Parties Confirmation has been terminated by a termination agreement dated 11 September 2023 ("**Termination Agreement**"). Pursuant to the Termination Agreement, Mr Yuan Li, Mr. Xu Xinying and Mr. Yuan Yang will no longer consolidate their control over Beijing Shengshang and each of them will exercise their voting rights on their own discretion since the date of the Termination Agreement.

The following chart sets forth the corporate and shareholding structure of the Target Group immediately before the Completion:



Financial information of the Target Group

Pursuant to Rules 14.58(6) and 14.58(7) of the Listing Rules, an extract of the audited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") for the two years ended 31 December 2023 is set out as follows:

	For the year ended 31 December 2022 *(audited)* *(RMB'000)*	**For the year ended 31 December 2023** *(audited)* *(RMB'000)*
Net profit before taxation	56,355	15,103
Net profit after taxation	49,334	13,145
Net asset value	117,189	130,334

The audited net profit before and after taxation of the Target Group for the five months ended 31 May 2024 were approximately RMB8,481,000 and RMB8,200,000, respectively. The audited net asset value of the Target Group as of 31 May 2024 was approximately RMB89,550,000.

The reason for decline in financial performance of the Target Company is mainly due to: (i) the current macroeconomic environment and which has had a significant impact on the education industry; and (ii) such economic downturn urges the Target Company as an educational provider to offer more innovative, flexible and cost-effective learning courses to remain competitive and meet the evolving market needs. Therefore, as the Target Group currently is focusing on strengthening its research and development team, the revenue and profits have been impacted.

The decline in the Target Group's net asset value was due to a one-off assignment of loan receivable at the amount of US$6,773,887.88. The loan receivable assigned was part of the outstanding loan in the principal amount of US$26,000,000 at the interest rate of 4.5% per annum made available to Noble Trade International by Shengshang Entrepreneurial, a subsidiary of the Target Company, on 13 December 2023. The assignment of loan receivable is a one-time event, it is not expected to affect the future development of the Target Group.

The Company' future investment in the Target Group will depend on the operation, performance and development of the Target Company. As at the Latest Practicable Date, the Company had no definitive plan for investment in the Target Group.

Sales and Marketing, Tutors and Lecturers

The lecturers consist of general lecturers (the "**General Lecturers**"), who are sales agents of the Target Group and experienced lecturers (the "**Experienced Lecturers**"), who are lecturers primarily sourced through the business partners of the Target Group, and also from the existing network of the senior management of the Target Group.

The Experienced Lecturers may include professors in research institutions, founders and entrepreneurs of well-known companies, prominent investors in top-tier investment institutions and industry practitioners. Most of these Experienced Lecturers have extensive exposure in terms of business management and entrepreneurship and are able to cultivate more new ideas and experiences sharing to enrich the content of the practical training programmes. Experienced Lecturers who have taught the Investment Club training programme, a training program developed by the Target Group, included entrepreneurs or senior executives of PRC enterprises, experienced public speakers, experts in various sectors such as investment, art, marketing and public relations, mass media, etc. These Experienced Lecturers can serve as lecturers in training programmes offered by the Target Group's competitors subject to the conditions imposed by the respective service agreement with the business partners of the Target Group. General Lecturers who are also sales agents shall follow the internal control measures implemented by the Target Group. General Lecturers are mainly responsible for delivering free and introductory training programmes to the students. Other than being General Lecturers, sales agents may also take up the role as tutors. Both General Lecturers and tutors are two distinct roles in the Target Group for different purposes. General Lecturers are mainly responsible for delivering free and introductory training programmes to the students, whereas tutors are mainly responsible for providing assistance to students during the course of the training programmes. The tutors are knowledgeable and responsible for providing in-class services by introducing the Target Group's other training programmes and providing real-time support to students in addressing their needs and answering any questions in relation to the Target Group's training programmes content or logistics. The General Lecturers and tutors are essentially sales agents of the Target Group.

MSME and IB entrepreneurship training services providers may sell their training programmes via (i) direct sales, which mainly relies on internal sales team; (ii) distribution sales, which mainly relies on external sales agencies; and/or (iii) referrals from existing customers. The Target Group mainly acquires customers through sales agencies and referrals from existing customers for the following reasons: (i) wider reach and accessibility: Sales agents can expand the Target Group's geographic reach and make the courses accessible to a broader audience; (ii) personalised guidance and support: the sales agencies approach potential students mainly via phone calls, social media platforms and customer visits in a combined manner to attract the potential students to attend the free or introductory training programmes hosted by the Target Group. They can offer recommendations and guidance to prospective students, tailoring the course offerings to their specific needs and goals; (iii) reduced sales and marketing costs: compared to direct sales and distribution sales, utilising sales agents can be more cost-effective than building an in-house sales team for the training service provider.

Upon completion of the Acquisition, as the Beijing Shengshang is expected to become a subsidiary of the Company, the agency services provided by Shenzhen Co will be an intra-group transaction. Therefore, although the agency relationship between Shenzhen Co and Beijing Shengshang will not change, such relationship will no longer constitute a continuing connected transaction of the Company.

Legality of the Business

According to the *Regulations on Prohibition of Pyramid Selling (the "**Regulations**")*, the *Criminal Law of the PRC (the "**Criminal Law**")* and *Several Issues Concerning the Application of Law in the Handling of Criminal Cases of Organising and Leading Pyramid Selling Activities ("**Several Issues**")* and other relevant PRC laws and regulations, the term "pyramid selling" means acts that interfere economic order and affect social stability by which an organiser or operator recruits personnel and seeks illegal benefits by means of calculating and paying remuneration to the recruited personnel on the basis of the number of personnel directly or indirectly recruited by them or their sales performance, or requiring the recruited personnel to pay certain fees as a condition of being qualified for participation. Falling into the following criteria at the same time will constitute the crime of organising and leading pyramid selling activities:

(i) organising and leading under the pretext of promoting commodities, providing services or other business activities: the commodities or services involved in pyramid selling crimes are usually low in quality and high in price, the essence of which is just a cover, and the real purpose of which is not to provide commodities or offer services;

(ii) calculating and paying remuneration based on the number of personnel being recruited;

(iii) demanding the recruited personnel to pay fees, or fees in disguised forms such as order of commodities;

(iv) the number of persons participating in the pyramid selling activities shall be more than 30 at three levels and more ; and

(v) collaborating to get money by fraud as the subjective aim.

The PRC legal adviser of the Company is of the view that the business model of the Target Group does not constitute pyramid selling as prescribed under the Regulations, the Criminal Law and the Several Issues. The PRC legal adviser of the Company has not noted any actual or potential pyramid selling acts conducted by the Target Group based on its business model. As the Target Group (1) does not allow sales agencies to recruit other sales agencies or pay the sales agencies based on the number of sales agencies or students recruited by them; (2) referral fees or subsidies paid to sales agencies are based on their effort in successfully promoting the training programmes to students, but not based on the number of sales agencies directly or indirectly recruited or the sales performance of any sales agencies recruited by them; and (3) sales agencies are not required to make payment in order to become sales agencies nor are they required to recruit other sales agencies to participate so as to form a multi-level relationship where remuneration is calculated based on the basis of the sales performance of the sales agencies directly or indirectly recruited by them. There is no such relationship among the sales agencies within the Target Group that has three or more levels, the PRC legal adviser and the Board are of the view that the business model of the Target Company does not constitute pyramid selling.

Regulations Applicable to the Business

As confirmed by the PRC legal adviser of the Company, the PRC laws and regulations applicable to the Target Group's business include the following:

(i) Regulations related to privacy protection

Pursuant to Personal Data Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), which was promulgated by the NPCSC on 20 August 2021 and became effective on 1 November 2021, the PRC protects citizens' personal data and privacy, and personal data means all kinds of information related to identified or identifiable natural persons that are electronically or otherwise recorded, excluding information that has been anonymised. Processing of personal data includes the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal data. Processing of personal data shall be for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals. Collection of personal data shall be limited to the minimum scope necessary for achieving the processing purpose and shall not be excessive.

(ii) Regulations related to intellectual property rights

(1) Copyright

Pursuant to the Copyright Law of the People's Republic of China (2020 Amendment) (《中華人民共和國著作權法(2020年修訂)》) ("**Copyright Law**") and relevant rules and regulations, which was amended by the NPCSC in 11 November 2020 and became effective on 1 June 2021, works of Chinese citizens, legal entities or other organisations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Unless otherwise provided in the Copyright Law, it is an infringement of copyright to reproduce, distribute, perform, screen, broadcast or adapt a work without the permission of the copyright owner, or to communicate the work to the public through the information network. The infringer shall stop the infringement, take remedial actions, make apologies and compensate losses and bear respective responsibilities according to the specific circumstances.

Pursuant to the Regulations on the Protection of Computer Software (2013 Amendment) (《計算機軟件保護條例(2013修訂)》), which was amended by the State Council on 30 January 2013 and became effective on 1 March 2013, it further protects the rights and interests of the copyright owner of computer software. Software copyright arises from the date of completion of software development, and the software copyright owner may make registration with the software registration organs accredited by the administrative department of copyright under the State Council.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) ("**Software Copyright Measures**") of the National Copyright Administration ("**National Copyright Administration**") of the PRC, which was amended and became effective on 20 February 2002, it makes specific provisions on the registration of software copyright, and the registration of exclusive licence contracts and transfer contracts of software copyright. The National Copyright Administration is the competent authority of the administration and registration of software copyright of the whole country, and the China Copyright Protection Centre ("**Copyright Protection Centre**") is accredited as the body for software registration. The Copyright Protection Centre shall grant registration certificates to applicants for computer software copyrights who meet the requirements stipulated in the Copyright Law, the Software Copyright Measures and the Regulations on the Protection of Computer Software (2013 Amendment).

(2) Trademark

Pursuant to the Trademark Law of the People's Republic of China (2019 Amendment) (《中華人民共和國商標法》(2019修訂)) ("**Trademark Law**"), which was amended by the NPCSC on 23 April 2019 and became effective on 1 November 2019, and the Regulation for the Implementation of the Trademark Law of the People's Republic of China, which was amended by the State Council on 29 April 2014 and became effective on 1 May 2014, in China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The registrant of a trademark enjoys the exclusive right to use the trademark, which shall be protected by law. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Any natural person, legal person, or other organisations that needs to acquire the exclusive right to use a trademark in the production and operation activities shall file an application for trademark registration with the Trademark Office ("**Trademark Office**") of National Copyright Administration. Trademark licensing contract shall be filed with the Trademark Office for records. Where a trademark to be applied for registration is identical with or similar to the trademark of another trademark of the same or similar goods or services, which has been registered or preliminarily approved, the Trademark Office shall refuse the application.

(3) Patent

Pursuant to the Patent Law of the People's Republic of China (2020 Amendment) (《中華人民共和國專利法(2020修訂)》), which was amended by the NPCSC on 17 October 2020 and became effective on 1 June 2021, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施條例》), which was amended by the State Council on 9 January 2010 and became effective on 1 February 2010, the patent administration department under the State Council is responsible for the patent work throughout the country. It receives and examines patent applications and grants patent rights in accordance with law. After the grant of the patent right for an invention or utility model, except where otherwise provided for in this Law, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes. After the grant of the patent right for a design, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, offer to sell, sell or import the product incorporating its or his patented design, for production or business purposes. Once the infringement of a patent right is confirmed, the infringer shall stop the infringing act, take remedial actions and compensate the loss and bear respective responsibilities in accordance with the laws and regulations.

(4) Domain name

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology ("**MIIT**") on 24 August 2017 and became effective on 1 November 2017, whoever engages in Internet information services, the use of domain names shall comply with the relevant provisions of laws and regulations. MIIT is the competent regulatory authority responsible for the administration of internet domain names in the PRC. The registration of domain names in PRC is on a "first-applyfirst- registration" basis. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service provider. The applicant will become the domain name holder upon the completion of the application procedure.

(iii) Regulations related to cyber securities

In accordance with the relevant provisions of the Cybersecurity Review Measures (《網絡安全審查辦法》), the following two situations must be reported for cybersecurity review: (i) the purchase of network products and services by critical information infrastructure operator and the data processing activities carried out by platform operators, which affects or may affect national security, shall be subject to cybersecurity review in accordance with the present measures; and (ii) a platform operator who possesses the personal information of more than 1 million users shall declare to the Office of Cybersecurity Review for cybersecurity review to list in foreign countries. In addition, where the relevant Chinese government authorities deem that the network products or services and the data processing activities of network platform operators affect or may affect national security, they may initiate a cybersecurity review. However, the PRC legal Adviser is of the view that the Cybersecurity Review Measures (《網絡安全審查辦法》) has not clearly define the term "network platform operators".

In addition, in accordance with the relevant provisions of the Regulations for the Administration of Network Data Security (Exposure Draft) (《網絡數據安全管理條例(徵求意見稿)》) (together with the Cybersecurity Review Measures (《網絡安全審查辦法》), the "**Cybersecurity Regulations**"), platform operator refers to a data processor that provides users with information dissemination, social networking, trading, payment, audio and video and other online platform services; an entity deemed as a data processor shall file a cybersecurity review if it conducts any of the following activities: (i) a merger, reorganisation, or division to be conducted by a platform operator who has amassed a large number of data resources that concern national security, economic development or the public interest, which will or may impact national security; (ii) the data processor processing the personal information of more than one million individuals intends to be listed abroad; (iii) the data processor seeks to be listed in Hong Kong, which will or may impact national security; or (iv) other data processing activities that will or may have an impact national security. As of the Latest Practicable Date, the Administrative Regulations on Network Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) has not yet officially come into effect, its content remains uncertain.

(iv) Regulations related to pyramid selling

As disclosed above in the section headed "Legality of the Business", pursuant to the Regulations, the Criminal Law and the Several Issues, for a pyramid selling organisation, which, in the name of marketing goods, providing services or other business activities, requires the participants to obtain membership by means of paying fees or purchasing goods, sets up hierarchies in a certain subsequence, directly or indirectly takes the number of recruited persons as the basis for remuneration or rebate, lures or threatens the participants to continue to recruit others to participate, swindles property, and disrupts the economic and social orders, if there are more than 30 persons in the organisation of participating in the pyramid selling activities and more than three levels, the organiser and leader shall be prosecuted for criminal liability. The organiser and leader conducts pyramid selling activities prescribed in Article 224 (1) of the Criminal Law by means of fabricating and distorting policies, making up and exaggerating operation, investment and service projects and profit prospects, disguising the true source of remuneration and rebate, or by other deceptive means, and illegally profiting from the fees paid by persons participating in pyramid selling activities or purchasing goods and services, shall be deemed as defrauding property. Whether the pyramid selling participants consider themselves deceived or not shall not affect the designation of defrauding.

To the best of the information, belief and knowledge of the Board, the Target Company fully complies with the above laws and regulations.

Certain Risks in Operation of the Business of the Target Group

The Target Group is subject to following potential risks in its operation.

(i) *Risk of reliance on the sales agencies*. As the Target Company mainly sells its training courses through sales agencies, the Target Company is subject to the risk of reliance on sales agencies. However, the Target Company is of the view that such risk can be mitigated by the following measures: (1) the Target Company collaborates with a wide variety of sales agents and is constantly exploring new sales agencies with strong network and better performance; and (2) other than sales agencies, the Target Company also promotes its training programmes through its offline marketing (including customer visits).

(ii) *The Target Company's relationship with its Experienced Lecturers*. The Target Company's core revenue generating programmes were mainly taught by certain key Experienced Lecturers, some of whom are sourced through the business partners of the Target Group. While there is a risk of reliance on the business partners for sourcing for Experienced Lecturers, the Target Group has the ability to reduce its reliance on the two business partners as the Target Company has been sourcing Experienced Lecturers to broaden its pool of lecturers. The internal research team of the Target Company has also been actively developing its own training programme materials.

(iii) *Potential concentration and counter-party risk as the intellectual property rights of the training materials.* The Target Company is the legal owner of the intellectual property rights of the training materials for the core revenue generating training programmes, except for of two of the training programmes, Investment Club and New Business Leader Programme, the copyrights of which are vested in the business partners. The Target Group also collaborate with Experienced Lecturers to offer practical training programmes. While there's a potential risk that the copyright of the training materials of practical training programmes are vested with the Experienced Lecturers, such practical training programmes are not the core revenue generating programmes of the Target Company and even in the unlikely event that the Experienced Lecturers joined competitors of the Target Company, it will not materially affect the financial performance of the Target Company. In addition, the internal research team of the Target Company has also been actively developing its own training programme materials to reduce the risk thereof.

(iv) *Potential risk of retaining existing students and reliance on repeat students.* To mitigate the risk of retaining its existing students, the Target Company has taken actions such as adjusting its training programme launching plan, adjusting its geographical expansion plans with potential exclusive authorised training programme providers, focusing on research and development of new training programmes and providing more training programme promotion materials to existing students so as to drive recurring demand. To reduce the risk of reliance on repeat students, the Target Group is actively seeking to reach out to potential customers and attract new students by utilising offline sales channels including the sales agencies in actively building its brand imanage and reputation for promotional purposes.

(v) *Potential risk of the Target Group's customers being operators, owners, entrepreneurs of MSMEs and IBs, which are sensitive to economic and market changes.* To mitigate such risk, the Target Company has been actively exploring and developing new programmes for the students. The Target Company believes that, to handle the economic downturn, operators, owners, entrepreneurs of MSMEs and IBs are more willing to take the training programmes as (1) such trainings aims to enhance their management skills and knowledge and can help the students to navigate the challenges and adapt their business strategies to the ever-changing economic conditions; and (2) in addition to imparting management skills, the training also emphasizes the development of strong social networking capabilities for entrepreneurs and the programme itself offers networking opportunities for the students as they are all owners, entrepreneurs of MSMEs and Ibs and may potentially bring along business opportunities.

Payment for Training Programmes

In terms of agency transactions with external sales agents other than Shenzhen Co., after the students pay the tuition to Beijing Shengshang, it will (i) pay salary and bonus to marketing managers who is responsible for liaising with and supervising the performance of sales agencies, promoting and tracking the execution of the sales and marketing strategies and marketing campaigns; (ii) pay referral fees, subsidies and commission fees where applicable to sales agencies (their agents may include General Lecturers and tutors) in relation agency services provided; and (iii) pay service fees to business partners for sourcing Experienced Lecturers for the Target Group. In terms of the CCT with Shenzhen Co, students will pay the tuition to Shenzhen Co. Upon the completion of the course, Shenzhen Co shall recognise the revenue and pay 25% of income (i.e. enrolment fee) to Beijing Shengshang within a month after Beijing Shengshang has delivered the training courses. Beijing Shengshang will then pay the fees for delivering the courses to Lecturers.

Ongoing Litigation

The Company was informed by Beijing Shengshang that there was litigation claim (the "**Claim**") brought by an individual (the "**Claimant**") in the PRC against each of Sichuan Shengli Aesthetic Medical Hospital Co., Ltd.* (四川聖麗整形美容醫院有限公司) ("**Sichuan Shengli**"), Sichuan Youjieshang Hospital Management Co., Ltd.* (四川優潔商醫院管理有限公司)， Chongqing Ruishang Hospital Management Co., Ltd.* (重慶瑞商醫院管理有限公司), Luo Fan (羅帆) (collectively the "**Other Defendants**") and Beijing Shengshang, in relation to personal injury and damages the Claimant suffered from the accidents happened during an aesthetic surgery procedure performed by Sichuan Shengli. Beijing Shengshang is alleged by the Claimant to be the actual controller of Sichuan Shengli. The court of the Chengdu High-tech Industrial Development Zone ruled on 19 February 2024 that the Claimant's total loss amounted to RMB1,786,828.20. Sichuan Shengli should be held responsible for the Claimant's loss, and the Other Defendants and Beijing Shengshang should bear joint and several liability for the liabilities held by Sichuan Shengli. As at the Latest Practicable Date, Beijing Shengshang has filed an appeal with the Chengdu Intermediate People's Court for such ruling.

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, training related business and the liquor business in the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It is the Group's intention to diversify the Group's overall revenue stream and improve its financial performance for the purpose of enhancing the shareholding value and return to the Shareholders. In the past few years, the Group has been actively exploring investment and business opportunities, in particular in liquor sales and education-related training services business, to broaden its assets and revenue base. As disclosed in the Company's annual report for the year ended 31 December 2023, revenue for 2023 was approximately RMB319.8 million, representing an increase of 21.9% from approximately RMB262.3 million for 2022, mainly attributable to the increased revenue from liquor sales and education-related training services with our active business expansion.

Beijing Shengshang has a long history and a successful record of operating its training services business in the PRC. We are in collaboration with Beijing Shengshang acting as its agent since 2023 which proved to be successful. For more details, please refer to the Company's circular dated 24 October 2023. We have collected the information of Beijing Shengshang including its course details, operation expenses and awards received regarding its services provided and understood Beijing Shengshang promotes its training programs and enhances its overall brand recognition among prospective students with extensive sales channels. Marketing activities of Beijing Shengshang are mainly conducted through the sales agencies, which are supported by the sales and marketing team and monitored by the monitoring and surveillance team of Beijing Shengshang.

The Company considered the Acquisition a good opportunity on the basis of the following:

Comparison with Previous Acquisition

As disclosed above, the Company and the Vendors entered into the Previous Acquisition Agreement for the entire equity interest in the Target Company at a consideration of HK$1,995,000,000 which would be settled by allotment and issue of 3,990,000,000 Shares. Pursuant to the Acquisition, the consideration for the Acquisition is HK$340,000,000 which will be settled by allotment and issue of 850,000,000 Shares. As compared with the Previous Acquisition, the consideration for the entire equity interest in the Target Company is much lower which the Board believes accurately reflects the current value of the Target Company.

The business scope of the Target Group aligns with the current PRC national strategy

The business scope of the Target Group aligns with the current PRC national strategy, which aims to encourage mass entrepreneurship and innovation. The MSMEs and IB entrepreneurship training services industry has benefited from the PRC's top-down state-led innovation model guarantees a favourable regulatory environment, which encourages the establishment of start-up enterprises and cultivates a more active entrepreneurship training services industry. In the post-pandemic era, there is a substantial market demand for training in entrepreneurship development and transformation. The Acquisition will enable the Group to better capture market opportunities and drive future performance growth by meeting this demand.

Although there has been a decline of financial performance and decrease in the number of employees of the Target Company, the decline in financial performance of the Target Company is mainly due to: (i) the current macroeconomic environment which has had a significant negative impact on the education industry; and (ii) such economic downturn urges the Target Company as an educational provider to offer more innovative, flexible and cost-effective learning courses to remain competitive and meet the evolving market needs. Therefore, as the Target Group currently is focusing on research and development of its training courses, the revenue and profits have been impacted.

The decrease in the number of employees is due to the Target Company's strategic focus on strengthening its research and development team, while reducing the in-house sales personnel as it transitions to leveraging external sales agents.

The Target Group has an established business with a solid track record of financial performance

The Target Group was established in the PRC in 2005 and is principally engaged in the provision of MSME and IB entrepreneurship training services in the PRC which targets entrepreneurs and senior executives in MSMEs, as well as individuals conducting individual businesses and customers who are interested in establishing start-up enterprises. It has an established business in the PRC with a solid track record of financial performance. Please refer to the section headed "Information of the Target Group" in this circular for more information, including the audited financial information of the Target Group for the two years ended 31 December 2023.

The Acquisition allows expansion of the Group's training business, increase industry influence and brand strength

Although the current unfavourable economic environment may impact the individual spending in education, it has also posed major challenges for MSMEs, which demand for improvement in business management and financing. Therefore, despite the tough market conditions, there is still a strong demand for the MSMEs and IB trainings provided by the Target Group. The Target Group has 10 years of history in the MSME and IB training industry and over the past years, the Target Company has spent a great deal of resources into forging its brand recognition, establishing the course design and research team, building up the IT systems and its intellectual properties as well as developing a team of Lecturers and tutors with extensive experience in the training industry, which are crucial to operate the training business and can be utilised directly by Shenzhen Co upon Completion of the Acquisition. Shenzhen Co, upon Completion, will benefit from these well-established resources and capabilities of the Target Company, which will allow it to save significant costs and time that would otherwise be required to further expand and develop its training business.

The Acquisition allows a significant expansion of the Group's existing education-related training services. The Target Group has been a prominent player in the training industry for nearly a decade, with strong brand marketing capabilities and extensive resources. The Acquisition will significantly expand the Group's influence and reputation within the training industry. This increased recognition will help us secure more resources and establish a well-known brand in the industry.

The Acquisition enhances financial performance of the Group

The Company expects that acquisition of the Target Group will significantly enhance the Company's revenue, profit, and net assets. The seamless integration of the Target Group's operations is expected to reduce associated costs, optimizing our financial structure. Furthermore, The Acquisition will diversify and strengthen the Group's revenue streams, making us more resilient to market fluctuations. Additionally, the assets proposed to be acquired are anticipated to enhance the Company's value to shareholders, leveraging the established and promising business of the Target Group for future growth and stability.

The Company currently has no intention to dispose of, downsize or terminate any of its existing businesses.

The Target Group boosts product development and faculty capabilities

Beijing Shengshang has been awarded the "Beijing's Specialized, Refined, Differentiated and Innovative Small and Medium-sized Enterprises Demonstrating Specialisation, Refinement, Uniqueness and Innovation (北京市專精特新中小企業)" by Beijing Municipal Bureau of Economy and Information Technology in October 2022 with a valid period of three years. On 16 October 2023, Beijing Shengshang has been awarded "High-tech Enterprise Certificate (高新技術企業證書)" with a valid period of three years jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance and State Taxation Administration Beijing Taxation Bureau. By acquiring the Target Group, we will substantially increase our product development capabilities and faculty resources for our training business. This enhancement will make our training offerings more competitive, driving better business growth and market expansion.

The Acquisition supports the development of the Group's liquor business

Since 2024, the macroeconomic environment has undergone significant changes. The liquor market is experiencing a downturn, with prices of leading brands such as Maotai continuing to decline amidst fierce competition. To thrive, we need more customer resources and channel partners. The current clientele of the Target Group primarily consists of MSME owners, entrepreneurs, senior executives, and high-net-worth individuals — all of whom are prime consumers of liquor and potential liquor channel partners. The Target Company focuses on business trainings for micro-, small- and medium sized enterprises. In addition to imparting management skills, the training also emphasizes the development of strong social networking capabilities for entrepreneurs. This is particularly important, as building effective social connections can create demand for the consumption of Chinese baijiu, a culturally significant product. The acquisition of the Target Group will support the growth and development of our liquor business by leveraging these customer relationships, navigate these macroeconomic changes, enhance our competitive edge, and fully utilize distributor resources to expand our training and liquor sales revenue.

The Company noted that although the shareholding in the Company held by the existing minority Shareholders would be diluted and the Consideration Shares would be issued at a discount of approximately 19.19% to the closing price as quoted on the Last Trading Date, the Independent Shareholders are adequately protected by the following:

(a) the Acquisition, the Specific Mandate and the transactions contemplated thereunder will be subject to the approval by the Independent Shareholders at the EGM; and

(b) the Independent Shareholders, before exercising their respective voting rights, will be advised by the Independent Board Committee and the Independent Financial Adviser with regard to the Acquisition, the Specific Mandate and transactions contemplated thereunder.

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 Consideration Shares.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition in accordance with the Listing Rules exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules as (i) Mr. Yuan Li (through his interest in BVI 1, one of the Vendors), Mr. Xu Xinying (through his interest in BVI 2 and BVI 7, each being one of the Vendors) and Mr. Zhuang Liangbao (through his interest in BVI 3, one of the Vendors) are executive Directors and thus connected persons, and (ii) Mr. Yuan Yang (through his interest in BVI 6 and BVI 7, each being one of the Vendors) is brother of Mr. Yuan Li and thus a connected person. Accordingly, the Acquisition is subject to the Independent Shareholders' approval at the EGM. The Shares held by the above connected persons will not be counted towards the public float.

The 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 to advise the Independent Board Committee and the Independent Shareholders in this regard.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date, BVI 1 directly holds 84,623,334 Shares, representing 8.89% of the Shares in issue. BVI 1 is wholly owned by Mr. Yuan Li, an executive Director, who, other than BVI 1, indirectly controls 298,472,783 Shares through Noble Trade International. As Mr. Yuan Yang is the brother of Mr. Yuan Li, he is presumed to be acting in concert with Mr. Yuan Li under the Takeovers Code. Mr. Yuan Yang, through BVI 6 and BVI 7, indirectly holding 13,472,224 Shares and 43,792,131 Shares respectively, representing approximately 1.42% and 4.60% of the Shares in issue.

The Vendors, being shareholders of the Target Company and parties to the Acquisition Agreement to whom the Consideration Shares shall be issued upon the Completion, are persons acting in concert in respect of the Company pursuant to the Takeovers Code. As at the the Latest Practicable Date, the Vendors in aggregate hold 296,092,841 Shares, representing approximately 31.11% of the Shares in issue.

Therefore, parties acting or presumed to be acting in concert (the Vendors and Noble Trade International) in aggregate are interested in 594,565,624 Shares, representing 62.47% of the Shares in issue. Immediately following the allotment and issue of the Consideration Shares to the Vendors, the parties acting or presumed to be acting in concert (the Vendors and Noble Trade International) will be interested in 1,444,565,624 Shares, representing approximately 80.18% of the Shares in issue as enlarged by the allotment and issue of the Consideration Shares. Therefore, the Vendors and Noble Trade International as parties acting in concert are not required under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the issued Shares not already own or agreed to be acquired by the Vendors.

EGM

The EGM will be held for the purpose of considering and, if thought fit, approving, inter alia, the Acquisition, the Specific Mandate and the transactions contemplated thereunder, by the Independent Shareholders by way of poll. A notice convening the EGM to be held at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC on Tuesday, 24 September 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.qidianguofeng.cn).

Whether or not the Independent Shareholders are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Thursday, 19 September 2024). To be effective, all forms of proxy must be lodged with Tricor Investor Services Limited before the deadline. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM if you so wish.

As at the Latest Practicable Date, all the Vendors (being Shareholders of the Company), their associates and parties acting in concert who are involved in or interested in the Acquisition will be required to abstain from voting in respect of the relevant resolution(s). As at the Latest Practicable Date, (i) all the Vendors in aggregate are interested in 296,092,841 Shares, representing approximately 31.11% of the issued share capital of the Company; and (ii) Noble Trade International is interested in 298,472,783 Shares, representing approximately 31.36% of the issued share capital of the Company. Therefore all the Vendors and Noble Trade International , in aggregate holding 594,565,624 Shares, representing approximately 62.47% of the issued share capital of the Company, will abstain from voting in respect of the resolution(s) to approve the Acquisition, the Specific Mandate and the transactions contemplated thereunder at the EGM. Save as mentioned above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other shareholder of the Company has a material interest and has to abstain from voting on any of the resolutions at the EGM.

Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao did abstain from voting on the relevant Board resolution of the Company to approve the Acquisition due to their respective interest in the Target Company. Save as disclosed above, none of the other Directors was required to abstain from voting on the Board resolution to approve the Acquisition.

Mr. Yuan Li, Mr. Xu Xinying and Mr. Yuan Yang who have material interest in the Acquisition has not been involved in negotiation of the Acquisition. Instead, Mr. Sun Yue, an executive Director of the Company and Mr. Feng Qijiao (馮起蛟), an executive director of Beijing Shengshang, was respectively responsible for the Company and Beijing Shengshang in terms of negotiation of the Acquisition.

RECOMMENDATION

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition Agreement; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Acquisition Agreement.

The Board considers that the terms and conditions of the Acquisition Agreement and the transactions thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

For and on behalf of
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman of the Board

The following is the text of a letter of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder, including the grant of the Specific Mandate for inclusion in this circular.

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)

4 September 2024

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

We have been appointed to form Independent Board Committee to consider and advise you on the Acquisition Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, details of which are set out in the circular issued by the Company to the Shareholders dated 4 September 2024 (the "**Circular** "), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 12 to 51 and pages 54 to 77 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Acquisition Agreement, and the principal factors and reasons considered by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that although the Acquisition Agreement is not in the ordinary and usual course of business of the Company, the Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable and has been entered into on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend you to vote in favour of all the resolutions to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Zhang Yihua	**Mr. Chen Rui**	**Mr. Fung Tak Choi**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Acquisition, the Specific Mandate and the transactions contemplated thereunder which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

4 September 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Specific Mandate and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 4 September 2024 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

With reference to the Letter from the Board, on 26 July 2024 (after trading hours), the Company entered into the Acquisition Agreement with the Vendors, 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 the Target Company.

The consideration for the Acquisition is HK$340,000,000, and will be settled by the allotment and issue of the Consideration Shares, representing (i) approximately 89.31% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 47.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, at the Issue Price of HK$0.40 per Consideration Share to the Vendors.

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

As one or more of the applicable percentage ratios in respect of the Acquisition in accordance with the Listing Rules exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules as (i) Mr. Yuan Li (through his interest in BVI 1, one of the Vendors), Mr. Xu Xinying (through his interest in BVI 2 and BVI 7, each being one of the Vendors) and Mr. Zhuang Liangbao (through his interest in BVI 3, one of the Vendors) are executive Directors and thus connected persons; and (ii) Mr. Yuan Yang (through his interest in BVI 6 and BVI 7, each being one of the Vendors) is brother of Mr. Yuan Li and thus a connected person. Accordingly, the Acquisition is subject to the Independent Shareholders' approval at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi) has been formed to advise the Independent Shareholders on whether the Acquisition, the Specific Mandate and the transactions contemplated thereunder are fair and reasonable and how the Independent Shareholders should vote at the EGM. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and the Vendors that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to (i) the loan capitalisation involving subscription of shares under specific mandate and application for whitewash waiver, details of which are set out in the circular of the Company dated 30 April 2024; and (ii) the refreshment of scheme mandate limit and service provider sublimit, details of which are set out in the circular of the Company dated 19 July 2024. Save for the aforesaid transactions, there was no engagement or connection between the Group or the Vendors and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or the Vendors. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and therefore are qualified to give independent advice in respect of the Acquisition, the Specific Mandate and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Circular; (ii) the information and opinions provided by the Directors and the management of the Group; and (iii) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Circular are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Subscriber or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Acquisition, the Specific Mandate and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

1. Background of the Group

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 (the "**Traditional Business**"), the liquor business and education-related training business (the "**New Businesses**") in the PRC.

(i) Financial performance

Set out below is a summary of (a) the audited financial information of the Group for the years ended 31 December 2022 and 2023 ("**FY2022**" and "**FY2023**", respectively) as extracted from the annual report of the Company for FY2023 (the "**2023 Annual Report**"); and (b) the unaudited financial information of the Group for the six months ended 30 June 2023 and 2024 ("**6M2023**" and "**6M2024**", respectively) as extracted from the interim results announcement of the Company for 6M2024 (the "**2024 Interim Results Announcement**"):

	FY2022	**FY2023**	**6M2023**	**6M2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	262,348	319,813	140,737	173,335
Cost of sales and services	(224,123)	(258,063)	(116,345)	(140,630)
Gross profit	**38,225**	**61,750**	**24,392**	**32,705**
Gross profit margin	14.6%	19.3%	17.3%	18.9%
Other income	6,432	5,903	4,018	4,111
Other net (loss)/gain	(17,673)	5,038	(962)	1,042
(Impairment losses)/Reversal for impairment on trade receivables	(497)	(158)	182	48
Impairment loss on property, plant and equipment and right-of-use assets	(55,728)	—	—	—
Gain/(Loss) of disposal of subsidiaries	—	104,185	104,185	(3,313)
Selling and marketing expenses	(36,789)	(62,270)	(21,995)	(41,497)
Administrative expenses	(46,869)	(29,004)	(12,241)	(21,620)
Net finance costs	(24,615)	(31,655)	(12,023)	(9,416)
(Loss)/Profit before tax	**(137,514)**	**53,789**	**85,556**	**(37,940)**
(Loss)/Profit attributable to the Shareholders	**(136,767)**	**55,854**	**86,612**	**(32,579)**

FY2023 compared to FY2022

The Group's revenue increased by approximately 21.9% from approximately RMB262.3 million for FY2022 to approximately RMB319.8 million for FY2023, mainly due to the increase in revenue of approximately RMB80.0 million generated from the New Businesses in FY2023.

The Group's gross profit margin increased from approximately 14.6% for FY2022 to approximately 19.3% for FY2023, mainly due to the higher gross profit margin from the sales of liquor and the provision of education related service.

The Group recorded profit attributable to the Shareholders of approximately RMB55.9 million, which was primarily attributable to (a) the increase in gross profit as a result of the increase in revenue and gross profit margin as discussed above; and (b) the gain of approximately RMB104,185,000 from the disposal of subsidiaries as disclosed in the announcement of the Company dated 17 January 2023.

6M2024 vs 6M2023

The Group's revenue increased from approximately HK$140.7 million for 6M2023 by approximately 23.2% to approximately HK$173.3 million for 6M2024, which was mainly due to the increase in the revenue generated from the New Businesses. The Group started to provide the education-related training services in the second half of 2023.

The Group's gross profit margin increased from approximately 17.3% for 6M2023 to approximately 18.9% for 6M2024, mainly due to the higher gross profit margin from the sales of liquor and the provision of education-related training service.

The Group recorded net loss of approximately RMB37.9 million for 6M2024 as compared to net profit of approximately RMB85.6 million for 6M2023, mainly due to the recognition of gain on disposal of subsidiaries of approximately RMB104.2 million for 6M2023 while the Group recorded loss on disposal of subsidiaries of approximately RMB3.3 million for 6M2024.

(ii) Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2022 and 2023 and 30 June 2024 as extracted from the 2023 Annual Report and the 2024 Interim Results Announcement:

	As at 31 December		**As at 30 June**
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*
Non-current assets	137,518	46,156	12,316
Current assets	100,919	267,506	121,951
Total assets	**238,437**	**313,662**	**134,267**
Current liabilities	267,064	246,973	224,714
Non-current liabilities	442,089	482,791	167,207
Total liabilities	**709,153**	**729,764**	**391,921**
Equity attributable to the Shareholders	**(488,502)**	**(432,648)**	**(268,844)**

As at 30 June 2024, total assets of the Group were approximately RMB134.3 million, which mainly consisted of (a) cash and cash equivalents of approximately RMB29.3 million; (b) inventories of approximately RMB58.9 million; and (c) prepayments, deposits and other receivables of approximately RMB22.1 million.

As at 30 June 2024, total liabilities of the Group were approximately RMB391.9 million, which mainly consisted of (a) borrowings of approximately RMB158.9 million; (b) accruals and other payables of approximately RMB102.0 million; (c) contract liabilities of approximately RMB36.8 million; and (d) other current liabilities of approximately RMB53.6 million.

The gearing ratio of the Group, being total liabilities divided by the sum of total equity and total liabilities, increased from approximately 232.7% as at 31 December 2023 to approximately 291.9% as at 30 June 2024, which was mainly due to net loss incurred by the Group for 6M2024.

2. Background of the Vendors and the Target Group

(i) The Vendors

The Vendors, being shareholders of the Target Company and parties to the Acquisition Agreement to whom the Consideration Shares shall be issued upon the Completion, are persons acting in concert in respect of the Company pursuant to the Takeovers Code. For details of the information of the Vendors, please refer to the section headed "Information of the Vendors" in the Letter from the Board.

As at the Latest Practicable Date, parties acting or presumed to be acting in concert (the Vendors and Noble Trade International) in aggregate are interested in 594,565,625 Shares, representing 62.47% of the Shares in issue. Immediately following the allotment and issue of the Consideration Shares to the Vendors, the parties acting or presumed to be acting in concert (the Vendors and Noble Trade International) will be interested in 1,444,565,624 Shares, representing approximately 80.18% of the Shares in issue as enlarged by the allotment and issue of the Consideration Shares.

(ii) History of the Target Group

Beijing Shengshang, being the key operating subsidiary of the Target Group, is a company established in the PRC on 5 August 2005 and was listed on the NEEQ (stock code: 430277) on 1 August 2013. On 17 December 2019, Beijing Shengshang received an enquiry letter from the NEEQ Co., Ltd., on whether Beijing Shengshang's business model constitutes a pyramid selling scheme. As stated in the Letter from the Board, the PRC legal adviser of the Company is of the view that the business model of the Target Group does not constitute pyramid selling as prescribed under the Regulations on Prohibition of Pyramid Selling, the Criminal Law of the PRC and Several Issues Concerning the Application of Law in the Handling of Criminal Cases of Organising and Leading Pyramid Selling Activities. The PRC legal adviser of the Company has not noted any actual or potential pyramid selling acts conducted by the Target Group based on its business model. On 24 October 2019, Beijing Shengshang submitted its reply to the NEEQ Co., Ltd and did not receive any further enquiry since then. In order to pursue the Previous Acquisition to better suit its business needs and benefit its future development, Beijing Shengshang voluntarily applied for delisting from the NEEQ and was delisted on 27 October 2021.

Beijing Shengshang has been awarded the "Beijing's Specialized, Refined, Differentiated and Innovative Small and Medium-sized Enterprises Demonstrating Specialisation, Refinement, Uniqueness and Innovation (北京市專精特新中小企業)" by Beijing Municipal Bureau of Economy and Information Technology in October 2022 with a valid period of three years. On 16 October 2023, Beijing Shengshang has been awarded "High-tech Enterprise Certificate (高新技術企業證書)" with a valid period of three years jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance and State Taxation Administration Beijing Taxation Bureau.

The Target Company was incorporated in the Cayman Islands on 26 October 2021, which upon completion of a series of reorganisation, became the holding company of the Target Group.

(iii) Business carried on by the Target Group

The Target Company is principally engaged in investment holding. The Target Group is a MSME and IB entrepreneurship training services provider in the PRC which targets entrepreneurs and senior executives in MSMEs, as well as individual businesses and customers who are interested in establishing start-up enterprises. The Target Group provides a variety of training programmes for its customers aiming to enhance their management capabilities in aspects such as business management, fiscal and tax optimisation, employee incentives, human resource management, supply chain management, marketing and sales. The training programmes cover topics such as business models, shareholding structures, capital structures, entrepreneurial thinking, business management, investment logic, macroeconomic analysis and policy interpretation, equity investment skills and the design of equity incentive schemes.

The Target Group's business relies on its collaboration with lecturers and sales agents. The Target Group's lecturers consist of General lecturers, who are sales agents of the Target Group and Experienced Lecturers, who are lecturers including professors in research institutions, founders and entrepreneurs of well-known companies, prominent investors in top-tier investment institutions and industry practitioners. Most of these Experienced Lecturers have extensive exposure in terms of business management and entrepreneurship and are able to cultivate more new ideas and experiences sharing to enrich the content of the practical training programmes. Other than being General Lecturers, sales agents may also take up the role as tutors. Both General Lecturers and tutors are two distinct roles in the Target Group for different purposes. General Lecturers are mainly responsible for delivering free and introductory training programmes to the students, whereas tutors are mainly responsible for providing assistance to students during the course of the training programmes. The tutors are knowledgeable and responsible for providing in-class services by introducing the Target Group's other training programmes and providing real-time support to students in addressing their needs and answering any questions in relation to the Target Group's training programmes content or logistics. The General Lecturers and tutors are essentially sales agents of the Target Group.

MSME and IB entrepreneurship training services providers may sell their training programmes via (a) direct sales, which mainly relies on internal sales team; (b) distribution sales, which mainly relies on external sales agencies; and/or (iii) referrals from existing customers. The Target Group mainly acquires customers through sales agencies and referrals from existing customers for the following reasons: (a) wider reach and accessibility: sales agents can expand the Target Group's geographic reach and make the courses accessible to a broader audience; (b) personalised guidance and support: the sales agencies approach potential students mainly via phone calls, social media platforms and customer visits in a combined manner to attract the potential students to attend the free or introductory training programmes hosted by the Target Group. They can offer recommendations and guidance to prospective students, tailoring the course offerings to their specific needs and goals; (c) reduced sales and marketing costs: compared to direct sales and distribution sales, utilising sales agents can be more cost-effective than building an in-house sales team for the training service provider.

(iv) Risk factors of the Target Group

The Target Group is subject to following potential risks in its operation.

(a) *Risk of reliance on the sales agencies.* As the Target Company mainly sells its training courses through sales agencies, the Target Company is subject to the risk of reliance on sales agencies. However, the Target Company is of the view that such risk can be mitigated by the following measures: (1) the Target Company collaborates with a wide variety of sales agents and is constantly exploring new sales agencies with strong network and better performance; and (2) other than sales agencies, the Target Company also promotes its training programmes through its online marketing (including social media platforms) and offline marketing (including customer visits).

(b) *The Target Company's relationship with its Experienced Lecturers*. The Target Company's core revenue generating programmes were mainly taught by certain key Experienced Lecturers, some of whom are sourced through the business partners of the Target Group. While there is a risk of reliance on the business partners for sourcing for Experienced Lecturers, the Target Group has the ability to reduce its reliance on the two business partners as the Target Company has been sourcing Experienced Lecturers to broaden its pool of lecturers. The internal research team of the Target Company has also been actively developing its own training programme materials.

(c) *Potential concentration and counter-party risk as the intellectual property rights of the training materials.* The Target Company is the legal owner of the intellectual property rights of the training materials for the core revenue generating training programmes, except for of two of the training programmes, Investment Club and New Business Leader Programme, the copyrights of which are vested with the business partners. The Target Group also collaborate with Experienced Lecturers to offer practical training programmes. While there's a potential risk that the copyright of the training materials of practical training programmes are vested with the Experienced Lecturers, such practical training programmes are not the core revenue generating programmes of the Target Company and even in the unlikely event that the Experienced Lecturers joined competitors of the Target Company, it will not materially affect the financial performance of the Target Company. In addition, the internal research team of the Target Company has also been actively developing its own training programme materials to reduce the risk thereof.

(d) *Potential risk of retaining existing students and reliance on repeat students.* To mitigate the risk of retaining its existing students, the Target Company has taken measures such as adjusting its training programme launching plan, adjusting its geographical expansion plans with potential exclusive authorised training programme providers, focusing on research and development of new training programmes and providing more training programme promotion materials to existing students so as to drive recurring demand. To reduce the risk of reliance on repeat students, the Target Group is actively seeking to reach out to potential customers and attract new students by utilising offline sales channels including the sales agencies in actively building its brand image and reputation for promotional purposes.

(e) *Potential risk of the Target Group's customers being operators, owners, entrepreneurs of MSMEs and IBs, which are sensitive to economic and market changes*. To mitigate such risk, the Target Company has been actively exploring and developing new programs for the students. The Target Company believes that, to handle the economic downturn, operators, owners, entrepreneurs of MSMEs and IBs are more willing to take the training programs as (1) such trainings aims to enhance their management skills and knowledge and can help the students to navigate the challenges and adapt their business strategies to the ever-changing economic conditions; and (2) in addition to imparting management skills, the training also emphasizes the development of strong social networking capabilities for entrepreneurs and the program itself offers networking opportunities for the students as they are all owners, entrepreneurs of MSMEs and IBS and may potentially bring along business opportunities.

(v) Ongoing litigation of the Target Group

Beijing Shengshang noted that one ongoing Claim had been brought in the PRC by the Claimant against each of the Other Defendants and Beijing Shengshang, in relation to personal injury and damages the Claim suffered from the accidents happened during an aesthetic surgery procedure performed by Sichuan Shengli. Beijing Shengshang is alleged by the Claimant to be the actual controller of Sichuan Shengli. The court of the Chengdu High-tech Industrial Development Zone ruled on 19 February 2024 that the Claimant's total loss amounted to RMB1,786,828.20. Sichuan Shengli should be held responsible for the Claimant's loss, and the Other Defendants and Beijing Shengshang should bear joint and several liability for the liabilities held by Sichuan Shengli. As at the Latest Practicable Date, Beijing Shengshang has filed an appeal with the Chengdu Intermediate People's Court for such ruling. Given that the Claimant's total loss of RMB1,786,828.20 is not material as compared to the Target Group's net assets of approximately RMB89.6 million as at 31 May 2024, we consider the Claim would not have a material adverse effect on the Target Group's financial position.

(vi) Financial information of the Target Group

Set out below is a table summarising certain key audited financial information of the Target Group for the three years ended 31 December 2023 and the five months ended 31 May 2024 as extracted from the accountants' report on the Target Group in Appendix II to the Circular.

	FY2021	**FY2022**	**FY2023**	**For the five months ended 31 May 2024**
	(audited)	*(audited)*	*(audited)*	*(audited)*
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Revenue	429,613	291,776	126,341	17,775
Net profit before taxation	89,070	56,355	15,103	8,481
Net profit after taxation	81,323	49,334	13,145	8,200

The Target Group's revenue decreased from approximately RMB429.6 million for FY2021 to approximately RMB126.3 million for FY2023 as after the epidemic, the economy slowed down and the number of students dropped. The Target Group's net profit after taxation also decreased from approximately RMB81.3 million for FY2021 to approximately RMB13.1 million for FY2023. In line with the decrease in revenue and profit, the number of the Target Company's employee decreased from 104 as at 31 December 2021 to 32 as at 31 December 2023.

The Target Group's net asset value decreased from approximately RMB130.3 million as at 31 December 2023 to approximately RMB89.6 million as at 31 May 2024, which was mainly due to that on 31 May 2024, the Target Company assigned loan receivables of US$6,773,887 (equivalent to RMB48,984,000) to its 13 shareholders which is accounted for as deemed distribution. The loan receivable assigned was part of the outstanding loan in the principal amount of US$26,000,000 at the interest rate of 4.5% per annum made available to Noble Trade International by Shengshang Entrepreneurial, a subsidiary of the Target Company, on 13 December 2023. The assignment of loan receivable is a one-time event, it is not expected to affect the future development of the Target Group.

The financial performance of the Target Group has deteriorated in the past few years, which we consider has been reflected in the significant decrease in the consideration for the Acquisition compared to the Previous Consideration. For our analysis of the consideration for the Acquisition, please refer to the section headed "4. Principal terms of the Acquisition Agreement" below.

According to the unaudited pro forma financial information of the enlarged Group in Appendix IV to the Circular, the Directors have made provision of impairment of goodwill of approximately RMB1,300 million for the Acquisition. Such impairment was mainly due to that the pro forma goodwill from the Acquisition was calculated based on the closing price of the Shares of HK$2.12 as at 31 December 2023. The Share price had fallen over the past seven months prior to the Last Trading Date and closed at HK$0.495 on the Last Trading Day. Therefore, we consider the provision of impairment of goodwill is fair and reasonable.

The Company' future investment in the Target Group will depend on the operation, performance and development of the Target Company. As at the Latest Practicable Date, the Company had no definitive plan for investment in the Target Group.

3. Reasons and benefits for the Acquisition

As stated in the 2023 Annual Report, the Group recorded a profit attributable to the Shareholders of approximately RMB55.9 million for FY2023, which was primarily due to a gain of RMB104,185,000 on disposal of the entire equity interests in a wholly-owned subsidiary of the Group with net liability. After deducting the one-off gain on disposal of the subsidiary, the Group incurred net loss of approximately RMB48.3 million in its ordinary course of business for FY2023, which has been loss-making for more than five financial years.

It is the Group's intention to diversify the Group's overall revenue stream and improve its financial performance for the purpose of enhancing the shareholding value and return to the Shareholders. In the past few years, the Group has been actively exploring investment and business opportunities, in particular in the New Businesses, to broaden its assets and revenue base. As disclosed in the 2023 Annual Report, revenue for 2023 was approximately RMB319.8 million, representing an increase of 21.9% from approximately RMB262.3 million for 2022, mainly attributable to the increased revenue from liquor sales and education-related training services with the Group's active business expansion.

Reference is made to announcement of the Company dated 23 August 2022 in relation to the Previous Acquisition, where the Company entered into the Previous Acquisition Agreement with the Vendors at a consideration of HK$1,995,000,000, which will be settled by the allotment and issue of 3,990,000,000 Shares at the issue price of HK$0.50 per share. On 11 September 2023, the Company and the Vendors entered into an agreement to terminate the Previous Acquisition Agreement due to (i) the Company failed to obtain all required approval from relevant authorities, including the Stock Exchange and the SFC prior to the long-stop date of the Previous Acquisition Agreement; and (ii) the change in macro-economy has affected the Target Company's financial performance and consequentially there was a substantial decrease in the valuation of the Target Company since the signing of the Previous Acquisition Agreement. The Company has engaged the Valuer to reassess the fair value of the equity interest of the Target Company.

Beijing Shengshang has a long history and a successful record of operating its training services business in the PRC. The Group is in collaboration with Beijing Shengshang acting as its agent since 2023 which proved to be successful. For more details, please refer to the Company's circular dated 24 October 2023. Upon completion of the Acquisition, as Beijing Shengshang is expected to become a subsidiary of the Company, the agency services provided by Shenzhen Co will be an intra-group transaction. Therefore, although the agency relationship between Shenzhen Co and Beijing Shengshang will not change, such relationship will no longer constitute a continuing connected transaction of the Company. We consider the Acquisition is the further step of the Group to develop its education-related training business following its collaboration with Beijing Shengshang.

The Group has collected the information of Beijing Shengshang including its course details, operation expenses and awards received regarding its services provided and understood Beijing Shengshang promotes its training programs and enhances its overall brand recognition among prospective students with extensive sales channels. Marketing activities of Beijing Shengshang are mainly conducted through the sales agencies, which are supported by the sales and marketing team and monitored by the monitoring and surveillance team of Beijing Shengshang.

The Company considered the Acquisition a good opportunity, after taking into account the following factors: (i) the business scope of the Target Group aligns with the current PRC national strategy; (ii) the Target Group has an established business with a solid track record of financial performance; (iii) the Acquisition allows the Group to expand its training business, increase industry influence and brand strength; (iv) the Acquisition could enhance financial performance of the Group; (v) the Acquisition could boost the Group's product development and faculty capabilities; and (vi) the Acquisition also supports the development of the Group's liquor business. Although the current unfavourable economic environment may impact the individual spending in education, it has also posed major challenges for MSMEs, which demand for improvement in business management and financing. Therefore, despite the tough market conditions, there is still a strong demand for the MSMEs and IB trainings provided by the Target Group. The Target Group has 10 years of history in the MSME and IB training industry and over the past years, the Target Company has spent a great deal of resources into forging its brand recognition, establishing the course design and research team, building up the IT systems and its intellectual properties.as well as developing a team of lecturers and tutors with extensive experience in the training industry, which are crucial to operate the training business and can be utilised directly by Shenzhen Co upon Completion of the Acquisition. Shenzhen Co, upon Completion, will benefit from these well-established resources and capabilities of the Target Company, which will allow it to save significant costs and time that would otherwise be required to further expand and develop its training business.

Taking into account that (i) the Acquisition is in line with the development strategy of the Group and allows the Group to further develop its training related business, which could in turn generate return to its Shareholders; (ii) the consideration for the Acquisition will be settled by the allotment and issue of the Consideration Shares without requiring substantial cash outflow; (iii) according to the unaudited pro forma financial information of the enlarged Group in Appendix IV to the Circular, assuming the Acquisition had been completed on 31 December 2023, the enlarged Group's net liabilities as at 31 December 2023 would decrease to approximately RMB89.3 million from approximately RMB416.1 million; and (iv) upon Completion, the Company will hold the entire issued share capital of the Target Company and enjoy the economic interest and benefits of the Target Group, we concur with the Directors that although the Acquisition is not conducted in the ordinary and usual course of the Company's business, the Acquisition is fair and reasonable and in the interest of the Company and Shareholders as a whole.

4. Principal terms of the Acquisition Agreement

For details of the terms of the Acquisition Agreement, please refer to the Letter from the Board. Set out below are the principal terms of the Acquisition Agreement:

Date	:	26 July 2024 (after trading hours)
Parties	:	(1) The Company, as the Purchaser; and (2) BVI 1, BVI 2, BVI 3, BVI 4, BVI 5, BVI 6, BVI 7, BVI 8, BVI 9, BVI 10, BVI 11, BVI 12 and Ms. Liu, as the Vendors
Assets to be acquired	:	Pursuant to the Acquisition Agreement, 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 the Target Company. Through the Acquisition, the Company will indirectly acquire the Target Company's equity interest in its operating subsidiaries in the PRC.
Consideration	:	The consideration for the Acquisition is HK$340,000,000. It will be settled by the allotment and issue of the Consideration Shares at the Issue Price to the Vendors in proportion to their respective shareholding (or their respective nominee shareholding) in the Target Company.

		The consideration was determined after arm's length negotiations among the Company and the Vendors with reference to, (i) the prospects of the Target Group's business; (ii) the financial performance of the Target Group; (iii) the valuation of the Target Group of RMB330 million based on market approach as assessed by the Valuer; (iv) the reasons for and benefits of the Acquisition to the Group following the Completion; and (v) the prevailing market prices of the Shares of approximately HK$0.50 prior to entering into the Acquisition Agreement and the recent market conditions.
Consideration Shares	:	The Consideration Shares represent (i) approximately 89.31% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 47.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately upon the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save as the issue of the Consideration Shares). The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with all the other Shares in issue as at the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.
Issue Price	:	HK$0.40 per Consideration Share

When considering the fairness and reasonableness of the terms of the Acquisition Agreement, we have taken into account the following factors.

(i) The consideration for the Acquisition

The consideration for the Acquisition was determined after arm's length negotiations among the Company and the Vendors with reference to the valuation of 100% equity interest of the Target Company as at 31 May 2024 (the "**Valuation Date**") of RMB330,000,000 based on market approach as assessed by Ravia Global Appraisal Advisory Limited, an independent valuer (the "**Valuer**").

We have reviewed the valuation report (the "**Valuation Report**") prepared by the Valuer. In assessing the fairness and reasonableness of the valuation, we have taken into the following factors:

(a) The qualification and scope of work of the Valuer

We have reviewed and discussed with the Valuer on their qualification and experience in conducting valuation. We noted that (1) the Valuer is an independent valuation and advisory group in Hong Kong and serves listed companies, auditors and other professional parties who need professional valuation services based on rigorous analysis and technical expertise; (2) Mr. Ng, Chun Fai Elvis, as the director of the Valuer and being responsible for the overall project management of the Valuation Report, has over eleven years' experience in business and financial valuation service, business consulting and M&A advisory service in Hong Kong and China; (3) the Valuer's clients include other listed companies on the Stock Exchange; and (4) the Valuer is an independent third party to the Company, the Vendors and their respective associates.

We have reviewed the terms of the Valuer's engagement agreement with the Company, in particular, their scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in the Valuation Report.

Based on the above, we are of the view that the scope of work of the Valuer is appropriate and the Valuer is qualified to perform the valuation. We therefore consider it appropriate to rely on their work and opinion.

(b) Valuation approach

We have discussed with the Valuer and understand that the Valuer has adopted the market approach due to the following consideration:

(1) 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 Target Company's business operations and nature of the industry is participating, professional judgment and technical expertise;

(2) market approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices may be adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets; and

(3) the market approach is considered to be the most appropriate valuation approach in this valuation as it requires far fewer subjective assumptions than the income approach. The cost approach is also considered inappropriate as the replication cost may not represent its value.

Given (1) the income approach requires subjective assumptions and long-term financial projection. The financial performance of the Target Group has fluctuated in recent years due to changes in the macroeconomic environment and we consider that it is difficult to make accurate predictions about future growth trends; and (2) the cost approach ignores the economic benefits of ownership of the business, we concur with the Valuer that the market approach is the most appropriate valuation methodology to conduct a fair and reasonable valuation of the Target Company.

(c) Application of the market approach

Under the market approach, the Guideline Public Company Method (the "**GPCM**") is adopted in the valuation. In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to the Target Company are calculated, then the indicated value of the Target Company is calculated by the adopted price multiples with adjustments of size, control premium and discount for lack of marketability if applicable. The price multiples are ratios that relate business value to some measure of the Target Company's financial performance.

The Valuer has identified six comparable companies (the "**Comparable Companies**") which (1) are principally engaged in the provision of entrepreneurship or vocational training services in the PRC, accounting for more than 50% of their revenues; and (2) have their shares listed in a major stock exchange and traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market. Given that (1) the Target Group is a MSME and IB entrepreneurship training services provider in the PRC and each of the Comparable Companies also generated its revenue mainly from the provision of training services; (2) we have tried to search for companies which are engaged in the provision of entrepreneurship training services, and we only identified Dark Horse Technology Group Co., Ltd. (300688.CH) ("**Dark Horse**") while its revenue contribution from entrepreneurship training services was less than 40% for FY2023 and, in addition to entrepreneurship training services, it also provides intellectual property, marketing, software as a service and other enterprise services. Therefore, we consider that it is not appropriate to select Dark Horse as a comparable company based on its revenue composition. For illustrative purposes only, Dark Horse had a P/B (as defined below) multiple of approximately 8.0 times on the Valuation Date. If Dark Horse Technology Group Co., Ltd were to be considered as a Comparable Company, it would lead to an increase in the hypothetical valuation of the Target Company which could potentially mislead the Company and the Shareholders; (3) due to the scarcity of comparable companies solely focused on entrepreneurship training, the selection criteria was expanded to include companies that provide entrepreneurship or vocational training services; (4) although the training services provided by the Comparable Companies are not exactly the same as those of the Target Group and it is impracticable and infeasible to make numerical adjustment for the differences in services provided (unique attributes of each service provided by Comparable Companies make it difficult to quantify adjustments), the Comparable Companies already have the most comparable business nature to the Target Group as they are within the same industry framework as that of the Target Group, and could provide the Shareholders with valuable insights and a meaningful benchmark when valuing the business of the Target Group; and (5) the expanded scope provides a sufficient and appropriate sample size for analysis, we concur with the Valuer that the selection criteria is fair and reasonable and the Comparable Companies are fair and representative for assessing the valuation of the Target Group. We have independently searched on Bloomberg with the above selection criteria and consider the list of the Comparable Companies to be exhaustive.

To derive the fair value of the Target Company, the Valuer has considered various price multiples including the Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization ("**EV/EBITDA**") multiple, Enterprise Value to Earnings Before Interest and Taxes ("**EV/EBIT**") multiple, Enterprise Value to Sales ("**EV/S**"), Price to Earnings ("**P/E**") multiple, Price to Sales ("**P/S**") multiple and the Price to Book ("**P/B**") multiple. Taking into account that (1) the EV/S multiple and the P/S multiple do not capture differences in cost structure across companies and the Target Group's revenue fluctuated during the three years ended 31 December 2023 and the five months ended 31 May 2024; (2) the P/E multiple, EV/EBIT multiple and EV/EBITDA multiple are also not suitable since the earnings of the Target Group for the trailing 12 months prior to the Valuation Date were mostly driven by other income and other gains, and the reversal of allowance for financial assets under expected credit loss; and (3) the P/B multiple is typically applied for valuing companies which hold relatively liquid assets on their balance sheets and could provide a general reference for the valuation of a company relative to its book value, although the Target Group's business is not capital intensive, we concur with the Valuer that the P/B multiple is the most appropriate multiple for the valuation of the Target Company. The Target Group's assets consist primarily of amounts due from other parties that the Target Group's directors consider to have a low risk of default. Based on our review of the latest annual reports of the Comparable Companies, only China East Education Holdings Limited had a high level of fixed assets leading to a relatively low P/B multiple compared to other Comparable Companies as it has its own schools for provision of training services. The exclusion of China East Education Holdings Limited from the Comparable Companies does not affect our analysis result.

The P/B multiples of the Comparable Companies were adjusted to reflect the difference in natures between the Comparable Companies and the Target Group and the Valuer has made reference to Cost of Capital by Kroll Cost of Capital Navigator as at 31 December 2023 for the required increase in the equity discount rate for size difference. For details of the adjustment made by the Valuer, please refer to the Letter from the Board. Based on our independent search on the valuation reports published on the website of the Stock Exchange, it is common practice to adjust the price multiple with the same formula used by the Valuer to reflect the size differences between the target companies and the comparable companies. We have also reviewed the website of Kroll, a leading independent provider of risk and financial advisory solutions, and noted that the Kroll Cost of Capital Navigator is a global cost of capital tool and data delivery platform and is widely used authoritative sources of equity risk premia, size premia and other critical data used in computing cost of capital. As such, we consider the adjustment made by the Valuer to be fair and reasonable.

As extracted from the Valuation Report, the following table sets out details of the Comparable Companies and the relevant multiples:

Company Name	Stock code	Company description	Net asset/ (liability) value *(RMB million)*	P/B multiples (Note) *(times)*	Adjusted P/B multiples *(times)*
China East Education Holdings Limited	667.HK	China East Education Holdings Limited provides vocational training educational services. It offers culinary education, internet technology education, automotive education, and other services. China East Education Holdings provides services in China.	5,608	0.83	0.82
Jiangsu Chuanzhiboke Education Technology Company Limited	003032.CH	Jiangsu Chuanzhiboke Education Technology Co., Ltd. provides online training courses. It offers system training courses, big data analysis training courses, software testing training courses, and other courses. Jiangsu Chuanzhiboke Education Technology provides services in China.	1,338	2.87	2.87
Shanghai Action Education Technology Company Limited	605098.CH	Shanghai Action Education Technology CO., LTD. provides educational services. It mainly offers entrepreneur training, management training, management consulting, and other services. Shanghai Action Education Technology provides its services throughout China.	989	5.78	5.27
Offcn Education Technology Company Limited	002607.CH	Offcn Education Technology Co., Ltd. offers education training services. It provides civil servants, institutions, and teachers training services. Offcn Education Technology mainly operates businesses in China.	650	22.30	12.54 (outlier)
Fenbi Limited	2469.HK	Fenbi Ltd. offers non formal vocational education and training services. It provides career test preparation, recruitment and qualification examination tutoring, and other services.	1,268	6.96	6.24

Company Name	Stock code	Company description	Net asset/ (liability) value *(RMB million)*	P/B multiples (Note) *(times)*	Adjusted P/B multiples *(times)*
Kaiyuan Education Technology Group Company Limited	300338.CH	Kaiyuan Education Technology Group Co., Ltd. offers educational services. It provides education management, education consulting, education investment, teaching testing, teaching evaluation, and other services.	(118)	Not available	Not available
				Average	**3.80**

Note: The P/B multiples were calculated by the market capitalisation of the Comparable Companies on the Valuation Date divided by their latest available net asset value.

Based on the average adjusted P/B multiple of the Comparable Companies of 3.80 times and the net asset value of the Target Group as at 31 May 2024 of approximately RMB89.6 million, the fair value of 100% equity interest of the Target Company is approximately RMB339 million.

The initial fair value of RMB339 million was further subject to a discount rate of lack of marketability ("**DLOM**") of 21.2% and a control premium of 23.7%. Based on our review of the Valuation Report, the DLOM and the control premium adopted by the Valuer were determined by reference to the research "Control Premium and Discount for Lack of Marketability Study 2024 — Issue 2", published by Moore, which summarised the DLOM and the control premium adopted by the valuation reports published on the website of the Stock Exchange for the year ended 31 March 2024. As such, we consider the DLOM and the control premium adopted by the Valuer to be fair and reasonable. The fair value of 100% equity interest of the Target Company after adjusting for the DLOM and the control premium is approximately RMB330 million.

Based on the above, we consider that the bases and methodologies (including the price multiple and the selection criteria of the Comparable Companies) adopted in arriving at the valuation of 100% equity interest of the Target Company and thus the valuation are fair and reasonable. Taking into consideration of, among other things, the consideration for the Acquisition of HK$340 million (equivalent to RMB310.4 million based on at the exchange rate of HK$1=RMB0.91304 as at the date of the Acquisition Agreement) represents a discount of approximately 5.9% to the appraised value, we are of the view that the consideration for the Acquisition is fair and reasonable.

(ii) Issue Price

The Issue Price of HK$0.40 represents:

(a) a discount of approximately 72.79% to the closing price per Share of HK$1.47 as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 19.19% to the closing price per Share of HK$0.495 as quoted on the Stock Exchange on the Last Trading Date;

(c) a discount of approximately 19.84% to the average of the closing price per Share of approximately HK$0.499 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(d) a discount of approximately 19.60% to the average of the closing price per Share of approximately HK$0.498 for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(e) a premium of HK$2.49 as compared 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; and

(f) a premium of HK$0.75 as compared to the unaudited net liabilities per Share of approximately HK$0.35 (equivalent to approximately RMB0.32 at the exchange rate of HK$1 = RMB0.90927) as at 31 May 2024 based on 793,135,692 Shares in issue after the completion of a subscription agreement dated 18 March 2024 involving loan capitalisation.

The Issue Price is HK$0.40 per Consideration Share. The Issue Price was determined by the Purchaser and the Vendors after arm's length negotiations, with reference to, among others, (a) the financial position of the Company; (b) the prevailing market price of the Shares; and (c) the current market conditions.

Comparison with Comparable Companies

In assessing whether the Issue Price is fair and reasonable, we have identified an exhaustive list of two companies (the "**Retail Comparable Companies**") which (a) are principally engaged in retail of home appliances, which accounts for more than 50% of revenue; and (b) have their shares listed on Main Board of the Stock Exchange. Based on the aforesaid criteria, we have identified an exhaustive list of two Retail Comparable Companies. Given that the New Businesses (a) just started in 2023 and have not reached a stage of stable development; (b) contributed to only approximately 25% of the Group's revenue for FY2023; (c) accounted for approximately 31% of the Group's total assets as at 31 December 2023; and (d) had segment loss for FY2023, we consider that the valuation of the Company mainly reflects its retail business' performance and selecting the Retail Comparable Companies which are principally engaged in retail of home appliances is fair and reasonable.

Although a limited number of comparable companies were identified, we consider that the business of the Retail Comparable Companies is the most comparable to that of the Company and their valuation could reflect the latest market sentiment and provide a meaningful reference for the Independent Shareholders.

P/E multiple, P/B multiple and P/S multiple are the three most commonly used benchmarks in valuing a company. Given (a) the Group was loss-making for FY2023 after deducting the one-off gain on disposal of the subsidiary; (b) the Group was in net liabilities position as at 30 June 2024; and (c) P/S multiple is appropriate for valuing companies which have stable revenue such as retailers offering general merchandise, we consider that P/S multiple is more appropriate for valuing the Group as compared to P/E and P/B multiples.

The following table set out the details of the Retail Comparable Companies:

Company name (stock code)	**Principal activities**	**Market capitalisation on the Last Trading Date (HK$ million)**	**P/S on the Last Trading Date**
YOHO Group Holdings Limited (2347)	Sales of consumer electronics and home appliances and lifestyle products	313.6	0.37
Gome Retail Holdings Limited (493) ("**Gome Retail**")	Operating and managing of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full category of online sales network in the PRC through self-operated and platform models	1,149.4	1.78
	Average		**1.07**
	The Company	471.1	1.11 *(Note)*

Source: website of the Stock Exchange

Note: The implied P/S of the Company is calculated based on the Issue Price and the Group's revenue for FY2023.

As shown above, the P/S of the Retail Comparable Companies ranged from approximately 0.37 time to approximately 1.78 times with an average P/S of approximately 1.07 times on the Last Trading Date. The implied P/S of the Company of approximately 1.11 times is higher than the average P/S of the Retail Comparable Companies. For illustrative purposes only, if the selection criteria is expanded to include the companies listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange, Suning.com Co., Ltd. (002024.SZ) would be identified and it had a P/S of approximately 0.18 on the Last Trading Date which is lower than the implied P/S of the Company and does not affect the comparison results.

As such, we consider the Issue Price to be fair and reasonable so far as the Independent Shareholders are concerned.

Comparison with Comparable Transactions

We have further reviewed recent market practice of issuance of consideration shares for acquisition which (a) were announced by the companies listed on the Stock Exchange with market capitalisation within HK$500 million as at the date of their announcements, which is comparable to the Company's market capitalisation of approximately HK$471 million on the Last Trading Date; and (b) were announced during the period from 26 January 2024 up to the Last Trading Day (being approximately half a year), which we consider to be adequate and appropriate to provide a sufficient sample for comparison with the Acquisition. We have identified an exhaustive list of nine transactions (the "**Comparable Transactions**").

The details of the Comparable Transactions are set out below:

Company name (stock code)	**Date of announcement**	**Market capitalisation (HK$ million)**	**Premium/ (discount) of the issue price to the closing price on the last trading day**	**Premium/ (discount) of the issue price to average closing price for the last five trading days prior to the date of the acquisition agreement**
Ruicheng (China) Media Group Limited (Stock Code: 1640)	24 July 2024	350	(17.81%)	(19.79%)
China Health Group Limited (Stock Code: 673)	7 July 2024	450	(14.90%)	(16.00%)
Future World Holdings Limited (Stock Code: 572)	26 June 2024	163	0.00%	4.17%
China Information Technology Development Limited (Stock Code: 8178)	6 June 2024	71	(13.04%)	(16.39%)
Future Data Group Limited (Stock Code: 8229)	17 April 2024	279	(17.65%)	(15.83%)
Unity Enterprise Holdings Limited (Stock Code: 2195)	22 March 2024	150	(16.00%)	(19.20%)
K Group Holdings Limited (Stock Code: 8475)	12 March 2024	43	(16.84%)	(18.97%)
V.S. International Group Limited (Stock Code: 1002)	21 February 2024	222	191.67% *(outlier)*	196.61% *(outlier)*
Hao Bai International (Cayman) Limited (Stock Code: 8431)	26 January 2024	59	(18.20%)	(18.28%)
		Maximum	0.00%	4.17%
		Minimum	(18.20%)	(19.79%)
		Average	(14.31%)	(15.04%)
		Median	(16.42%)	(17.34%)
The Company	26 July 2024	471	(19.19%)	(19.84%)

As set out in the table above, we noted that:

(a) the issue price to the share price on the last trading day prior to signing of the acquisition agreement of the Comparable Transactions ranged from a discount of approximately 18.20% to a discount of nil, with a median discount of approximately 16.42%. The discount of approximately 19.19% as represented by the Issue Price to the closing price of the Shares on the Last Trading Day is generally close to the highest discount of the Comparable Transactions and is slightly higher than the median discount of the Comparable Transactions; and

(b) the issue price to average closing price for the last five trading days prior to the date of the acquisition agreement of the Comparable Transactions ranged from a discount of approximately 19.79% to a premium of approximately 4.17%, with a median discount of approximately 17.34%. The discount of approximately 19.84% as represented by the Issue Price to the closing price of the Shares for the last five trading days prior to the date of the Acquisition Agreement is generally close to the highest discount of the Comparable Transactions and is slightly higher than the median discount of the Comparable Transactions.

Although the discounts represented by the Issue Price are slightly higher than the median of the discounts of the Comparable Transaction, taking into account that (a) the implied P/S of the Company of approximately 1.11 times is higher than the average P/S of the Retail Comparable Companies; and (b) the consideration for the Acquisition of HK$340 million (equivalent to RMB310.4 million based on at the exchange rate of HK$1=RMB0.91304 as at the date of the Acquisition Agreement) represents a discount of approximately 5.9% to the appraised value of approximately RMB330 million, we consider the discounts represented by the Issue Price to be acceptable.

5. Potential dilution effect on the shareholding interests of the Independent Shareholders

As at the Latest Practicable Date, the Company has 951,762,830 Shares in issue.

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately upon the Completion, assuming that no further Shares will be allotted and issued from the Latest Practicable Date and prior to the Completion is as follows:

	As at the Latest Practicable Date		**Immediately upon the Completion and allotment and issue of the Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
Parties acting or presumed to be acting in concert				
Noble Trade International	298,472,783	31.36	298,472,783	16.57
BVI 1	84,623,334	8.89	327,553,334	18.18
BIV 2	31,208,186	3.28	120,798,186	6.70
BVI 3	2,960,928	0.31	11,460,928	0.64
BVI 4	30,408,735	3.19	117,703,735	6.53
BVI 5	2,279,915	0.24	8,824,915	0.49
BVI 6	13,472,224	1.42	52,147,224	2.89
BVI 7	43,792,131	4.60	169,507,131	9.41
BVI 8	2,960,928	0.31	11,460,928	0.64
BVI 9	52,230,777	5.49	202,170,777	11.22
BVI 10	12,672,774	1.33	49,052,774	2.72
BVI 11	9,682,236	1.02	34,477,236	2.08
BVI 12	9,504,580	1.00	36,789,580	2.04
Ms. Liu Shixiu	296,093	0.03	1,146,093	0.06
Yayue Longte Co., Limited	132,483,086	13.92	132,483,086	7.35
Other public Shareholders	224,714,120	23.61	224,714,120	12.47
Total issued Shares	**951,762,830**	**100.00**	**1,801,762,830**	**100.00**

As shown in the above table, we noted that the shareholding in the Company held by the existing minority Shareholders would be diluted from approximately 23.61% as at the Latest Practicable Date to approximately 12.47% immediately after the Completion.

Nonetheless, having considered that (i) the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the consideration for the Acquisition is fair and reasonable; (iii) the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned; and (iv) in particular, upon completion of the Acquisition, the Group would alter from a net liability position to a net asset position, we are of the view that the potential dilution effect on the shareholding interests of the existing minority Shareholders to be acceptable.

6. Potential financial effects as a result of the Acquisition

Upon Completion, the Company will hold the entire issued share capital of the Target Company and enjoy the economic interest and benefits of the Target Group. As a result, the financial results of the Target Group will be consolidated into the financial statements of the Group.

As the consideration will be settled by Consideration Shares, the equity of the Group is expected to increase as a result of the enlarged capital base following the issue of Consideration Shares. The working capital position of the Group would not be affected as the Acquisition does not involve cash outlay on the part of the Group.

OPINION AND RECOMMENDATION

Having considered the above principal factors, we consider that the Acquisition is on normal commercial terms, and is fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Acquisition, while not in the ordinary and usual course of business of the Group, are nevertheless in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition, the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. FINANCIAL SUMMARY

The Company is required to set out or refer to in this circular the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements for the three years ended 31 December 2023 and six months ended 30 June 2024 as shown in the (i) audited consolidated financial statements of the Group for the year ended 31 December 2021; (ii) audited consolidated financial statements of the Group for the year ended 31 December 2022; (iii) audited consolidated financial statements of the Group for the year ended 31 December 2023; and (iv) the unaudited consolidated financial statements of the Group for the period ended 30 June 2024; together with the significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information.

The consolidated financial statements of the Group for the year ended 31 December 2021 are set out from page 42 to page 119 in the Company's annual report for the year ended 31 December 2021, which was published on 21 April 2022 and posted on the website of the Stock Exchange (*http://www.hkex.com.hk*) and the website of the Company (www.qidianguofeng.cn), and are accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100459.pdf

The consolidated financial statements of the Group for the year ended 31 December 2022 are set out from page 43 to page 117 in the Company's annual report for the year ended 31 December 2022, which was published on 21 April 2023 and posted on the website of the Stock Exchange (*http://www.hkex.com.hk*) and the website of the Company (www.qidianguofeng.cn), and are accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100607.pdf

The consolidated financial statements of the Group for the year ended 31 December 2023 are set out from page 46 to page 116 in the Company's annual report for the year ended 31 December 2023, which was published on 25 April 2024 and posted on the website of the Stock Exchange (*http://www.hkex.com.hk*) and the website of the Company (www.qidianguofeng.cn), and are accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501010.pdf

The consolidated financial statements of the Group for the period ended 30 June 2024 are set out from page 2 to page 20 in the Company's interim results announcement for the period ended 30 June 2024, which was published on 26 August 2024 and posted on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (www.qidianguofeng.cn), and are accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0826/2024082601030.pdf

Summary of financial information of the Group

The following is a summary of the financial results of the Group for the years ended 31 December 2023 and the six months ended 30 June 2024 as extracted from the relevant annual reports and interim results announcement of the Company (as applicable):

	For the year ended 31 December			For the period ended 30 June
	2021	**2022**	**2023**	**2024**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	301,173	262,348	319,813	173,335
Profit/(loss) before tax	(62,154)	(137,514)	53,789	(37,940)
Income tax credit/(expense)	(25)	(311)	(79)	5
Profit/(loss) after tax	(62,179)	(137,825)	53,710	(37,935)
Profit/(loss) for the year/ period attributable to				
— Equity holders of the Company	(60,036)	(136,767)	55,854	(32,579)
— Non-controlling interests	(2,143)	(1,058)	(2,114)	(5,356)
Dividend	—	—	—	—
Earnings/(loss) per Share	(0.294)	(0.624)	0.255	(0.09)
Total comprehensive income/(loss) for the year attributable to				
— Equity holders of the Company	(60,036)	(136,767)	55,854	(32,579)
— Non-controlling interests	(2,143)	(1,058)	(2,144)	(5,356)

Save as disclosed above, the Group had no other material income or expense for the years ended 31 December 2023 and the six months ended 30 June 2024.

The auditor of the Company for the three years ended 31 December 2023 and the six months ended 30 June 2024 was Elite Partners CPA Limited. The audit opinions of Elite Partners CPA Limited in respect of the above years were not qualified nor modified.

No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditor of the Company in respect of the Group's audited consolidated financial statements for the three years ended 31 December 2023 and the six months ended 30 June 2024.

2. INDEBTEDNESS

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had:

(a) unsecured other borrowing of approximately RMB134,403,605; and

(b) lease liabilities of approximately RMB15,113,054.

Secured borrowing and unsecured borrowings amounted to approximately RMB134,403,605 of which RMB127,864,932 was classified as non-current liabilities. Lease liabilities of approximately RMB15,113,054, representing the present value of the lease payments to be made by the Group as a lessee over the term of the lease. Such lease liabilities comprise current liabilities of RMB8,917,089 and non-current liabilities of RMB6,195,965.

Save as aforesaid, as at 31 July 2024 being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, and apart from the intra-group liabilities, the Enlarged Group did not have any debt securities issued and outstanding, any authorised or otherwise created but unissued, term loans, other borrowings, indebtedness in nature of borrowings including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, debentures, mortgages, charges, recognised lease liabilities, which are either guaranteed, unguaranteed, secured, or unsecured, or other material contingent liabilities or guarantees outstanding at the close of business.

3. MATERIAL CHANGES

The Directors confirm that, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

The following is the text of a report set out on pages II-1 to II-55, received from the Target Company's reporting accountants, CL Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this investment circular.

4 September 2024

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHENGSHANG ENTREPRENEURIAL SERVICES CO., LTD. TO THE DIRECTORS OF CHINA QIDIAN GUOFENG HOLDINGS LIMITED

Introduction

We report on the historical financial information of Shengshang Entrepreneurial Services Co., Ltd., (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-5 to II-55, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023 and 31 May 2024, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 31 May 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years then ended 31 December 2023 and for the five months ended 31 May 2024 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-5 to II-55 forms an integral part of this report, which has been prepared for inclusion in the investment circular of China Qidian Guofeng Holdings Limited dated 4 September 2024 (the "Investment Circular") in connection with the proposed acquisition of the entire issued capital of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Target Company determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's and the Target Company's financial position as at 31 December 2021, 2022 and 2023 and 31 May 2024 and of the Target Group's consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the five months ended 31 May 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited And the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared by group entities comprising the Target Group in respect of the Relevant Periods and states that no dividend was paid or declared by the Target Company since its incorporation.

No historical financial statements for the Target Company

No financial statements have been prepared for the Target Company since its date of incorporation.

CL Partners CPA Limited
Certified Public Accountants
LEE, Wai Chi
Practising Certificate Number: P07830
Hong Kong
4 September 2024

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by CL Partners CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Consolidated Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

A CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021	2022	2023	Five months ended 31 May 2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	6	429,613	291,776	126,341	56,943	17,775
Cost of services		(286,886)	(196,592)	(94,054)	(43,121)	(9,371)
Sales related tax and auxiliary charges		(1,126)	(634)	(243)	(118)	(97)
Gross profit		141,601	94,550	32,044	13,704	8,307
Other income and other gains and losses, net	7	12,361	11,898	11,480	3,136	5,935
Reversal of allowance/(allowance) for financial assets under expected credit loss model, net		29	(7,787)	5,422	(2,014)	8
Selling and administrative expenses		(63,745)	(41,899)	(33,640)	(16,442)	(5,730)
Profit/(loss) from operations		90,246	56,762	15,306	(1,616)	8,520
Share of result of an associate	19	(1,058)	(250)	(31)	(22)	—
Finance costs	9	(118)	(157)	(172)	(82)	(39)
Profit/(loss) before tax		89,070	56,355	15,103	(1,720)	8,481
Income tax (charge)/credit	10	(7,747)	(7,021)	(1,958)	593	(281)
Profit/(loss) and total comprehensive income/(loss) for the year/period	11	81,323	49,334	13,145	(1,127)	8,200
Attributable to:						
Owners of the Target Company		81,323	49,334	13,145	(1,127)	8,200

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
	Note	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	15	6,417	5,926	5,489	5,347
Right-of-use assets	16	950	5,157	2,947	1,837
Intangible assets	17	51	—	—	—
Interest in an associate	19	307	57	26	26
Amounts due from related companies	20	—	92,584	174,908	131,879
Deferred tax assets	27	1	1,169	87	134
Total non-current assets		7,726	104,893	183,457	139,223
Current assets					
Trade receivables	21	7,097	3,175	633	108
Deposits, prepayments and other receivables	22	7,141	6,330	8,404	3,013
Other current assets	30(a)	37,550	27,949	7,948	2,266
Tax recoverable		—	1,409	1,122	824
Bank and cash balances	23	349,747	200,841	9,433	5,071
Total current assets		401,535	239,704	27,540	11,282
TOTAL ASSETS		409,261	344,597	210,997	150,505
EQUITY AND LIABILITIES					
Equity attributable to owners of the Target Company					
Share capital	24	30,000	208	208	208
Reserves	25	66,525	116,981	130,126	89,342
Total equity		96,525	117,189	130,334	89,550

	Note	As at 31 December 2021	2022	2023	As at 31 May 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Lease liabilities	26	—	3,050	736	—
Deferred tax liabilities	27	—	—	92	122
Total non-current liabilities		—	3,050	828	122
Current liabilities					
Lease liabilities	26	1,205	2,153	2,313	1,953
Trade payables	28	17,429	32,793	4,451	2,658
Accruals and other payables	29	122,005	77,997	26,053	23,625
Contract liabilities	30(b)	169,058	111,415	47,018	32,597
Tax payables		3,039	—	—	—
Total current liabilities		312,736	224,358	79,835	60,833
TOTAL EQUITY AND LIABILITIES		409,261	344,597	210,997	150,505

C. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Note	As at 31 December			As at 31 May
		2021	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current asset					
Investment in a subsidiary	18	8	8	8	8
Current assets					
Bank and cash balances		—	1,324	1,214	1,214
Other receivables		—	—	144	144
Total current assets		8	1,324	1,358	1,358
Total assets		8	1,332	1,366	1,366
EQUITY					
Equity attributable to owners of the Target Company					
Share capital	24	—	208	208	208
Reserves		—	1,116	1,150	1,150
Total equity		—	1,324	1,358	1,358
LIABILITIES					
Current liability					
Amount due to a subsidiary		8	8	8	8
Total current liabilities		8	8	8	8
Total liabilities		8	8	8	8
Total equity and liabilities		8	1,332	1,366	1,366

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company					
	Share capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve**	**Retained earnings**	**Total equity**
	(Note 24)	*(Note 25(b))*	*(Note 25(b))*	*(Note 25(b))*		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	30,000	—	1,841	15,000	28,361	75,202
Profit and total comprehensive income for the year	—	—	—	—	81,323	81,323
Dividend paid (Note 14)	—	—	—	—	(60,000)	(60,000)
At 31 December 2021 and 1 January 2022	30,000	—	1,841	15,000	49,684	96,525
Profit and total comprehensive income for the year	—	—	—	—	49,334	49,334
Deemed distribution (Note 24b)	(30,000)	—	—	—	—	(30,000)
Issue of shares (Note 24)	208	1,122	—	—	—	1,330
At 31 December 2022 and 1 January 2023	208	1,122	1,841	15,000	99,018	117,189
Profit and total comprehensive income for the year	—	—	—	—	13,145	13,145
At 31 December 2023 and 1 January 2024	208	1,122	1,841	15,000	112,163	130,334
Profit and total comprehensive income for the period	—	—	—	—	8,200	8,200
Deemed distribution (Note 20)	—	—	—	—	(48,984)	(48,984)
At 31 May 2024	208	1,122	1,841	15,000	71,379	89,550
At 1 January 2023	208	1,122	1,841	15,000	99,018	117,189
Loss and total comprehensive loss for the period (Unaudited)	—	—	—	—	(1,127)	(1,127)
At 31 May 2023 (Unaudited)	208	1,122	1,841	15,000	97,891	116,062

E. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	89,070	56,355	15,103	(1,720)	8,481
Adjustments for:					
Finance costs	118	157	172	82	39
Interest income	(8,758)	(9,248)	(8,375)	(2,723)	(3,118)
Share of result of an associate	1,058	250	31	22	—
Depreciation of property, plant and equipment	590	662	664	288	278
Depreciation of right-of-use assets	2,348	2,110	2,210	921	886
Amortisation of intangible assets	43	51	—	—	—
Loss on disposal of property, plant and equipment	—	—	—	—	23
Exchange gains	—	—	—	—	(2,717)
(Reversal of allowance)/ allowance of financial asset under expected credit loss model, net	(29)	7,787	(5,422)	2,014	(8)
Operating profit/(loss) before working capital changes	84,440	58,124	4,383	(1,116)	3,864
(Increase)/decrease in trade receivables	(5,327)	3,922	2,542	3,175	525
Decrease in other current assets	5,004	9,601	20,001	8,984	5,682
(Increase)/decrease in deposits, prepayments and other receivables	(1,787)	5,440	(2,127)	(3,728)	5,457
(Decrease)/increase in trade payables	(1,129)	15,364	(28,342)	(27,853)	(1,793)
(Decrease)/increase in accruals and other payables	85,565	(44,008)	(52,314)	(15,950)	(2,615)
(Decrease)/increase in contract liabilities	39,276	(57,643)	(64,397)	(37,306)	(14,421)
Cash generated from/(used in) operations	206,042	(9,200)	(120,254)	(73,794)	(3,301)
Income tax (paid)/refunded	676	(12,637)	(497)	(775)	—
Interest on lease liabilities	(118)	(157)	(172)	(82)	(39)
Net cash generated from/(used in) operating activities	206,600	(21,994)	(120,923)	(74,651)	(3,340)

	Note	Year ended 31 December 2021	2022	2023	Five Months Ended 31 May 2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(5,319)	(171)	(227)	(54)	(168)
Proceed from disposal of property, plant and equipment		—	—	—	—	9
Advance to a related company	20	—	(100,000)	(160,000)	(85,000)	—
Repayment from a related company		—	—	83,000	60,000	—
Interest received		8,758	4,248	8,896	1,101	9
Net cash generated from/(used in) investing activities		3,439	(95,923)	(68,331)	(23,953)	(150)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	14	(60,000)	—	—	—	—
Deemed distribution	24	—	(30,000)	—	—	—
Proceeds from issue of shares	24	—	1,330	—	—	—
Principal elements of lease payments		(2,907)	(2,319)	(2,154)	(914)	(872)
Net cash used in financing activities		(62,907)	(30,989)	(2,154)	(914)	(872)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		147,132	(148,906)	(191,408)	(99,518)	(4,362)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		202,615	349,747	200,841	200,841	9,433
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		349,747	200,841	9,433	101,323	5,071
Represented by:						
Cash and cash equivalents at end of year, represented by bank and cash balances		349,747	200,841	9,433	101,323	5,071

F. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

General information

The Target Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 October 2021. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The address of its principal place of business is Room 1103, Block 1, Chengying Center, Laiguangying West Road, Chaoyang District, Beijing, People's Republic of China ("the PRC").

The Target Company is an investment holding company the principal activities of operating subsidiaries, as set out in Note 18 to the Historical Financial Information.

Reorganisation (the "Reorganisation")

Beijing Shengshang and Beijing Qidian was incorporated on 5 August 2005 and on 22 December 2020 respectively. Beijing Qidian has been a wholly-owned subsidiary of Beijing Shengshang since its incorporation. Beijing Shengshang acquired Guoyi Culture in 2021 without consideration.

The Target Company and Shengshang Entrepreneurial was incorporated on 26 October 2021 and 8 November 2021 respectively. Shengshang Entrepreneurial has been a wholly-owned subsidiary of the Target Company since its incorporation.

Beijing Qidian Chuangfu was incorporated on 16 December 2021 and has been a wholly-owned subsidiary of Shengshang Entrepreneuria since its incorporation.

In 2022, all shareholders of Beijing Shengshang entered into an equity transfer agreement with Beijing Qidian Chuangfu, pursuant to which all shareholders of Beijing Shengshang transferred their respective equity interests in Beijing Shengshang to Beijing Qidian Chuangfu at a total consideration of RMB30 million (the "Equity Transfer"). The relevant equity transfer was completed in 2022. Upon completion of such transfer, Beijing Shengshang is a wholly-owned subsidiary of Beijing Qidian Chuangfu.

Before the Equity Transfer, the Target Company was held by 12 companies incorporated in the British Virgin Islands (the "BVI Shareholders"). The ultimate shareholders of Beijing Shengshang and the BVI Shareholders were substantially the same.

The Target Company became the holding company of the group entities now comprising the Target Group on 7 June 2022. As the Reorganisation involved only the insertion of new holding companies at the top of the existing group and did not result in any change in economic substance in terms of the ownership and control of the Target Group, the Historical Financial Information for the Relevant Periods has been prepared as a continuation of the existing group using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2021, 2022 and 2023 and 31 May 2024 present the assets and liabilities of the companies now comprising the Target Group as if the current group structure had been in existence at those dates.

Upon completion of the Reorganisation and as at the date of this report, the Target Company had direct or indirect interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation	Authorised capital	Issued/paid up capital	Attributable equity interest of the Group as at 31 December 2022 and 2023 and 31 May 2024	Principal activities
Shengshang Entrepreneurial Services International Company Limited* ("Shengshang Entrepreneurial") (聖商創業服務國際有限公司)	Hong Kong	8 November 2021	N/A	Hong Kong dollars ("HK$") 10,000	100% (Direct)	Investment holding
北京奇點創服諮詢有限公司 (Beijing Qidian Chuangfu Consulting Co., Ltd.* ("Beijing Qidian Chuangfu"))	The PRC	16 December 2021	RMB50,000,000	RMB—	100% (Indirect)	Investment holding
北京聖商創業科技有限公司 (前稱為北京聖商教育科技股份有限公司) (Beijing Shengshang Entrepreneurial Technology Co., Ltd.* (formerly known as Beijing Shengshang Education Technology Co., Ltd.) ("Beijing Shengshang"))	The PRC	5 August 2005	RMB30,000,000	RMB30,000,000	100% (Indirect)	Providing training targeting existing and prospective MSME's founders entrepreneurs and senior executives in the PRC
北京奇點新商業諮詢有限公司 (Beijing Qidian New Business Consulting Co., Ltd.* ("Beijing Qidian"))	The PRC	22 December 2020	RMB5,000,000	RMB5,000,000	100% (Indirect)	Enterprise training and management consulting
國弈文化產業研究院(海南)有限公司 (Guoyi Culture Industry Research (Hainan) Co., Ltd.* ("Guoyi Culture"))	The PRC	15 August 2018	RMB1,000,000	RMB—	100% (Indirect)	Inactive

* The English names of these subsidiaries registered in the PRC represents the best efforts made by the directors of the Target Company to translate their Chinese names as no English names have been registered for these subsidiaries.

The statutory financial statements of Shengshang Entrepreneurial for the period from 8 November 2021 to 31 December 2022 prepared under Hong Kong Financial Reporting Standard for Private Entities was audited by Lee Chi Fai & Co. No statutory financial statements of Shengshang Entrepreneurial for the year ended 31 December 2023 has been prepared. No audited statutory financial statements of Beijing Shengshang, Beijing Qidian Chuangfu, Beijing Qidian and Guoyi Culture have been prepared as there are no statutory audit requirement in the place of their registration.

The Historical Financial Information and Stub Period Comparative Historical Financial Information have been prepared in accordance with the accounting policies set out in Note 3 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Historical Financial Information and Stub Period Comparative Historical Financial Information includes applicable disclosures required by the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Historical Financial Information and Stub Period Comparative Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Target Group.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Historical Financial Information and stub Period Comparative Historical Financial Information have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKAS, and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provision, have been early adopted by the Target Group in the preparation of the Historical Financial Information and Stub Period Comparative Historical Financial Information throughout the Relevant Periods.

(a) New and revised HKFRSs in issue but not yet effective

At the date of this report, the Target Group has not early applied the following new and amendments to HKFRSs and the new interpretations that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 21 and HKFRS 1, Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

The Target Group expects to adopt the relevant amendments to standards when they become effective. The Target Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Historical Financial Information.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The Historical Financial Information has been prepared under the historical cost basis.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policies information applied in the preparation of the Historical Financial Information are set out below.

(a) Consolidation

The Historical Financial Information includes the financial statements of the Target Company and its subsidiaries made up to 31 December 2021, 2022 and 2023 and 31 May 2024 . Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

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

Changes in the Target Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

In the Target Company's statements of financial position, the investments in subsidiaries are stated at cost less impairment losses.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Associates

Associates are entities over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Target Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the Historical Consolidated Financial Information by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Target Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statements of profit or loss and other comprehensive income. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate), the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Target Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Target Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Target Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Target Group and its associates are eliminated to the extent of the Target Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Target Company's presentation and functional currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(d) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful annual lives are as follows:

Buildings	20 years
Office equipment	3 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period with the effect of any changes in estimate accounted for on prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Target Group as lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Target Group are primarily office equipment. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Target Group took advantage of the practical expedient not to assess whether the rent concessions are lease modification, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(f) Intangible assets

Software

Software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years.

(g) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Target Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Target Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Target Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Group or the counterparty.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Target Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(j) Contract costs

Contract costs are the incremental costs of obtaining a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Target Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(k) Trade and other receivables

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Target Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customers at the amount of promised consideration to which the Target Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Training programmes fees are derived from the provision of training services.

Training programmes fees are generally received in advance prior to the provision of the training. Training programmes fees are recognised proportionately over the relevant course schedule in which the services are rendered. The portion of training programmes fees received from students but not yet earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and which will be earned beyond one year is reflected as a non-current liability.

One-off non-refundable upfront income is recognised on an accrual basis over the expected term of the sales agency arrangement estimated based on the historical renewal pattern.

Other services including fees from consultancy services and other ad-hoc events are recognised in the period when services are rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(q) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Target Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Target Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits, and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Target Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use assets and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash- generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash- generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(v) Impairment of financial assets

The Target Group recognises a loss allowance for expected credit losses on investment in debt instruments that are measured at amoritsed cost, trade and other receivables, as well as bank and cash balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Target Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Target Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Target Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Target Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Target Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;

- a breach of contract, such as a default or past due event;

- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the original effective interest rate.

If the Target Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Target Group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

(a) Significant increase in credit risk

As explained in Note 3(v), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Target Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue and profit recognition

As explained in policy Notes 3(p), revenue from the provision of training programmes fees and one-off non-refundable upfront fees are recognised over time. Such revenue and profit recognition on uncompleted services is dependent on estimating the total outcome of the contract, as well as the work done to date.

Based on the Target Group's recent experience and the nature of the training activities undertaken by the Target Group, the Target Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date. During the Relevant Periods, RMB424,421,000, and RMB287,361,000, RMB117,853,000, RMB55,224,000 and RMB13,601,000 of revenue from provision of training programmes were recognised for the years ended 31 December 2021, 2022 and 2023 and periods ended 31 May 2023 and 2024 respectively.

(b) Impairment of trade receivables, deposits and other receivables, financial assets measured at amortised costs and amounts due from related companies

The management of the Target Group estimates the amount of impairment loss for ECL on trade receivables, deposits and other receivables, financial assets measured at amortised costs, and amounts due from related companies based on the credit risk of trade receivables, deposits and other receivables and amounts due from related companies. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the carrying amount of trade receivables with no allowance made were approximately RMB7,097,000, RMB3,175,000, RMB633,000 and RMB108,000 respectively.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the carrying amount of deposits and other receivables were, approximately RMB825,000 (net of allowance for doubtful debts of approximately RMB9,000) , approximately RMB5,414,000 (net of allowance for doubtful debts of approximately RMB380,000), approximately RMB7,255,000 (net of allowance for doubtful debts of approximately RMB86,000) and approximately RMB1,697,000 (net of allowance for doubtful debts of approximately RMB20,000) respectively.

As at 31 December 2022 and 2023 and 31 May 2024, the carrying amount of amounts due from related companies was approximately RMB92,584,000 (net of allowance for doubtful debts of approximately RMB7,416,000), approximately RMB174,908,000 (net of allowance for doubtful debts of approximately RMB2,288,000) and approximately RMB131,879,000 (net of allowance for doubtful debts of approximately RMB2,346,000) respectively.

5. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Target Group is exposed to credit risk from its operating activities (primarily trade receivables, deposits and other receivables) and from its investing and financing activities, including deposits with banks and financial institutions and advance to related companies. The Target Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Target Group considers to have low credit risk.

The Target Group does not provide any guarantees which would expose the Target Group to credit risk.

Trade receivables

Trade receivables are mainly from electronic payment service providers and considered to have low credit risk, and no loss allowance for impairment is recognised during the years because the Target Group's directors considers these financial assets have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

Deposits and other receivables

All of the Target Group's deposits and other receivables are considered to have low credit risk, and the loss allowance recognised during the years was therefore limited to 12-month expected losses. These other receivables are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Movement in the loss allowance for deposits and other receivables during the Relevant Periods is as follows:

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	38	9	380	86
(Reversal of allowance)/allowance recognised for the year/period	(29)	371	(294)	(66)
At 31 December	9	380	86	20

Amounts due from related companies

The management considers the credit risk on the amounts due from related companies after considering the financial conditions of the related company and concluded that there was no significant increase in credit risk since initial recognition, and as a result the expected credit losses was limited to 12-months expected credit loss. Management has applied the expected credit risk model and estimated the probability-weighted default rate of 12.1% and loss given default rate of 61.6% after considering the current economic environment and the forward looking economic factors. Loss allowance of approximately RMB7,416,000 is recognised as at 31 December 2022.

As at 31 December 2023 and 31 May 2024, the amounts due from related companies represents amount due from Noble Trade International Holdings Limited (聖行國際集團有限公司) (formerly known as 聖商國際集團有限公司) ("Noble Trade"), the beneficial owner of Qidian. Loss allowance for impairment of approximately RMB2,288,000 and RMB2,346,000 was recognised as at 31 December 2023 and 31 May 2024 respectively.

Movement in the loss allowance for the amounts due from related companies during the Relevant Periods is as follows:

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of financial year/period	—	—	7,787	2,288
Allowance (reversal of allowance) for the year/period	—	7,787	(5,499)	58
End of financial year/period	—	7,787	2,288	2,346

(b) Liquidity risk

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

The maturity analysis based on contractual undiscounted cash flows of the Target Group's non-derivative financial liabilities is as follows:

	Less than 1 year and on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021						
Trade payables	17,429	—	—	—	17,429	17,429
Accruals and other payables	122,005	—	—	—	122,005	122,005
Lease liabilities	1,215	—	—	—	1,215	1,205
	140,649	—	—	—	140,649	140,639

	Less than 1 year and on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Trade payables	32,793	—	—	—	32,793	32,793
Accruals and other payables	73,398	—	—	—	73,398	73,398
Lease liabilities	2,325	3,121	—	—	5,446	5,203
	108,516	3,121	—	—	111,637	111,394

	Less than 1 year and on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023						
Trade payables	4,451	—	—	—	4,451	4,451
Accruals and other payables	23,740	—	—	—	23,740	23,740
Lease liabilities	2,390	731	—	—	3,121	3,049
	30,581	731	—	—	31,312	31,240

	Less than 1 year and on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 May 2024						
Trade payables	2,658	—	—	—	2,658	2,658
Accruals and other payables	21,808	—	—	—	21,808	21,808
Lease liabilities	1,979	—	—	—	1,979	1,953
	26,445	—	—	—	26,445	26,419

(c) Interest rate risk

The Target Group's exposure to interest-rate risk arises from its bank deposits. These deposits bear interest at variable rates varied with the then prevailing market condition.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/(decreased) the Target Group's profit after tax for the year as follows:

	The Target Group			
	Year ended 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Increase/(decrease) in interest rates				
50 basis points	1,608	796	40	21
(50) basis points	(1,608)	(796)	(40)	(21)

The sensitivity analysis above indicates the impact on the Target Group's profit for the year and retained profits that would have arisen assuming that there is an annualised impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis thorough the Relevant Periods.

(d) Categories of financial instruments at:

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets measured at amortised cost	357,669	302,014	192,199	138,754
Financial liabilities:				
Financial liabilities measured at amortised cost	140,639	111,394	31,240	26,419

(e) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

6. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major services for the Relevant Periods is as follows:

	The Target Group				
	Year ended 31 December			**Five Months Ended 31 May**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major services					
Training programmes fees	404,801	287,361	117,853	55,224	13,601
One-off non-refundable upfront fees	19,620	—	—	—	—
Other services	5,192	4,415	8,488	1,719	4,174
Total	429,613	291,776	126,341	56,943	17,775

The Target Group derives revenue from the transfer of services in the PRC at over time.

There was no customer that had contributed over 10% of the Target Group's revenue during the Relevant Periods.

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the Relevant Periods and the expected timing of recognising revenue as follows:

	The Target Group				
	Year ended 31 December			**Five Months Ended 31 May**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Training programmes fees					
Within one year	169,058	111,415	47,018	74,109	32,597

7. OTHER INCOME, OTHER GAINS AND (LOSSES), NET

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest income on:					
Bank deposits	8,758	4,248	1,769	1,101	9
Amounts due from related companies	—	5,000	6,606	1,622	3,109
Total interest income	8,758	9,248	8,375	2,723	3,118
Government grants (Note a)	500	382	1,192	2	—
Handling fee income (Note b)	2,682	978	1,161	219	95
Loss on disposal of property, plant and equipment	—	—	—	—	(23)
Exchange gains	—	—	—	—	2,717
Others	421	1,290	752	192	28
	12,361	11,898	11,480	3,136	5,935

Notes:

a) Government incentives and awards mainly related to the unconditional incentive and awards received from the local Chinese government authority for the achievement of the Target Group and encouragement of business development activities.

b) Handling fee income derived from (a) handling fees received from customers who requested for refund of training programme fees; and (b) exclusive authorised training programme providers who failed to achieve their sales targets.

8. SEGMENT INFORMATION

The Target Group has only one operating and reportable segment. Management determines the operating segment based on information reported to the group's directors. The directors of the Target Group assess the operating performance and allocate the resources as a whole which is the provision of training course services and accordingly there is only one operating and reportable segment in the PRC.

9. FINANCE COSTS

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest expenses on lease liabilities	118	157	172	82	39

10. INCOME TAX CHARGE/(CREDIT)

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax - PRC:					
- Provision for the year	11,730	8,321	887	301	297
- (Over)/under-provision for the years	(3,988)	(132)	(103)	(103)	1
	7,742	8,189	784	198	298
Deferred tax (Note 27)	5	(1,168)	1,174	(791)	(17)
	7,747	7,021	1,958	(593)	281

The Target Company incorporated in the Cayman Islands is not subject to income tax.

The subsidiary incorporated in Hong Kong has had no assessable profit subject to Hong Kong Profits Tax.

PRC Enterprise Income Tax has been provided at a rate of 15% for the Relevant Periods. Beijing Shengshang obtained the high and new technology enterprise certificate to entitle to a preferential tax rate of 15% for the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2023 and 2024, subject to annual review by the relevant authorities.

Beijing Qidian Chuangfu and Guoyi Culture are qualified as a small and low-profit enterprise in the PRC. Subsidiaries assessed the PRC Enterprise Income Tax on the following basis: if its annual taxable income is less than RMB1,000,000, the applicable enterprise income tax rate determined by the relevant authority is 5%; if its annual taxable income is more than RMB1,000,000 but less than RMB3,000,000, the applicable enterprise income tax rate is 20% with preferential concession by 50%.

Beijing Qidian is taxed at a rate of 25% for the Relevant Periods.

The reconciliation between the income tax charge/(credit) and the product of profit/(loss) before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit/(loss) before tax	89,070	56,355	15,103	(1,720)	8,481
Tax at the domestic income tax rate of 15%	13,360	8,453	2,265	(258)	1,272
Tax effect of income that is not taxable	—	—	—	—	(952)
Tax effect of expenses that are not deductible	278	120	447	18	14
Effect of different tax rates of subsidiaries	(11)	62	(21)	122	67
Tax effect of (over)/under-provision in prior years	(3,988)	(132)	(103)	(103)	1
Tax effect of special deductions	(1,892)	(1,482)	(630)	(372)	(121)
Income tax charge/(credit)	7,747	7,021	1,958	(593)	281

11. PROFIT/(LOSS) FOR THE YEAR/PERIOD

The Target Group's profit/(loss) for the year/period is stated after charging/(crediting) the following:

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Auditor remuneration	1,334	34	44	44	32
Depreciation on property, plant and equipment	590	662	664	288	278
Depreciation on right-of-use assets	2,348	2,110	2,210	921	886
Amortisation on intangible assets	43	51	—	—	—
Cost of services rendered (note)	286,886	196,592	94,054	43,121	9,371
Donation	200	—	—	—	—
Development expenses	4,656	1,488	2,681	2,255	478

Note:

The following costs are included in the amounts of cost of services rendered disclosed separately above:

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Staff costs	3,918	4,419	3,067	1,842	555

12. EMPLOYEE BENEFIT EXPENSE

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Employee benefit expense:					
Salaries, bonuses and allowances	30,436	25,527	16,772	8,054	2,697
Retirement benefit scheme contribution	6,575	6,534	5,512	2,908	419
	37,011	32,061	22,284	10,962	3,116

The employee benefit expense are recognised in cost of services and selling and administrative expenses as follows:

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost of services	3,918	4,419	3,067	1,842	555
Selling and adminstrative expenses	33,093	27,642	19,217	9,120	2,561
	37,011	32,061	22,284	10,962	3,116

Pension — defined contribution plans

Pursuant to the relevant laws and regulations in the PRC, the Target Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Target Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the Relevant Periods, the Target Group had no forfeited contributions under the PRC Retirement Scheme and which may be used by the Target Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2021, 2022 and 2023 and 31 May 2024 under the PRC Retirement Scheme which may be used by the Target Group to reduce the contribution payable in future years.

13. BENEFITS AND INTERESTS OF DIRECTOR

(a) Director's emoluments

The following represents the director of Beijing Shengshang who had become the director of the Target Company after the incorporation of the Target Company in December 2021. The emoluments paid or payable to each of the director by the Target Group during the Relevant Periods are as follows.

	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits schemes contribution	Total emoluments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Director:					
Yuen Li, 袁力	—	1,228	—	115	1,343
	—	1,228	—	115	1,343

	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits schemes contribution	Total emoluments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Director:					
Yuen Li, 袁力	—	1,119	—	140	1,259
	—	1,119	—	140	1,259

	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits schemes contribution	Total emoluments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Director:					
Yuen Li, 袁力	—	1,576	—	143	1,719
	—	1,576	—	143	1,719

	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits schemes contribution	Total emoluments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Five month ended 31 May 2023					
Director:					
Yuen Li, 袁力	—	682	—	19	701
	—	682	—	19	701

	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits schemes contribution	Total emoluments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Five month ended 31 May 2024					
Director:					
Yuen Li, 袁力	—	439	—	54	493
	—	439	—	54	493

Mr. Yuen Li was an executive director of Beijing Shengshang during the years ended 31 December 2021, 2022 and 2023 and was appointed as a director of Target Company on 26 October 2021.

The director's emoluments during each of the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2023 and 2024 were borne by Beijing Shengshang for the services provided to Beijing Shengshang and its subsidiaries and the Target Group as a whole. During the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2023 and 2024 , no remuneration was paid by the Target Group to the director as an inducement to join or upon joining the Target Group or as compensation for loss of office. None of the director of Target Company waived any emoluments during the Relevant Periods.

(b) Director's material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Target Group's business to which the Target Group was a party and in which a director of the Target Group and the connected party of the director of the Target Group had a material interest, whether directly or indirectly, subsisted during the Relevant Periods.

14. DIVIDENDS

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Dividend recognised as distributions during the year	60,000	—	—	—	—

During the year ended 31 December 2021, dividends were paid by Beijing Shengshang, a company now comprising the Target Group to the equity holders of Beijing Shengshang . The rate of dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful having regard to the purpose of the reports.

No dividend was paid or declared by the Target Company since its incorporation.

15. PROPERTY, PLANT AND EQUIPMENT

	The Target Group				
	Buildings	**Office equipment**	**Furniture and fixtures**	**Motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2021	—	387	23	1,571	1,981
Additions	5,234	59	26	—	5,319
At 31 December 2021 and 1 January 2022	5,234	446	49	1,571	7,300
Additions	—	27	52	92	171
At 31 December 2022 and 1 January 2023	5,234	473	101	1,663	7,471
Additions	—	19	—	208	227
At 31 December 2023 and 1 January 2024	5,234	492	101	1,871	7,698
Additions	—	—	—	168	168
Disposal	—	—	—	(44)	(44)
At 31 May 2024	5,234	492	101	1,995	7,822
Accumulated depreciation					
At 1 January 2021	—	156	9	128	293
Charge for the year	186	99	6	299	590
At 31 December 2021 and 1 January 2022	186	255	15	427	883
Charge for the year	241	104	10	307	662
At 31 December 2022 and 1 January 2023	427	359	25	734	1,545
Charge for the year	249	75	17	323	664
At 31 December 2023 and 1 January 2024	676	434	42	1,057	2,209
Disposal	—	—	—	(12)	(12)
Charge for the period	104	12	7	155	278
At 31 May 2024	780	446	49	1,200	2,475
Carrying amount					
At 31 May 2024	4,454	46	52	795	5,347
At 31 December 2023	4,558	58	59	814	5,489
At 31 December 2022	4,807	114	76	929	5,926
At 31 December 2021	5,048	191	34	1,144	6,417

16. RIGHT-OF-USE ASSETS

	The Target Group
	Leased properties
	RMB'000
At 1 January 2021	3,140
Additions	158
Depreciation	(2,348)
At 31 December 2021 and 1 January 2022	950
Additions	6,317
Depreciation	(2,110)
At 31 December 2022 and 1 January 2023	5,157
Depreciation	(2,210)
At 31 December 2023 and 1 January 2024	2,947
Depreciation	(886)
Modification	(224)
At 31 May 2024	1,837

Right-of-use assets comprised the leased offices and staff quarters in the PRC.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation expenses on right-of-use assets	2,348	2,110	2,210	921	886
Interest expense on lease liabilities (included in finance cost)	118	157	172	82	39
Expenses relating to short-term lease (including in selling and administrative expenses)	—	320	370	162	67

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total cash outflow for leases	3,025	2,796	2,696	1,158	1,202

During the Relevant Periods, the Target Group leases offices and staff quarters for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

17. INTANGIBLE ASSETS

	The Target Group Software
	RMB'000
Cost	
1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 May 2024	228
Accumulated amortization	
At 1 January 2021	134
Amortisation for the year	43
At 31 December 2021 and 1 January 2022	177
Amortisation for the year	51
At 31 December 2022 and 1 January 2023	228
Amortisation for the year	—
At 31 December 2023 and 1 January 2024	228
Amortisation for the period	—
At 31 May 2024	228
Carrying amount	
At 31 May 2024	—
At 31 December 2023	—
At 31 December 2022	—
At 31 December 2021	51

The average remaining amortisation period as at 31 December 2021 are 1 year.

18. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries are as follow:

	The Target Company			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investment:				
Cost of investment	8	8	8	8

Name of subsidiary	Place of incorporation	Particular of issued share capital	Attributable equity interest of the Target Group	Principal Activities
Shengshang Entrepreneurial (聖商創業服務國際有限公司)	Hong Kong	HK$10,000	100% (Direct) (31 December 2022 and 2023 and 31 May 2024)	Investment holding
北京奇點創服諮詢有限公司 (Beijing Qidian Chuangfu)	The PRC	RMB—	100% (Indirect) (31 December 2022 and 2023 and 31 May 2024)	Investment holding
北京聖商創業科技有限公司 (Beijing Shengshang)	The PRC	RMB30,000,000	100% (Indirect) (31 December 2021, 2022 and 2023 and 31 May 2024)	Providing training targeting existing and prospective MSME's founders entrepreneurs and senior executives in the PRC
北京奇點新商業諮詢有限公司 (Beijing Qidian)	The PRC	RMB5,000,000	100% (Indirect) (31 December 2021, 2022 and 2023 and 31 May 2024)	Enterprisetraining and management consulting
國弈文化產業研究院(海南)有限公司 (Guoyi Culture)	The PRC	RMB—	100% (Indirect) (31 December 2022 and 2023 and 31 May 2024)	Inactive

19. INVESTMENT IN AN ASSOCIATE

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investment:				
Cost of unlisted investment in an associate	2,600	2,600	2,600	2,600
Share of post-acquisition results and other comprehensive income	(2,293)	(2,543)	(2,574)	(2,574)
	307	57	26	26

Details of the Target Group's associate during Relevant Periods are as follows:

Name of an associate	Date and place of incorporation/ establishment	Particular of issued share capital	Equity interests attributable to the Target Company as at 31 December 2021, 2022 and 2023 and 31 May 2024	Principal Activities
Beijing Guoyan Zhigu Industry Information Technology Research Co., Ltd. ("Beijing Guoyan") 北京國研智穀產業信息技術研究院有限公司 ("北京國研")	The PRC	RMB6,000,000	43%	Dormant

Note: During the year ended 31 December 2021, a shareholder of Beijing Guoyan withdrew its investment in Beijing Guoyan, which resulted in an increase in the Group's equity interest from 26% to 43% and a loss of RMB882,000 was recognised in share of result of an associate.

The following table shows information on the associate. The associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS consolidated financial statements of an associate.

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	1	1	—	—
Current assets	740	160	60	60
Non-current liabilities	—	—	—	—
Current liabilities	(27)	(27)	—	—
Net assets	714	134	60	60

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets of the associate	714	134	60	60
Proportion of the Group's ownership interest in the associate	43%	43%	43%	43%
Carrying amount to the Group's interest	307	57	26	26

	The Target Group				
	Year ended 31 December			Five Months Ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	—	—	—	—	—
Loss after tax	(409)	(581)	(72)	(51)	—
Other comprehensive income	—	—	—	—	—
Total comprehensive income	(409)	(581)	(72)	(51)	—
The Target Group's share of result of an associate	(1,058)	(250)	(31)	(22)	—

As at 31 December 2021, 2022 and 2023 and 31 May 2024 , the bank and cash balances of the Target Group's associate in the PRC denominated in Renminbi ("RMB") amounted to RMB454,000, RMB100,000, RMB1 and RMB1 respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

20. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 December			As at 31 May
	2021	2022	2023	2024
Amount due from Yangzhou Huiyin	—	100,000	—	—
Amount due from Noble Trade	—	—	177,196	134,225
	—	100,000	177,196	134,225
Less: Allowance for doubtful debts	—	(7,416)	(2,288)	(2,346)
	—	92,584	174,908	131,879

As at 31 December 2022, the amount due from a related company represented a loan advance of RMB100,000,000 made to Yangzhou Huiyin Commercial Chain Company Limited (揚州匯銀商業連鎖有限公司) ("Yangzhou Huiyin"), a wholly-owned subsidiary of China Qidian Guofeng Holdings Limited (formerly known as "Qidian International Co., Ltd.") ("Qidian") by Beijing Shengshang. Mr. Yuan Li is a controlling shareholder of Qidian and a director of the Target Company. This amount was unsecured, carried a fixed interest rate of 5.0 % per annum and originally had a maturity date in January 2024. On 21 August 2022, a supplementary agreement was with Yangzhou Huiyin, pursuant to which the maturity of the loan advance was extended to January 2026. During the year ended 31 December 2022, the allowance on the amount due from Yangzhou Huiyin of RMB7,787,000 were recognised.

On 22 December 2023, Beijing Shengshang had loan receivables from Yangzhou Huiyin amounted to RMB177,000,000 which was unsecured, interest bearing at 5% per annum and due in 2026. In December 2023, the obligation to repay the amount due from Yangzhou Huiyin to Beijing Shengshang of USD26,000,000 (equivalent to RMB177,000,000) (the "Loan Receivable") was transferred to Noble Trade. The right to receive the Loan Receivable was transferred from Beijing Shengshang to Shengshang Entrepreneurial. This amount was unsecured, carried a fixed interest rate of 4.5 % per annum and had a maturity date on 21 December 2026. As at 31 December 2023 and 31 May 2024, the amount due from Noble Trade amounted to USD26,029,000 (equivalent to RMB177,196,000) and USD 19,739,000 (equivalent to RMB134,225,000) respectively. During the year ended 31 December 2023 and period ended 31 May 2024, the allowance on the amount due from Noble Trade of RMB2,288,000 and RMB2,346,000 were recognised respectively.

On 31 May 2024, the Target Company assigned Loan Receivable of US$6,773,887 (equivalent to RMB48,984,000) to its 13 shareholders which is accounted for as deemed distribution.

The management of the Target Group expects Noble Trade to repay the Loan Receivable of USD 19,739,000 (equivalent to RMB134,225,000) at 31 May 2024 on 21 December 2026.

21. TRADE RECEIVABLES

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	7,097	3,175	633	108

The Target Group generally allows a credit period after one day of transaction date.

The aging analysis of trade receivables based on the invoice date (or date of recognition, if earlier), and net of allowance, is as follows:

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	7,097	3,175	633	108

The carrying amounts of the Target Group's trade receivables are denominated in RMB. None of these assets has been past due or impaired at the end of the reporting year.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables and deposits	834	794	2,659	1,717
Interest receivable from Yangzhou Huiyin	—	5,000	4,653	—
Prepayments	6,316	916	1,178	1,316
	7,150	6,710	8,490	3,033
Less: Allowance for doubtful debts	(9)	(380)	(86)	(20)
	7,141	6,330	8,404	3,013

23. BANK AND CASH BALANCES

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	349,747	200,841	9,433	5,071

The carrying amounts of the Target Group's bank and cash balances are denominated in the following currency:

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	349,747	199,516	9,433	5,071
USD	—	1,325	—	—
	349,747	200,841	9,433	5,071

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. SHARE CAPITAL

	Number of shares issued	Issued and fully paid
	'000	*RMB'000*
Share capital of Beijing Shengshang included in the Target Group		
At 1 January 2021	30,000	30,000
Share capital of the Target Company		
- upon incorporation on 26 October 2021 (note (a))	—	—
At 31 December 2021 and 1 January 2022	30,000	30,000
Deemed distribution (note (b))	(30,000)	(30,000)
Issued of shares (note (c))	300,300	208
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 May 2024	300,300	208

Notes:

(a) The Target Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liabilities on 26 October 2021 with an authorised share capital of US$50,000 dividend into 500,000,000 share of USD0.0001 each.

(b) In June 2022, Beijing Qidian Chuangfu acquired the entire equity interests of Beijing Shengshang from the existing shareholders at par value of RMB 30,000,000 which was paid in cash. Please refer to note 1 for details of the Reorganisation.

(c) In July 2022, the Target Company issued 300,300,000 shares of USD0.0001 each, which was paid in cash of USD198,000(equivalent to RMB1,330,000). The excess cash received of USD168,000 (equivalent to RMB1,122,000) is recognised in share premium.

For the purpose of this report, the share capital as presented in the consolidated statements of financial position as at 31 December 2021 represented the share capital of Beijing Shengshang which now comprising the Target Group. As at 31 December 2022, 2023 and 31 May 2024, the share capital as presented in the consolidated statements of financial position represented share capital of the Target Company.

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the equity holders through the optimisation of the debt and equity balance.

The Target Group sets the amount of capital in proportion to risk. The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The issued share capital as at 31 December 2021 represented the share capital of Beijing Shengshang. Beijing Shengshang was incorporated on 5 August 2005 with a paid up capital of RMB30,000,000 divided into 30,000,000 shares during the Relevant Periods.

The issued share capital as at 31 December 2022 and 2023 and 31 May 2024 represented the share capital of the Target Company.

25. RESERVES

(a) The Target Group

The amounts of the Target Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Target Company issued.

Capital reserve

The capital reserve represents the capital premium of share issued.

Statutory surplus reserve

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after tax of the Target Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

26. LEASE LIABILITIES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 31 May	As at 31 December			As at 31 May
	2021	2022	2023	2024	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,215	2,325	2,390	1,979	1,205	2,153	2,313	1,953
More than one year, but not exceeding two years	—	2,390	731	—	—	2,314	736	—
More than two years, but not exceeding three years	—	731	—	—	—	736	—	—
	1,215	5,446	3,121	1,979	1,205	5,203	3,049	1,953
Less: Future finance charges	(10)	(243)	(72)	(26)	N/A	N/A	N/A	N/A
Present value of lease obligations	1,205	5,203	3,049	1,953	1,205	5,203	3,049	1,953
Less: Amount due for settlement within 12 months (shown under current liabilities)					(1,205)	(2,153)	(2,313)	(1,953)
Amount due for settlement after 12 months					—	3,050	736	—

The weighted average incremental borrowing rates applied to lease liabilities were at 4.75%, 4.25% , 4.25% and 3.45% as at 31 December 2021, 2022 and 2023 and 31 May 2024 respectively.

The carrying amounts of the Target Group's lease payables are denominated in RMB.

27. DEFERRED TAX

The following are the deferred tax (liabilities) and assets recognised by the Target Group.

	Provision for allowance	Tax loss	Lease liabilities	Right-of-use assets	Accelerated tax depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	6	—	—	—	—	6
Charge to profit for the year (Note 10)	(5)	—	—	—	—	(5)
At 31 December 2021 and 1 January 2022	1	—	—	—	—	1
Credit to profit for the year (Note 10)	1,168	—	—	—	—	1,168
At 31 December 2022 and 1 January 2023	1,169	—	—	—	—	1,169
(Charge)/credit to profit for the year (Note 10)	(1,158)	—	457	(441)	(32)	(1,174)
At 31 December 2023 and 1 January 2024	11	—	457	(441)	(32)	(5)
(Charge)/credit to profit for the period (Note 10)	(9)	46	(165)	166	(21)	17
At 31 May 2024	2	46	292	(275)	(53)	12
At 1 January 2023	1,169	—	—	—	—	1,169
(Charge)/credit to profit for the period (Note 10)	302	489	643	(635)	(8)	791
At 31 May 2023	1,471	489	643	(635)	(8)	1,960

The following is the analysis of the deferred tax balances for the consolidated statements of financial position purposes:

	The Target Group			
	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1	1,169	87	134
Deferred tax liabilities	—	—	(92)	(122)
	1	1,169	(5)	12

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group has unused tax losses of approximately RMB nil, RMB15,000, RMB23,000 and RMB208,000 respectively available for offset against future profits. As at 31 May 2024, a deferred tax asset has been recognised in respect of approximately RMB183,000 of such losses. As at 31 December 2022 and 2023 and 31 May 2024, no deferred tax asset has been recognised in respect of the remaining approximately RMB15,000, RMB23,000 and RMB25,000 respectively due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB15,000, RMB8,000 and RMB2,000 with expiry dates in 2027, 2028 and 2029 respectively.

28. TRADE PAYABLES

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	17,429	32,793	4,451	2,658

The aging analysis of trade payables based on the date of receipt of services, is as follows:

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	15,782	30,359	2,232	227
91 to 180 days	567	254	49	125
181 — 365 days	1,003	811	499	482
1 — 2 years	29	1,339	635	584
2 — 3 years	18	—	1,036	870
over 3 years	30	30	—	370
	17,429	32,793	4,451	2,658

The carrying amounts of the Target Group's trade payables are denominated in RMB.

29. ACCRUALS AND OTHER PAYABLES

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	5,246	4,712	2,230	1,961
Other payables	8,235	6,947	3,062	2,636
Deposits received (note)	108,524	66,338	20,761	19,028
	122,005	77,997	26,053	23,625

Note: Deposits received represent performance bonds received from exclusive authorised training programme providers to ensure they meet their sales targets.

30. OTHER CURRENT ASSETS/CONTRACT LIABILITIES

(a) Other current assets

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Asset recognised from the incremental costs of obtaining a contract	37,550	27,949	7,948	2,266

Costs are amortised to profit or loss at cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

(b) Contract liabilities

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Billings in advance of performance obligation				
Training programmes fees	169,058	111,415	47,018	32,597

Contract liabilities relating to (i) prepayments received from students who have yet to attend the training programmes; and (ii) the Target Group's obligation to deliver re-training programmes to students upon application by the students.

Movement in contract liabilities:

	The Target Group			
	As at 31 December			As at 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	129,782	169,058	111,415	47,018
Decrease in contract liabilities as a result of recognising revenue during the year	(429,613)	(291,776)	(126,341)	(17,775)
Increase in contract liabilities as a result of billing in advance of services	468,889	234,133	61,944	3,354
Balance at the end of the year/period	169,058	111,415	47,018	32,597

All billings in advance of performance received are expected to be recognised as revenue within one year.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

Lease liabilities (Note 26)

	The Target Group				
	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of financial year/period	3,954	1,205	5,203	5,203	3,049
Cash flow	(3,025)	(2,476)	(2,326)	(996)	(1,135)
Lease charges	118	157	172	82	39
Additions	158	6,317	—	—	—
End of financial year/period	1,205	5,203	3,049	4,289	1,953

(b) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	The Target Group				
	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within operating cash flows	118	157	172	82	39
Within financing cash flows	2,907	2,319	2,154	914	1,096
Total cash flows	3,025	2,476	2,326	996	1,135

There amounts related to the lease rental paid during the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2024 respectively.

32. CONTINGENT LIABILITIES

As at 31 December 2021, 2022 and 2023 and 31 May 2024 , the Target Group did not have any significant contingent liabilities.

33. COMMITMENTS

As at 31 December 2021, 2022 and 2023 and 31 May 2024 , the Target Group did not have any significant capital commitments and short-term lease commitments.

34. RELATED PARTIES TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial information, the Target Group had the following transactions with its related parties during the Relevant Periods:

	Year Ended 31 December			As at 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Consultancy fee paid to related companies (Note (i))	3,240	876	—	—	—
Interest income received from Yangzhou Huiyin	—	5,000	6,420	1,622	—
Interest income received from Noble Trade	—	—	186	—	3,109
Revenue received from a related company (Note (ii))	—	—	6,146	—	4,159

Note (i): The controlling shareholder of the related companies were the director of Beijing Shengshang.

(ii): The related company is a non-wholly owned subsidiary of Qidian.

(b) The renumerations of director and other members of key management during the Relevant Periods are as follows:

	Year ended 31 December			As at 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other benefits	2,373	2,788	3,233	1,530	115
Retirement benefits scheme contributions	348	589	627	299	29
	2,721	3,377	3,860	1,829	144

35. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this Historical Financial Information, there were no other significant events that might affect the Target Group since the end of the period ended 31 May 2024.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 May 2024 and up to the date of approval of the Historical Financial Information.

Set out below is the management discussion and analysis of the Target Company for each of the three years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024. The following financial information is based on the financial information of the Target Company as set out in Appendix II to this Circular.

BUSINESS REVIEW

The Target Company is principally engaged in investment holding. The Target Group is a MSME and IB entrepreneurship training services provider targeting the entrepreneurs and senior executives in MSMEs, as well as individuals conducting individual businesses who are interested in establishing start-up enterprises.

Immediately prior to Completion, the Target Company was held as to 100% by the Vendors. After Completion, the Company shall be interested in the entire issued share capital of the Target Company.

FINANCIAL REVIEW

(a) Financial performance

For the three years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2024, the revenue of the Target Group was approximately RMB429.6 million, RMB291.8 million and RMB126.3 million and RMB17.8 million, respectively. The revenue has decreased is attributable to the epidemic after which the economy slowed down and the number of students dropped.

For the three years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2024, the profit before tax of the Target Group was approximately RMB89.1 million, RMB56.4 million and RMB15.1 million and RMB8.5 million, respectively. The profit before tax has decreased as revenues have declined.

(b) Liquidity and financial resources

As at 31 December 2021, 31 December 2022 and 31 December 2023, the net assets of the Target Group was approximately RMB96.5 million, RMB117.2 million and RMB130.3 million, respectively. The Target Group had bank balance and cash of approximately RMB349.7 million, RMB200.8 million and RMB9.4 million as at 31 December 2021, 31 December 2022 and 31 December 2023 respectively.

As at 31 May 2024, the net assets of the Target Group amounted to RMB89.6 million, representing a decrease of RMB40.7 million as compared with RMB130.3 million as at 31 December 2023, mainly due to, on 31 May 2024, the Target Company assigned loan receivables of US$6,773,887 (equivalent to RMB48,984,000) to its 13 shareholders which is accounted for as deemed distribution.

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 May 2024, the Target Group had no borrowing.

(c) Foreign Currency Management

The Target Group principally conducts business operation in the PRC which exposes the Target Group to foreign exchange risk, primarily with respect to RMB and HK$ denominated transactions.

The Target Company currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

(d) Gearing ratio

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 May 2024, the Target Group had no borrowing.

(e) Contingent liabilities

The Target Group did not have any contingent liabilities as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 May 2024, respectively.

(f) Financial risk management

For the three years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, the Target Group was mainly exposed to credit, liquidity and interest rate risks arising in the normal course of business.

As the operations of the Target Group were principally based in PRC for the three years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, its principal assets (including cash and cash equivalents) and liabilities as well as its business transactions were predominantly conducted in RMB. Therefore, the Target Group considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

(g) Funding and treasury policy

The Target Group has adopted a prudent financial management approach towards it treasury policy. The Target Group closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding requirements.

(h) Significant investment

The Target Group did not have any significant investments for the three years 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024.

(i) Charge of assets

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 May 2024, there was no charges of assets of the Target Group.

(j) Employees and remuneration policy

The Target Company had 104, 94, 32 and 26 employees as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 May 2024, respectively.

The total remuneration paid to the Target Group's employees for the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024 was approximately RMB37.0 million, RMB32.1 million, RMB22.3 million and RMB3.1 million, respectively.

The employees were remunerated based on their working performance and experience, with consideration to the prevailing market conditions.

(k) Future plans and Prospects

As at the Latest Practicable Date, the Target Company did not plan to launch new business or make material investments or capital assets.

The following is the text of a report received from the reporting accountants, CL Partners CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA QIDIAN GUOFENG HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Qidian Guofeng Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024 and related notes as set out in Appendix IV to the circular dated 4 September 2024 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company (the "**Directors**") to illustrate the impact of the Acquisitions of Shengshang Entrepreneurial Services Co., Ltd., and its subsidiaries (collectively the "**Target Group**") (the "**Acquisitions**") on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place at 30 June 2024. As part of this process, information about the Group's financial position as at 30 June 2024 has been extracted by the Directors from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CL Partners CPA Limited
Certified Public Accountants
Hong Kong
4 September 2024

A. INTRODUCTION

The following unaudited pro forma financial information of the Company and its subsidiaries (collectively referred to as the "**Group**") and the Target Group (collectively referred to as the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information**") is prepared by the directors of the Company (the "**Directors**"), in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the effect of the proposed acquisition of entire issued share capital of the Target Company, at the consideration of HK$340,000,000, which shall be satisfied as to by the allotment and issue of the Consideration Shares by the Company (the "**Acquisition**").

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024, which has been extracted from the published interim result announcement of the Group for the six months ended 30 June 2024; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 May 2024, which has been extracted from the accountants' report thereon set out in Appendix II of the Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, as if the Acquisition had been completed on 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the financial position of the Enlarged Group that would have been attained had the transaction been completed on 30 June 2024, nor purport to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group set out in the annual report of the Company for the year ended 31 December 2023 and other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 JUNE 2024

	The Group as at 30 June 2024	The Target Group as at 31 May 2024	Pro forma adjustments			Enlarged Group as at 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Non-current assets						
Property, plant and equipment	892	5,347				6,239
Right-of-use assets	11,424	1,837				13,261
Goodwill	—	—	406,948	(165,498)		241,450
Investment in an associate	—	26				26
Amounts due from related companies	—	131,879				131,879
Deferred tax assets	—	134				134
	12,316	139,223				392,989
Current assets						
Inventories	58,872	—				58,872
Trade receivables, net	9,995	108				10,103
Prepayments, deposits and other receivables	22,090	3,013				25,103
Restricted bank deposits	1,670	—				1,670
Cash and cash equivalents	29,324	5,071				34,395
Other current assets	—	2,266				2,266
Tax recoverable	—	824				824
Total current assets	121,951	11,282				133,233
Total assets	134,267	150,505				526,222

	The Group as at 30 June 2024	The Target Group as at 31 May 2024	Pro forma adjustments			Enlarged Group as at 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
EQUITY						
Capital and reserves attributable to owners of the Company						
Share capital	110,774	208	496,290			607,272
Reserves	(379,618)	89,342	(89,342)	(165,498)	(4,222)	(549,338)
	(268,844)	89,550				57,934
Non-controlling interests	11,190	—				11,190
Total equity	(257,654)	89,550				69,124
LIABILITIES						
Non-current liabilities						
Borrowings	158,909	—				158,909
Lease liabilities	8,016	—				8,016
Provision for reinstatement cost	282	—				282
Deferred tax liabilities	—	122				122
Total non-current liabilities	167,207	122				167,329
Current liabilities						
Trade and bills payables	24,326	2,658			4,222	31,206
Accruals and other payables	101,998	23,625				125,623
Contract liabilities	36,750	32,597				69,347
Lease liabilities	7,845	1,953				9,798
Other current liabilities	53,560	—				53,560
Provision for reinstatement costs	235	—				235
Total current liabilities	224,714	60,833				289,769
Total liabilities	391,921	60,955				457,098
Total equity and liabilities	134,267	150,505				526,222
Net current assets/(liabilities)	(102,763)	(49,551)				(156,536)

Notes to the Unaudited Pro Forma Financial Information

1. The balances were extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim result announcement of the Company for the six months ended 30 June 2024.

2. The balances were extracted from the audited consolidated statement of financial position of the Target Group as at 31 May 2024 as set out in Appendix II to the Circular.

3. Pursuant to the agreement ("**Acquisition Agreement**") dated 26 July 2024, the Company entered into the Acquisition Agreement with the vendors ("**Vendors**"), pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital of the Target Company. The consideration for the Acquisition is HK$340,000,000, and will be settled by the allotment and issue of 850,000,000 shares of the Company (the "**Consideration Shares**") at the issue price of HK$0.4 per share.

   For the purpose of preparation of the Unaudited Pro Forma Financial Information, it is assumed that the pro forma fair values of the identifiable assets and liabilities of the Target Group approximate their carrying amounts as at 30 June 2024.

   The Acquisition will be accounted for under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standards 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

   The recognition of pro forma goodwill from the Acquisition as if the Acquisition were completed on 30 June 2024 are as follows:

	RMB'000
Consideration satisfied by Consideration Shares	496,498
Net asset value of the Target Group	(89,550)
Goodwill	406,948

4. The fair value of net assets acquired is subject to changes upon completion of the Acquisition because in accordance with HKFRS 3 (Revised), the fair value of all identifiable assets and liabilities of the Target Company shall be assessed on the date of completion and the consideration of the Acquisition shall be subject to changes based on the share price of the Company. Accordingly, the goodwill may be materially different from the calculation above.

   In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the directors of the Company had performed an impairment assessment of the goodwill, property, plant and equipment and right-of-use assets in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("**HKAS 36**"). Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for goodwill will not be reversed in a subsequent period.

   Based on the latest information available to us when preparing the Unaudited Pro Forma Financial Information, the Directors have made provision of impairment of goodwill of approximately RMB165,498,000. This impairment was determined based on the fair value of the Target Group of approximately RMB330,000,000 determined based on valuation of the Target Group using a market approach conducted by Ravia Global Appraisal Advisory Limited, an independent valuation firm.

Upon completion of the Acquisition and at the end of each reporting period, the Group will adopt consistent accounting policies, principal assumptions, valuation methods and methodology of impairment assessment (as used in the Unaudited Pro Forma Financial Information) to assess the impairment of the Enlarged Group's goodwill, property, plant and equipment and right-of-use assets in any future assessment.

5. The adjustment represents the estimated transaction costs of approximately RMB4,222,000 to be paid by the Group in connection with the Acquisition.

6. Other than the above adjustments, no other adjustment had been made to the Unaudited Pro Forma Information to reflect any trading results or other transactions that the Enlarged Group and the Target Group entered subsequent to 30 June 2024. The above adjustments are not expected to have a continuing effect on the unaudited pro forma financial information of the Enlarged Group.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular dated 4 September 2024, received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their valuation of 100% equity interest of Shengshang Entrepreneurial Services Company Limited as at 31 May 2024 (the "Target Company").

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

17/F., 83 Wan Chai Road
Wan Chai, Hong Kong
T: (852) 2811 1876 F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

4 September 2024

The Board of Directors
China Qidian Guofeng Holdings Limited
5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions from China Qidian Guofeng Holdings Limited (the "Company"), Ravia Global Appraisal Advisory Limited ("Ravia" or "we") is engaged to perform a valuation of 100% equity interest of Shengshang Entrepreneurial Services Company Limited (the "Target Company") as at 31 May 2024 (the "Date of Valuation").

This report states the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, source of information, overview of the Target Company, overview of the industry, valuation methodology, adopted approach for the valuation of the Target Company, major assumptions, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to express an independent opinion on the fair value of 100% equity interest of the Target Company as at the Date of Valuation. This report is prepared solely for the use of the directors and management of the Company. In addition, Ravia acknowledges that this report may be made available to the Company for public documentation purpose and used as reference on the Company's circular dated 4 September 2024 (the "Circular").

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS OF VALUATION

Our valuation is based on fair value, which is known as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Target Company and/or their representative(s) (collectively the “Management”). In the course of our valuation work, we have conducted the following processes to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the background, development, operations, financial performance and other relevant information of the Target Company;
- Reviewed relevant financial information, operational information and other relevant data concerning the Target Company;
- Reviewed and discussed with the Management on the business development concerning the Target Company provided to us by the Management;
- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry and market, and obtained relevant statistical figures from public available sources;
- Examined relevant basis and assumptions of both the financial and operational information of the Target Company, which were provided by the Management;
- Prepared a valuation model to derive the fair value of the Target Company; and
- Presented all relevant information on the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, source of information, overview of the Target Company, overview of the industry, valuation methodology, adopted approach for the valuation of the Target Company, major assumptions, limiting conditions, remarks and opinion of value in this report.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which more extensive examination might disclose.

4. LIMITATIONS IN SCOPE OF WORK

In the course of our valuation work, our scope of work for the purpose of the valuation are subject to the following limitations:

- In performing our services, we have relied on the accuracy of information provided by the Management with regards to the Target Company's financial information and business affairs as well as the outlook for the business. The procedures and enquiries undertaken by us in preparing this report do not include any verification work, nor do they constitute an examination made in accordance with generally accepted auditing standards. As such, we do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability of these information we are based;

- Information furnished by others, upon which all or portions of this report are based, is believed to be reliable. However, we did not independently verify the information and no warranty is given as to the accuracy of such information;

- The result of our work is dependent on the financial performance of the Target Company. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of predicted results;

- Our analysis is limited to a desktop assessment on the Target Company, which relied on information provided by the Management. We are not required to perform physical inspection, site visits and verify the legal titles of the assets held by the Target Company;

- We have considered published market data and other public information, where appropriate, for which we are not responsible for their content and accuracy. Such information is obtained from publicly available sources and industry reports; and

- Our work has been conducted based on the information available as at the Date of Valuation and any subsequent information after the date of this report is not required to reflect in our work.

5. SOURCE OF INFORMATION

For the purpose of our valuation, we have been provided with the information in respect of the Target Company prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- Overall business descriptions, operations and development of the Target Company;

- Registrations, legal documents, permits and licenses related to the Target Company;

- The financial and operational information in respect of the Target Company;

- The economic outlook in general and the specific economic environment and market elements affecting the Target Company, industry and market; and

- Other reliable public data sources available from the market.

We have also conducted research from public sources to assess the reasonableness and fairness of information provided. We have assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion.

6. OVERVIEW OF THE TARGET GROUP

The member of the Target Group involves the Target Company, Shengshang Entrepreneurial Services International Company Limited, Beijing Qidian Chuangfu Consulting Company Limited and Beijing Shengshang Entrepreneurial Technology Company Limited ("Beijing Shengshan").

The Target Company is principally engaged in investment holding and it is the holding company of the Target Group. The business nature of the main subsidiary, Beijing Shengshan, is a micro-, small- and medium-sized enterprises ("MSMEs") management comprehensive services provider which provides training targeting existing and prospective MSMEs' founders entrepreneurs and senior executives in PRC.

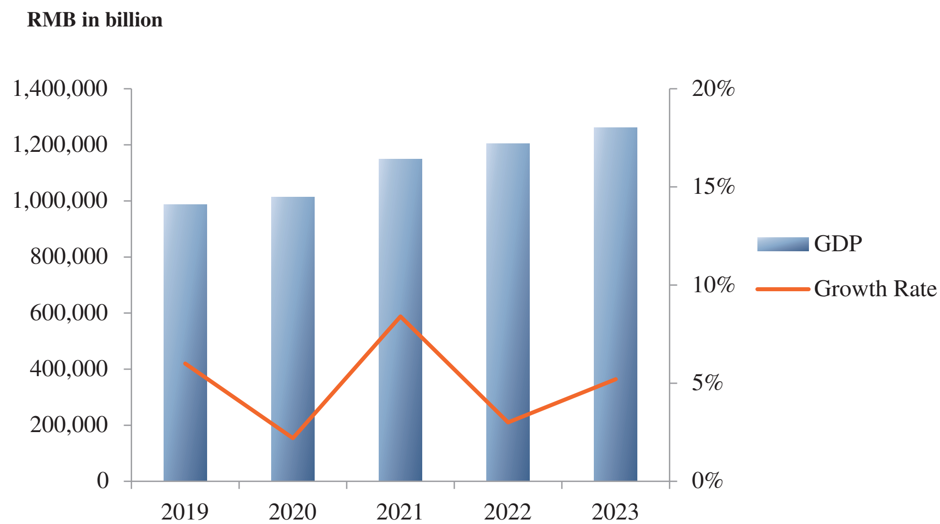
Beijing Shengshan engaged in entrepreneurship training which help individual who want to start a business to gain valuable experience. As an operator of a business education platform which intended to help small medium enterprises, Beijing Shengshan's business education platform provides business development consulting services for enterprises in various growth stages.

7. OVERVIEW OF THE INDUSTRY

7.1. The PRC Economy

The national economy of the PRC / People's Republic of China (referred to as the "PRC") maintained stable growth in 2023. The gross domestic product (GDP) of the year was RMB126,058.2 billion, up by 5.2% over the previous year. Of this total, the value added of the primary industry was RMB8,975.5 billion, up by 4.1%, that of the secondary industry was RMB48,258.9 billion, up by 4.7% and the tertiary industry was RMB68,823.8 billion, up by 5.8%. The value added of the primary industry accounted for 7.1% of the GDP, that of the secondary industry accounted for 38.3%, and that of the tertiary industry accounted for 54.6%.

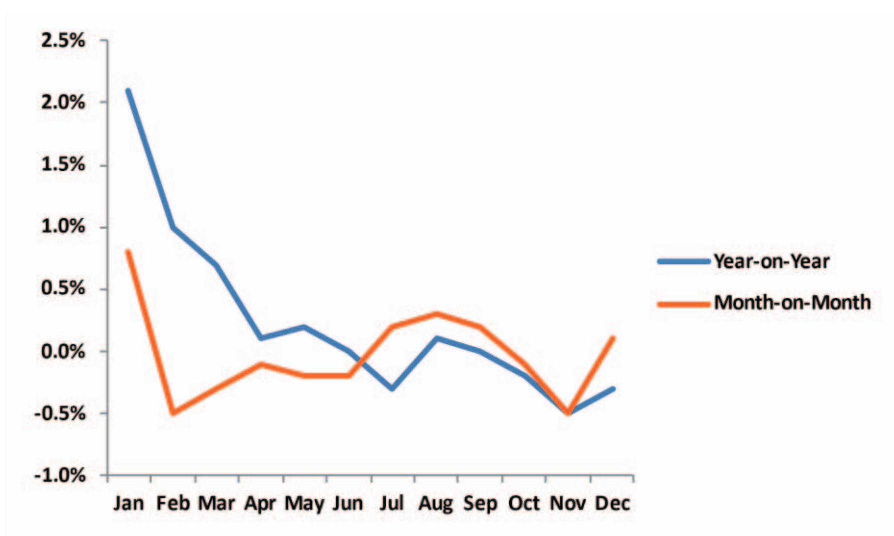
Gross Domestic Product and Growth Rates, 2019-2023



Source: National Bureau Statistics of China

The consumer prices increased slightly. The consumer prices in 2023 went up by 0.2% over the previous year. Of this total, the prices for food tobacco and liquor increased by 0.3%. The prices for investment in fixed assets increased by 0.3%. The producer prices and the purchasing prices for industrial products went down by 3.0% and 3.6% respectively. The producer prices for farm products decreased by 2.3%.

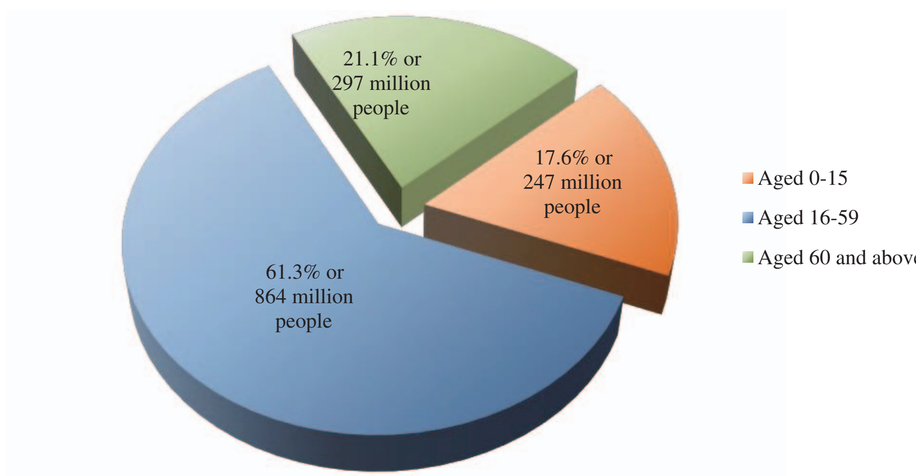
Monthly Changes in Consumer Prices, 2023



Source: National Bureau Statistics of China

By the end of 2023, the total number of the PRC's population of the mainland reached 1,409.67 million, a decrease of 2.08 million from the end of 2022. The number of urban permanent residents has increased to 932.67 million, accounting for 66.2% of the total population. In 2023, 9.02 million of births have recorded with a crude birth rate of 6.39 per thousand, and 11.10 million of deaths with a crude death rate of 7.87 per thousand. The natural growth rate was -1.48 per thousand.

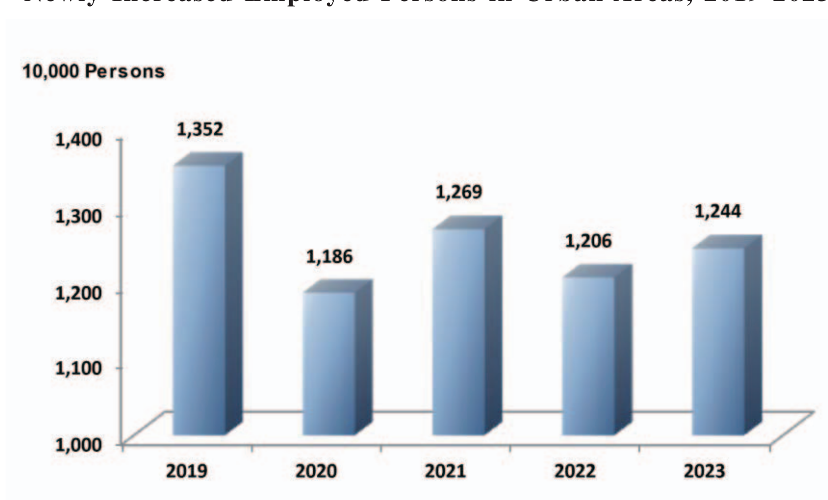
Population Age Composition, 2023



Source: National Bureau Statistics of China

At the end of 2023, the number of employed people in the PRC was 740.41 million, and that in urban areas was 470.32 million. The number of newly increased employed persons in urban areas was 12.44 million. The urban surveyed unemployment rate was 5.2% at the end of the year. The total number of migrant workers in 2023 was 297.53 million, an increase of 0.6% from 2022. Of which, the migrant workers who left hometown and worked in other places were 176.58 million, increased by 2.7%, and those who worked in their own localities reached 120.95 million or dropped by 2.2%.

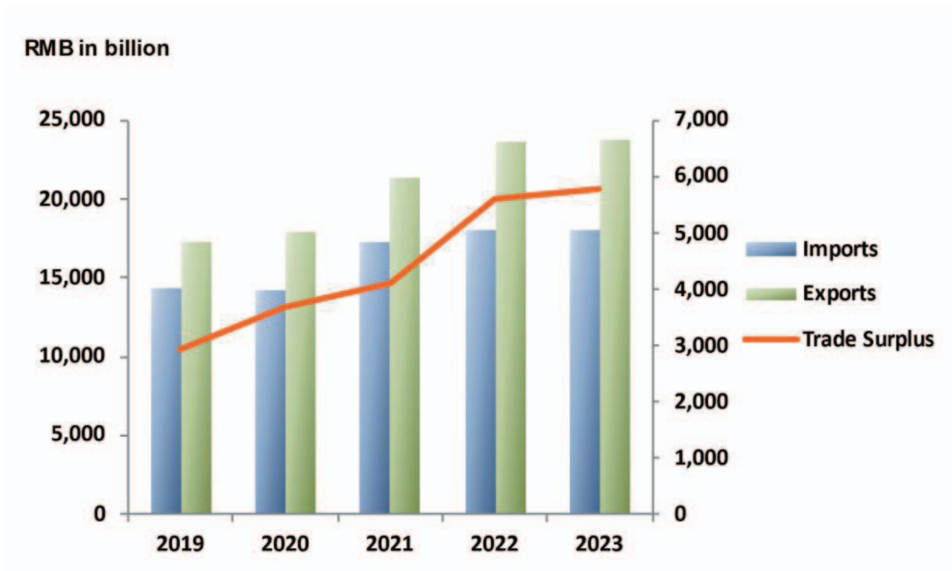
Newly Increased Employed Persons in Urban Areas, 2019-2023



Source: National Bureau Statistics of China

The total value of imports and exports of goods in 2023 reached RMB41,756.8 billion, increased by 0.2 % of the previous year. The value of goods exported was RMB23,772.6 billion or up by 0.6% and the value of goods imported was RMB17,984.2 billion or down by 0.3%. The net exports (exports minus imports) was RMB5,788.3 billion, an increase of RMB193.8 billion over the previous year.

Imports and Exports of Goods, 2019-2023



Source: National Bureau Statistics of China

7.2. Vocational Training Industry in PRC

PRC's vocational training industry has entered a phase of rapid growth in recent years. The market has seen substantial development, particularly in the area of online and digital education. Vocational colleges have significantly expanded in both quantity and quality, as the PRC government has placed increasing emphasis on the importance of vocational and technical education.

Despite this progress, the vocational training industry still faces a number of challenges. There are uneven levels of economic and industry development across different regions, leading to urban-rural disparities in access and quality of vocational training programs. There are also persistent shortages of qualified teaching staff, as well as a continued separation between vocational schools and enterprises.

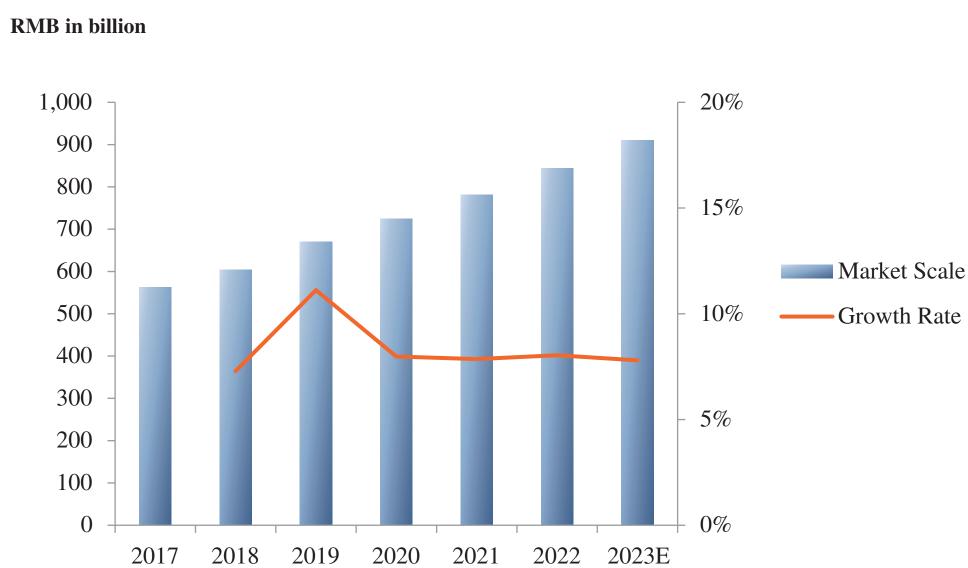
To address these challenges, the PRC government has implemented policies and regulations to further support the vocational training industry. This includes greater financial investments, incentives for collaboration between schools and businesses, and efforts to better align curriculum and training with the evolving needs of industries and employers.

Advancements in information technology and the growth of online education have become critical supplements to traditional vocational training delivery. Vocational skill training is increasingly focused on meeting real-time industry demands, reflecting the trend towards more personalized, competency-based education.

However, the rapid changes driven by new technologies, globalization, and shifting economic conditions have also presented new requirements and challenges for vocational training programs. This includes the need to constantly update teaching methods, curriculum, and staff capabilities to keep pace with the evolving talent needs across different sectors.

Overall, PRC's vocational training industry continues to experience robust growth, driven by strong government support and increasing social demand for skilled technical workers, in terms of revenue, increased from RMB562.6 billion in 2017 to RMB843.9 billion in 2022 at a CAGR of 8.45%. The sector must continue to adapt and innovate to address the persistent disparities, teacher shortages, and industry alignment challenges it faces.

PRC's Vocational Training Market Scale, 2017-2023E



Source: China Briefing. (2023, July 12). China's vocational training industry: Opportunities for Foreign Investment.

8. VALUATION METHODOLOGY

Conventional valuation approaches include Market Approach, Income Approach and Cost Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing the Target Company that are similar in nature.

8.1. Market Approach

Market Approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices may be adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets.

8.2. Income Approach

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.

8.3. Cost Approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

9. ADOPTED APPROACH FOR THE VALUATION OF THE TARGET COMPANY

Among the abovementioned valuation approaches, 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 Target Company's business operations and nature of the industry is participating, professional judgment and technical expertise.

The market approach is considered to be the most appropriate valuation approach in this valuation as it requires far fewer subjective assumptions than the income approach. The cost approach is also considered inappropriate as the replication cost may not represent its value. Under the market approach, the Guideline Public Company Method (the "GPCM") is adopted in the valuation. In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to the Target Company are calculated, then the indicated value of the Target Company is calculated by the adopted price multiples with adjustments of size, control premium and discount for lack of marketability if applicable. The price multiples are ratios that relate business value to some measure of the company's financial performance.

9.1. Comparable Companies

In the valuation, the adopted parameters are determined with reference to the information in respect of publicly listed companies that are considered to be comparable to Target Company (the "Comparable Companies"). Since no company is exactly alike as the Target Company, a set of the Comparable Companies is required in valuing the Target Company. In order to determine the Comparable Companies appropriately, we have considered the following perspectives in the selection criteria from public available sources as follows:

- The companies are principally engaged in the provision of entrepreneurship or vocational training services;
- The principal activities are located in China; and
- Listing in a major stock exchange and has traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market.

Details of the Comparable Companies are listed as follows:

Company Name	**Ticker**	**Business Description**
China East Education Holdings Limited	667 HK	China East Education Holdings Limited provides vocational training educational services. It offers culinary education, internet technology education, automotive education, and other services. China East Education Holdings provides services in China.
Jiangsu Chuanzhiboke Education Technology Company Limited	003032 CH	Jiangsu Chuanzhiboke Education Technology Co., Ltd. provides online training courses. It offers system training courses, big data analysis training courses, software testing training courses, and other courses. Jiangsu Chuanzhiboke Education Technology provides services in China.
Shanghai Action Education Technology Company Limited	605098 CH	Shanghai Action Education Technology CO., LTD. provides educational services. It mainly offers entrepreneur training, management training, management consulting, and other services. Shanghai Action Education Technology provides its services throughout China.
Offcn Education Technology Company Limited	002607 CH	Offcn Education Technology Co., Ltd. offers education training services. It provides civil servants, institutions, and teachers training services. Offcn Education Technology mainly operates businesses in China.
Fenbi Limited	2469 HK	Fenbi Ltd. offers non formal vocational education and training services. It provides career test preparation, recruitment and qualification examination tutoring, and other services.
Kaiyuan Education Technology Group Company Limited	300338 CH	Kaiyuan Education Technology Group Co., Ltd. offers educational services. It provides education management, education consulting, education investment, teaching testing, teaching evaluation, and other services.

9.2. Adopted Price Multiple

To derive the fair value of the Target Company, we have considered various price multiples including the Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization ("EV/EBITDA") multiple, Enterprise Value to Earnings Before Interest and Taxes ("EV/EBIT") multiple, Enterprise Value to Sales ("EV/S"), Price to Earnings ("P/E") multiple, Price to Sales ("P/S") multiple and the Price to Book ("P/B") multiple.

The P/S multiple does not capture differences in cost structure across companies and the P/E multiple, EV/EBIT multiple and EV/EBITDA multiple are also not suitable since the trailing 12 months earnings of the Target Companies were mostly driven by the reversal of allowance for financial assets under expected credit loss as at the Date of Valuation. Hence, the P/B multiple was adopted in assessing the value of the Target Company in the valuation.

The P/B multiple is calculated by the market capitalization of the Comparable Companies divided by the net assets value ("NAV").

Due to the fact that the Comparable Companies are often of different size than the company being valued and larger companies generally have lower expected returns that translate into higher value. On the other hand, small companies are perceived as riskier in relation to business operation and financial performance, and therefore the expected returns (or discount rate) are higher and resulting in lower valuation multiples. Therefore, the base valuation multiples of the Comparable Companies were adjusted to reflect the difference in natures between the Comparable Companies and the Target Group. The adjusted valuation multiples (the "Adjusted Valuation Multiples") were calculated using the following formula:

$$\text{Adjusted Valuation Multiples} = \frac{1}{\frac{1}{M} + \theta}$$

Where:

M = Base valuation multiples

θ = Required increase in the equity discount rate for size difference

In the course of our valuation, we have made reference to Cost of Capital by Kroll Cost of Capital Navigator as at 31 December 2023 (the "**2023 Kroll Cost of Capital**") for the required increase in the equity discount rate for size difference. Taking the first Comparable Company in the list as an example, the market capitalisation of the first Comparable Company in the list as at Valuation Date was US$641 million which is in the range of US$555.88 million and US$3,010.81 million; thus the size premium for the first comparable is 1.24% according to the 2023 Kroll Cost of Capital. As the Target Company is not listed, the market capitalisation is unknown. Therefore, the Target Company's net book value is adopted. The net book value of the Target Company as at the Valuation Date is US$12.31 million, which is in the range of US$1.58 million and US$554.52 million; thus the size premium of the Target Company is 2.91% according to the 2023 Kroll Cost of Capital.

Therefore, the required increase in the equity discount rate for size difference, the θ, for the first comparable is equal to 2.91% minus 1.24%, which is 1.67%. The other Comparable Companies adopt the same method to derive the size premium. Then, the size premium of the target company (2.91%) is subtracted by the Comparable Companies' size premium to obtain the θ.

Details of the Adjusted Valuation Multiples of the Comparable Companies are shown below:

Company Name	Ticker	NAV RMB' million	P/B multiples	Adjusted P/B multiples
China East Education Holdings Limited	667 HK	5,608	0.83	0.82
Jiangsu Chuanzhiboke Education Technology Company Limited	003032 CH	1,338	2.87	2.87
Shanghai Action Education Technology Company Limited	605098 CH	989	5.78	5.27
Offcn Education Technology Company Limited	002607 CH	650	22.3	12.54[Note 1]
Fenbi Limited	2469 HK	1,268	6.96	6.24
Kaiyuan Education Technology Group Company Limited	300338 CH	-118	N/A[Note 2]	N/A[Note 2]
			Average	**3.80**

Note 1: Considered to be an outlier and thus excluded in the selection.

Note 2: P/B multiple is not available as its NAV is negative in the latest financial statement as at the Date of Valuation.

9.3. Discount for Lack of Marketability (DLOM)

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared to similar interest in public companies, ownership interest in privately held company is not readily marketable. Therefore, the value of a share in a privately held company is usually less than that in a publicly held company. The lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability.

According to the research "Control Premium and Discount for Lack of Marketability Study 2023 — Issue 2", published by Moore. The research summarized the data extracted from HKEX. The key findings provided a clear view of figures about DLOM adopted by the market participants. We have adopted a DLOM of 21.2%, which is the average of trailing 12-months market data.

9.4. Control Premium

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company.

The P/B multiples adopted in the Valuation were calculated from publicly listed companies, which represents minority ownership interest; value calculated using such P/B multiples, therefore, represents the minority interest.

As our Valuation was for 100% equity interests of the Target Company, a control premium has been adopted with reference to the research "Control Premium and Discount for Lack of Marketability Study 2023 — Issue 2", published by Moore. The research summarized the data extracted from HKEX. The key findings provided a clear view of figures about control premium adopted by the market participants. We have adopted a control premium of 23.7%, which is the average of trailing 12-months market data.

9.5. Calculation Details

With consideration of the DLOM and Control premium, the value of the Target Company was calculated using the following formula:

Value of Non-Marketable Controlling Interest = Value of Marketable Minority Interest x (1 + Control Premium) x (1 - DLOM)

For illustrative purpose, the calculation details of the fair value of 100% equity interest of the Target Company using the P/B multiple was shown below:

	Fair Value before adjusting for DLOM and Control premium	Fair Value after adjusting for DLOM and Control premium
P/B Multiple	RMB339,000,000	RMB330,000,000

10. MAJOR ASSUMPTIONS

In conducting our valuation work, certain major assumptions are adopted in order to sufficiently support our opinion of value. In addition, our valuation analyses are also subject to specific representations and certain principal assumptions that Management considers necessary and appropriate for adoption in our valuation analyses 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 and has sufficient liquidity and 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 developments;

- 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 revenues attributable to and profitability of the Target Company;

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

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

In case actual events do not accord with one or more of the above assumptions, the resulting value of the Target Company may vary substantially from the figure as set out in this report.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We have not verified the accuracy of the information provided and have assumed that the aforesaid information is accurate. We have not conducted any further investigations concerning whether all data have been provided to us and we have no reason to believe that any material data have been withheld from us.

We would particularly point out that our valuation is based on the information made available to us, such as the market data and the Target Company's information made by the Company are true and accurate.

Our opinion of value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

This report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated in **Section 1 — Purpose of Valuation**, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

12. REMARKS

Unless otherwise stated, all monetary amount stated in this valuation report are in Renminbi (RMB).

13. OPINION OF VALUE

Based on the investigation and analysis stated above, our scope of work and limitations in scope of work, information available, the assumptions adopted and the valuation method employed, the fair value of 100% equity interest of Shengshang Entrepreneurial Services Company Limited (i.e., the Target Company) as at 31 May 2024 (i.e., the Date of Valuation) in our opinion, was reasonably stated as **RMB330,000,000 (RENMINBI THREE HUNDRED AND THIRTY MILLION ONLY)**.

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Company or the value reported herein.

Yours faithfully,
For and on behalf of
Ravia Global Appraisal Advisory Limited

Elvis C F Ng
CFA, FRM
Director

Note: Mr. Elvis C F Ng is a holder of Chartered Financial Analyst and a certified Financial Risk Manager. He has over fifteen years' experience in business valuation, transaction advisory and corporate consultancy in the Asia Pacific Region including Hong Kong, the PRC and Australia, as well as in European, American, Middle-east and African countries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the allotment and issue of the Consideration Shares (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date other than the issue of the Consideration Shares) is as follows:

(i) Share capital as at the Latest Practicable Date

	Nominal value per Share	Number of Shares
Authorised:		
As at the Latest Practicable Date	US$0.02	5,000,000,000
Issued and fully paid:		
As at the Latest Practicable Date	US$0.02	951,762,830

(ii) Share capital immediately upon Completion assuming that there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares

	Nominal value per Share	Number of Shares
Authorised:		
As at the Completion	US$0.02	5,000,000,000
Issued and fully paid:		
As at the Latest Practicable Date	US$0.02	951,762,830
Consideration Shares to be issued pursuant to the Acquisition	US$0.02	850,000,000

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

The Consideration Shares to be allotted and issued will, when issued, rank *pari passu* in all respects with the Shares then in issue. The Vendors will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Consideration Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

On 14 January 2024, the Company entered into a subscription agreement with Yayue Longte Co., Limited (亞悅隆特有限公司) ("**Yayue Longte**") for issuance and allotment of 43,855,948 Shares at HK$0.69 per Share.

On 18 March 2024, the Company entered into a subscription agreement with the Noble Trade International, pursuant to which, the Noble Trade International has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 530,000,000 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.

On 28 June 2024 and 2 July 2024, the Company entered into two subscription agreements and supplemental subscription agreements with Yayue Longte and Oupu Shanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司), respectively, pursuant to which an aggregate of 158,627,138 new Shares have been allotted and issued to the subscribers at the subscription price of HK$0.515 per Share.

Save as provided above, no Share has been issued since 31 December 2023 (being the date on which the latest audited financial statement of the Company were made up) and up to the Latest Practicable Date.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

As at the Latest Practicable Date, save as disclosed above, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

3. MARKET PRICE

The table below sets out the closing prices per Share as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the period commencing on the date falling six months preceding 26 July 2024, being the date of the Announcement, up to and including the Latest Practicable Date ("**Relevant Period**"); (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share *(HK$)*
28 March 2024	0.495
30 April 2024	0.510
31 May 2024	0.880
28 June 2024	0.640
26 July 2024 (being the Last Trading Day)	0.495
30 August 2024	1.37
2 September 2024 (being the Latest Practicable Date)	1.47

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$1.47 on 2 September 2024 and HK$0.495 on 28 March 2024, respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executives

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director/ Chief Executive	Capacity/Nature of interest	Total number of Shares/ underlying Shares held	Approximate percentage of the issued Shares
Yuan Li *(Note 1)*	Interest of controlled corporation	383,096,117	40.25%
Xu Xinying *(Note 2)*	Interest of controlled corporation	31,208,186	3.28%
Zhuang Liangbao *(Note 3)*	Interest of controlled corporation	2,960,928	0.31%

Notes:

1. 298,472,783 Shares were held by Noble Trade International as the beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. ("**Mogen**"). 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; and the remaining by Independent Third Parties.

   84,623,334 Shares were held 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.

2. 31,208,186 Shares were held 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.

3. 2,960,928 Shares were held 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, who is an executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, or to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies / individuals had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in the corporation
Yuan Li *(Note 1)*	Interest of corporation controlled	383,096,117	40.25%
Mogen Ltd. *(Note 1)*	Interest of corporation controlled	383,096,117	31.36%

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in the corporation
Noble Trade International Holdings Limited (聖行國際集團有限公司) *(Note 1)*	Beneficial Owner	383,096,117	31.36%
Liu Yang (劉楊) *(Note 2)*	Interest of corporation controlled	132,483,086	13.92%
Yayue Longte Co., Limited (亞悅隆特有限公司) *(Note 2)*	Beneficial Owner	132,483,086	13.92%

Notes:

1. 298,472,783 Shares were held by Noble Trade International as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd.. Mogen is owned as to 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.

   84,623,334 Shares were held 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.

2. 132,483,086 Shares were held by Yayue Longte as beneficial owner. Yayue Longte was wholly-owned by Ms. Liu Yang.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within 6 months before the date of the Announcement and up to the Latest Practicable Date; (ii) are continuous contracts with a notice period of 12 months or more; (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period; or (iv) are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023 (being the date of which the latest published audited financial statements of the Group were made up).

5. INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, there is no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party, subsisting, and in which a Director had, whether directly or indirectly, a material interest.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the completion of the Acquisition and the internal financial resources available to the Enlarged Group, are of the opinion that, the Enlarged Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CL Partners CPA Limited	Certified public accountants
Ravia Global Appraisal Advisory Limited	An independent professional valuer

The experts named above have given, and have not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter, report and/or advice and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the experts named above did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

11. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date of this circular and are or may be material:

a) The Acquisition Agreement;

b) The two subscription agreements dated 28 June 2024 and supplemental subscription agreements dated 2 July 2024 entered by the Company and Yayue Longte and Oupu Shanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司) respectively, pursuant to which each of the two subscribers has conditionally agreed to subscribe for an aggregate of 158,627,138 Shares at the subscription price of HK$0.515 per Share. The aggregate gross proceeds under the subscriptions are expected to be HK$81,692,976.07 and the net subscription price under the supplemental subscription agreements, after deduction of relevant expenses, is estimated to be approximately HK$81,392,976.07;

c) The equity transfer agreement dated 19 June 2024 enter in to between Beijing Qidian New Business Technology Co., Ltd.* (北京奇點新商業科技有限公司) ("**Beijing Qidian**"), an indirect wholly-owned subsidiary of the Company, and Guangdong Shengrong Financial Services Holdings Limited* (廣東聖融金服控股有限公司) ("**Guangdong Shengrong**"), pursuant to which Beijing Qidian as the seller and Guangdong Shengrong as the purchaser entered into the equity transfer agreement in relation to the disposal of the entire equity interest in the Yangzhou Laihao Electrical Appliances Trading Co., Ltd.* (揚州來好電器商貿有限公司), an indirect wholly-owned subsidiary of the Company at the consideration of RMB29,300,000 as part of the settlement arrangement of the outstanding amount under the loan agreement entered in to between Beijing Qidian and Guangdong Shengrong on 25 October 2022. 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 due for repayment on 18 April 2024 as agreed by the parties;

d) The subscription agreement dated 18 March 2024 entered in to between the Company and the Noble Trade International, pursuant to which the Company has conditionally agreed to allot and issue and the Noble Trade International 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.

e) The subscription agreement dated 14 January 2024 entered into between the Company and Yayue Longte, pursuant to which the Company has conditionally agreed to allot and issue, and Yayue Longte Co., Limited has conditionally agreed to subscribe for 43,855,948 new Shares of the Company under general mandate. The gross proceeds from the subscription amounted to HK$30,260,604.12 and the net proceeds, after deduction of the related expenses, amounted to HK$29,960,604.12;

f) The agency agreement entered into by Shenzhen Qidian Education Technology Co., Ltd.* (深圳奇點求學科技有限公司) ("**Shenzhen Qidian**"), a subsidiary owned as to 75% by the Company, and Beijing Shengshang, an associate of Mr. Yuan Li and a connected person of the Company, on 28 August 2023, pursuant to which Shenzhen Qidian agreed to act as the agent for Beijing Shengshang in respect of the sales and promotion of its training courses and services and 25% of the income from the sales of Beijing Shengshang's training courses and services by Shenzhen Qidian as agent will be paid as transaction fees to Beijing Shengshang within ten days after parties have agreed on the amount of the transaction fees;

g) The disposal agreement dated 19 January 2023 entered into between Yangzhou Port Development Co., Ltd.* (揚州港口開發有限公司) (as the purchaser), an Independent Third Party and (i) Jiangsu Kuanrui Logistics Trade Development Co., Ltd.* (江蘇寬瑞物流貿易發展有限公司) ("**Jiangsu Kuanrui**"), an indirect wholly-owned subsidiary of the Company, and (ii) Yangzhou Jiuhao Electric Trading Co., Ltd.* (揚州久好電器商貿有限公司) ("**Yangzhou Jiuhao**") (collectively as the vendors), an indirect wholly-owned subsidiary of the Company, in relation to the sale and purchase of certain industrial land use rights and the buildings and ancillary facilities. The consideration for the disposal is RMB82,580,000, inclusive of tax payable by Jiangsu Kuanrui and Yangzhou Jiuhao pursuant to the terms of the disposal agreement;

h) The equity transfer agreement dated 17 January 2023 between Yangzhou Laihao Electronic Devices Trade Co., Ltd.* (揚州來好電器商貿有限公司) (as the vendor), an indirect wholly-owned subsidiary of the Company, and Beijing Xingyunliang Technology Co., Ltd. (北京星運良科技有限公司) (as the purchaser), an Independent Third Party, in relation to the transfer of all the equity interests in Yangzhou Laitai Trade Group Co., Ltd.* (揚州來泰商貿集團有限公司) at the consideration of RMB1.00; and

i) The conditional acquisition agreement dated 23 August 2022 and a supplemental agreement dated 30 December 2022 entered into between the Company (as the purchaser) and a series of special purpose vehicles, namely Greatssjy Co., Ltd., Xu Xinying Co., Ltd., Zhuanglb Co., Ltd., Dopoint Co., Ltd., Top Vanguard Linkage Innotech Co., Ltd., Energystone Co., Ltd., Shengshangmingyue Co., Ltd., Chengshan Co., Ltd., Heimazhidi Co., Ltd., Guangsuduoer Co., Ltd., Dixingjingliu Co., Ltd., Houyishengrong Co., Ltd. and Ms. Liu Shixiu (collectively as the vendors) in relation to sale of all the equities in Shengshang Entrepreneurial Services Co., Ltd. at the consideration of HK$1,995,000,000. Other than Greatssjy Co., Ltd., Xu Xinying Co., Ltd., Zhuanglb Co., Ltd., Energystone Co., Ltd. and Shengshangmingyue Co., Ltd., the vendors are Independent Third Parties.

12. GENERAL

(a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

(b) As at the Latest Practicable Date, save for the Acquisition Agreement, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

(c) As at the Latest Practicable Date, save for the disclosure made in the paragraph 4(a) headed "Interests of Directors and Chief Executives" in this Appendix, none of the Directors was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(d) The registered office of the Company is at The offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands; and the principal place of business in Hong Kong is situated at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

(e) The registered office of the Independent Financial Adviser is at Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong.

(f) The correspondence address of Mr. Yuan Li is at No. 3602, Jingxing Sea Plaza, No. 3125 Linhai Avenue, Nanshan Street, Qianhai Shenzhen Shenzhen-Hong Kong Cooperation Zone, Nanshan District, Shenzhen, China.

(g) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(h) The company secretary of the Company is Ms. Wong Yuen Ki, a manager of corporate services of Tricor Services Limited, an external service provider.

(i) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (www.qidianguofeng.cn) for a period of 14 days from the date of this circular up to and including the date of EGM:

(a) the letter from the Independent Board Committee, the text of which is set out in this circular;

(b) the letter from the Independent Financial Adviser, the text of which is set out in this circular;

(c) the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

(d) the consent letters as referred to in the paragraph headed "10. Qualification and Consent of Expert" in this circular;

(e) unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(f) the valuation report from the Valuer, the text of which is set out in Appendix V to this circular; and

(g) the Acquisition Agreement.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of China Qidian Guofeng Holdings Limited (the "**Company**") will be held on Tuesday, 24 September 2024 at 10:00 a.m. at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company. Unless otherwise defined, the capitalized terms shall have the same meanings as defined in the circular of the Company dated 4 September 2024.

ORDINARY RESOLUTION

"THAT, subject to the fulfilment of the terms and conditions set out in the Acquisition Agreement dated 26 July 2024 (copy of which has been produced to this meeting marked "A" and initialed by the Chairman for the purpose of identification) entered into between the Company and the Vendors 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 the Target Company. The Company has conditionally agreed to allot and issue 850,000,000 Consideration Shares at the price of HK$0.40 per Consideration Share:-

(a) the Acquisition Agreement and the matters contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) all the transactions contemplated under the Acquisition Agreement, including but not limited to the Specific Mandate to allot and issue the Consideration Shares by the Company to the Vendors pursuant to the Acquisition Agreement, be and are hereby approved and the Directors be and are hereby authorised to allot and issue the Consideration Shares to the Vendors pursuant to the Acquisition Agreement; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder."

Yours faithfully,
For and on behalf of
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman of the Board

Hong Kong, 4 September 2024

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

4. In the case of joint holders of shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. The register of members of the Company will be closed from Friday, 20 September 2024 to Tuesday, 24 September 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 19 September 2024 for registration.

6. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an circular on the website of the Company at www.qidianguofeng.cn and on the Stock Exchange website at http://www.hkexnews.com notify shareholders of the Company of the date, time and place of the rescheduled meeting.

7. As at the date hereof, the Board comprises:

Executive Directors:
Mr. Yuan Li *(Chairman)*
Mr. Xu Xinying *(Vice-chairman)*
Mr. Sun Yue *(Vice-chairman and Chief Executive Officer)*
Mr. Zhuang Liangbao

Non-executive Directors:
Mr. Gu Changchao
Mr. Wang Xianfu

Independent non-executive Directors:
Mr. Zhang Yihua
Mr. Chen Rui
Mr. Fung Tak Choi