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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the 2024 results announcement of the Company dated 28 March 2025 (the "**Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board wishes to provide the Shareholders and potential investors with additional information in relation to Anhui Four Seas litigation as follows:

The Asset Prevention Order

Hanjiang District People's Court of Yangzhou City* (江蘇省揚州市邗江區人民法院) had granted an asset preservation order dated 5 November 2024 to freeze 65% equity interests of Anhui Four Seas with capital contribution of RMB 32.5 million held by Yangzhou Huiyin Commercial Chain with immediate effect (the "**Order**").

With reference to the announcement of the Company dated 17 January 2023, Laitai Trading was disposed by the Group. By the time the Order was granted, Laitai Trading was no longer a member of the Group. Bankruptcy proceedings in relation to Laitai Trading have been initiated after the disposal of Laitai Trading, which have not yet reached the stage of distribution of liquidated assets. Nanjing Haihuitong alleged that Laitai Trading's transfer of Anhui Four Seas with nil consideration has prevented it from realizing its claim and has harmed its legitimate rights and interests. Therefore, it filed a lawsuit requesting the court to rescind the Equity Transfer Agreement and to restore the registration of the 65% equity interests of

Anhui Four Seas held by Yangzhou Huiyin Commercial Chain in Anhui Four Seas under Laitai Trading as the owner of such equity interest (the "**Haihuitong Litigation**"). Please refer to the Announcement for details of Nanjing Haihuitong's requests as a creditor of Laitai Trading.

Pursuant to the Order, which is effective from 5 November 2024 to 4 November 2027, Yangzhou Huiyin Commercial Chain is prevented from dealing with 65% equity interests of Anhui Four Seas until further order of the Court.

View of the Board

The Board has thoroughly reviewed the allegations made by Nanjing Haihuitong and finds no factual or legal basis for the claim that Yangzhou Huiyin Commercial Chain acquired 65% equity interests in Anhui Four Seas from Laitai Trading for no consideration. Contrary to the allegation of a "gratuitous transfer", the equity transfer was part of a comprehensive assignment of contractual rights and obligations. Yangzhou Huiyin Commercial Chain assumed a significant amount of debt on behalf of Laitai Trading, ensuring that the interests of creditors were not impaired and that the conditions for creditors' recession rights were not met.

Background of Anhui Four Seas

In 2010, Laitai Trading (then known as Yangzhou Huiyin Household Appliance Co., Ltd.) and Mr. Jin Zhenlin (靳真林) ("**Mr. Jin**") jointly established Anhui Four Seas to develop the household appliance business in Huainan of Anhui Province. According to the cooperation agreement between Laitai Trading and Mr. Jin in relation to Anhui Four Seas ("**Cooperation Agreement**"), Laitai Trading was to contribute RMB19.5 million (holding 65% equity interests), while Mr. Jin would contribute RMB10.5 million (holding 35% equity interests). The Cooperation Agreement included a payment mechanism based on the operating performance of Anhui Four Seas, setting out that if Anhui Four Seas's net operating profit after tax exceeded RMB5 million in the first year, Laitai Trading would pay Mr. Jin a predetermined amount according to an agreed formula.

Transfer of Rights and Obligations

In 2020, Yangzhou Huiyin Commercial Chain inherited all the rights and obligations of Laitai Trading under the Cooperation Agreement, including the acquisition of 65% equity interests in Anhui Four Seas and the corresponding payment responsibilities. To protect Mr. Jin's rights under the Cooperation Agreement, Yangzhou Huiyin Commercial Chain pledged the 65% equity interests of Anhui Four Seas to a company controlled by Mr. Jin, in accordance with the Cooperation Agreement.

Substance of the Transaction

Yangzhou Huiyin Commercial Chain's assumption of Laitai Trading's payment obligation to Mr. Jin was essentially a method of paying the consideration for the equity transfer by assuming debt. Although it was set out in the Equity Transfer Agreement in the record of industrial and commercial registration that transfer price is "zero," it was merely a simplified treatment for the purpose of industrial and commercial registration. The real transaction price was reflected in the debt assigned to Yangzhou Huiyin Commercial Chain. Therefore, Nanjing Haihuitong's assertion that the transfer was "gratuitous" based solely on the "zero" price in the Equity Transfer Agreement in the industrial and commercial registration was not correct and did not reflect the full picture of the overall background and substance of the transaction.

Conclusion

Based on the detailed review and analysis, the Board concludes that the allegations regarding the litigation, the Order, and the Company's breach lack substance and are not supported by the factual and legal context of the transaction.

Latest status of Haihuitong Litigation

On 18 April 2025, Hanjiang District People's Court of Yangzhou City issued the judgment with respect to the Haihuitong Litigation, in which the court has rejected all the requests of Nanjing Haihuitong.

The court has never enforced the 65% equity interests in Anhui Four Seas held by Yangzhou Huiyin Commercial Chain under the Order. Upon the grant of favourable judgement by the court, the Order has not been automatically released according to the PRC laws. Yangzhou Huiyin Commercial Chain will apply to the court to release the 65% equity interests of Anhui Four Seas from the Order in due course.

Huainan Jianle Lawsuit

Yangzhou Huiyin Technology Group Co., Ltd.* (揚州匯銀科技集團有限公司) ("**Yangzhou Huiyin Technology**"), Yangzhou Huiyin Commercial Chain, Mr. Jin, Huainan Jianle Investment Co., Ltd. (淮南市健樂投資有限公司) ("**Huainan Jianle**") and the Anhui Four Seas entered into a supplemental agreement to the Cooperation Agreement on 22 May 2020, pursuant to which, Yangzhou Huiyin Technology shall transfer the 65% equity interests of Anhui Four Seas to Yangzhou Huiyin Commercial Chain as part of the internal restructuring of the Group and Yangzhou Huiyin Commercial Chain granted a pledge over 65% equity interests of Anhui Four Seas in favour of the Mr. Jin and/or his controlled entity as security for payment of the outstanding amount of the consideration and the bonus consideration pursuant to the Cooperation Agreement. The consideration was estimated to be RMB53,560,000, which might be further adjusted subject to final negotiation with Mr. Jin. Please refer to the announcements of the Company dated 22 May 2020, 14 April 2023 and 11 May 2023 and the disclosure in the Company's annual report for 2020, interim report for 2021 and annual reports for 2021, 2022 and 2023.

The Order may adversely affect the interests of the lawful and valid pledgee of Huainan Jianle over 65% equity interests of Anhui Four Seas. As a result, Huainan Jianle filed a contractual dispute lawsuit with the People's Court of Tianjiaan District, Huainan City (淮南市田家庵區人民法院淮南市田家庵區人民法院) on 20 January 2025 (the "**Huainan Jianle Lawsuit**").

In the Huainan Jianle Lawsuit, Huainan Jianle requested the court to order Yangzhou Huiyin Commercial Chain to pay them RMB61,076,715. Alternatively, if Yangzhou Huiyin Commercial Chain is unable to make this payment, Huainan Jianle requested that Yangzhou Huiyin Commercial Chain shall perform the pledge for the value of the 65% equity interests in Anhui Four Seas. Huainan Jianle also sought priority in receiving the proceeds from any auction, sale at discount of 65% equity interests of Anhui Four Seas. The above claim is based on the Cooperation Agreement along with subsequent supplementary agreements.

The first hearing for this case took place on 27 March 2025, and no judgment was formed on the spot. Both parties were willing to mediate, and as of now, no summons for the next hearing has been received. The court's judgment result cannot be estimated at this stage. Huiyin Commercial Chain wishes to settle the case through mediation. Regardless of the amount determined by the court's judgment or the payment amount reached through mediation, Huiyin Commercial Chain hopes to pay off the payable price in this case by the pledged equity dated 22 May 2020. If an equity payment plan is reached, the Huiyin Commercial Chain will have no further responsibility for payment obligations, but it does not rule out the possibility that Huiyin Commercial Chain may bear the plaintiff's litigation costs arising from this case.

Financial Impact of the Order

Anhui Four Seas is currently conducting its business operations as usual. Yangzhou Huiyin Commercial Chain legally holds a 65% equity interest in Anhui Four Seas and consolidates it into the Company's accounts. The Order has no material adverse impact on the business operations or financial position of the Company.

As of 31 December 2024, Anhui Four Seas reported total assets of approximately RMB 119 million, liabilities of approximately RMB 70.43 million, and owners' equity of approximately RMB 48.8 million. According to the income statement for the same period, the company generated revenue of approximately RMB 158 million, incurred an operating loss of RMB 1.3 million, and achieved a net profit attributable to the parent company of approximately RMB 1.13 million. Based on the audited financial results, Anhui Four Seas' assets account for 20% of the Group's total assets, its revenue accounts for 35.78% of the Group's total revenue, and its profits account for a mere 0.05% of the Group's total profitability. Furthermore, while Anhui Four Seas' assets grew by 27.67% year-over-year compared to 2023, its revenue only grew by 2.22%, and its profits actually decreased by 169.05% year-over-year due to impairment of asset loss.

According to the 2024 results announcement of the Company, the Group achieved total revenue of RMB 442 million in 2024, representing a year-over-year growth of 38.2%. Notably, the Group's two new business segments, liquor sales and education/training services, performed exceptionally well. Liquor sales revenue reached RMB 102 million, reflecting a year-over-year growth of 95.3%, while education/training services revenue reached RMB 67.91 million, reflecting a year-over-year growth of 146.2%. The significant growth of these two new business segments has accelerated the shift in the Group's revenue structure from traditional home appliance retail towards diversified new consumer sectors.

In the unlikely event of disposed by the Group of the 65% equity interest in Anhui Four Seas, the business operation and financial position of the Company is set out below:

	RMB
Net assets value of Anhui Four Seas	(40,583,155)
Non-controlling interest	14,204,104
Other current liabilities	53,560,000
Gain on deemed disposal	27,180,950
Net assets of the Group before deemed disposal	210,251,137
Net assets value of Anhui Four Seas	(40,583,155)
Other current liabilities settled	53,560,000
Net assets after deemed disposal	223,227,982

The Haihuitong Litigation, the Huainan Jianle Lawsuit and the disposal of the underlying 65% equity interest in Anhui Four Seas do not involve any change in the Company's shareholding structure, business operation, assets or liabilities, or any material event that affects the Company's operation or financial position.

The Company will publish announcement to update the status and impact of any of the Order, the Haihuitong Litigation and the Huainan Jianle Lawsuit.

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

Shenzhen, the PRC, 23 April 2025

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yuan Li, Mr. Sun Yue, Mr. Yuan Lijun and Mr. Zhuang Liangbao; one non-executive Director, namely Mr. Wang Xianfu, and three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Ms. Tang Chung Kwan Brenda.