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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE INTEREST IN THE TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

A notice convening an EGM to be held at 10:00 a.m. on Tuesday, 27 October 2026 at Conference Room, Room 3602, Jingxing Sea Building, No. 3125, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-HongKong Cooperation Zone, Shenzhen, the PRC is set out on pages EGM-1 to EGM-2 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 Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.qidianguofeng.cn).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, 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 the holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked. For the avoidance of doubt, holders of Treasury Shares of the Company (if any) shall abstain from voting at the Company's general meeting in connection to such Treasury Shares.

6 October 2026

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless otherwise specified in the context:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	China Qidian Guofeng Holdings Limited (中國奇點國峰控股有限公司), 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 vendor under the Disposal Agreement
“Completion”	completion of the sale and purchase of the Sale Share pursuant to the Disposal Agreement
“Completion Date”	the date on which Completion takes place, being the third Business Day after the conditions precedent set out in the Disposal Agreement have been fulfilled (or such other date as the Company and the Purchaser may agree in writing)
“Conditions”	the conditions precedent for Completion under the Disposal Agreement, and “Condition” means any one of the Conditions
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the nil consideration for the Sale Share under the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 2 February 2026 entered into between the Company and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting of the Company to be held and convened for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder

DEFINITIONS

“GPU”	a parallel computing processor optimized for rendering graphics and accelerating machine learning and scientific workloads
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huainan Jianle Judgment”	the judgment in relation to Huainan Jianle dated 12 May 2025 from the People’s Court of Tianjiaan District, Huainan City (淮南市田家庵區人民法院) in relation to the contractual dispute between Huainan Jianle and Huiyin Commercial Chain. Please refer to the announcements of the Company dated 21 May 2025, 4 June 2025 and 30 October 2025 respectively for details.
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	the Shareholders other than Greatssjy Co., Ltd. and Noble Trade International which are both wholly-owned by Mr. Yuan Li and his associates who are required to abstain from voting at the EGM pursuant to the Listing Rules
“Latest Practicable Date”	29 September 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mainland China” or “PRC”	the People’s Republic of China but excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular

DEFINITIONS

“Purchaser”	Greatssjy Co., Ltd., a company incorporated in the BVI with limited liability on 29 September 2021 which is wholly owned by Mr. Yuan Li
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 ordinary share of HK\$1.00, representing the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Target Company”	China Yinrui (HK) Investment Holding Company Limited (中華銀瑞(香港)投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“%”	per cent.

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

LETTER FROM THE BOARD



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. Sun Yue (Vice-chairman and CEO)
Mr. Yuan Lijun (Vice-chairman and co-CEO)
Mr. Zhuang Liangbao

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

Non-executive Director:

Mr. Wang Xianfu

Principal Place of Business in the PRC:

Unit 1504, 15/F, Block 5
No.19 Beiyuan East Road
Chaoyang District
Beijing, PRC

Independent Non-executive Directors:

Mr. Zhang Yihua
Mr. Kong Xiangming
Ms. Tang Chung Kwan Brenda

Principal Place of Business in Hong Kong:

Unit 1705, 17/F, Strand 50
50 Bonham Strand, Sheung Wan
Hong Kong

6 October 2026

To the Shareholders

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE INTEREST IN THE TARGET COMPANY
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 February 2026 in relation to the Disposal pursuant to Disposal Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (a) further details of the Disposal; (b) other information as required by the Listing Rules; and (c) notice of convening the EGM.

DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

Date

2 February 2026 (after trading hours)

Parties

- (1) the Company as the vendor
- (2) the Purchaser as the buyer

For further information of the Purchaser, please refer to the section headed “Information of the Purchaser” below.

Assets to be Disposed of

Pursuant to the Disposal Agreement, the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, being the entire issued share capital of the Target Company (being 1 ordinary share of HK\$1.00, representing 100% of the issued share capital of the Target Company) held by the Company as at the date of the Disposal Agreement.

Conditions Precedent

Pursuant to the Disposal Agreement, Completion shall be conditional upon the fulfilment of the following conditions precedent:

- (i) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the EGM approving the Disposal Agreement and the transactions contemplated thereunder;
- (ii) the receipt of all approvals, consents, authorisations and/or waivers as may be necessary or desirable under the Listing Rules and any other applicable laws, rules or regulations in respect of the Disposal Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (iii) a valuation report stating the valuation of the Sale Share to be not more than the Consideration having been obtained (if required by the Listing Rules or otherwise required by the Company's board for corporate governance purposes); and
- (iv) all necessary third party consents and approvals in respect of the transactions contemplated under the Disposal Agreement having been obtained.

None of the above conditions precedent can be waived. As at the Latest Practicable Date, all the conditions precedent have been fulfilled.

Consideration

The consideration of the Disposal is nil.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser after taking into account the following factors:

(i) the prospects of the Target Group's business

In determining the Consideration, the Board considered the challenging outlook for the Target Group's business. The home appliance retail industry in Mainland China has faced significant headwinds in recent years, with the downturn in the real estate sector and weak consumer sentiment weighing on demand. Although the nationwide "trade-in" programme helped maintain steady growth in the first half of 2025, the industry's revenue growth has been moderate at only 4.8% year-on-year. According to the China Household Electrical Appliances Association, appliance ownership in China is approaching saturation, intensifying competition around product specifications and pricing. Given the Target Group's sustained losses and limited scale, the Board considered that the Target Group's ability to compete effectively in this environment is materially constrained.

In addition, the Target Group faces a contingent risk of enforcement against the pledged 65% equity interest in Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd.* ("**Anhui Four Seas**") under the Huainan Jianle Judgment (effective since 28 May 2025), pursuant to which Huiyin Commercial Chain was ordered to pay RMB61,076,715, failing which the creditor is entitled to receive priority payment from the proceeds of any auction or sale of the 65% equity interest in Anhui Four Seas.

(ii) the financial performance of the Target Group

The Board also considered the Target Group's historical financial performance, which has demonstrated sustained losses and a substantial net liabilities position. For details of the financial information of the Target Group, please refer to the section headed "Financial information of the Target Group" below. While the Target Group recorded a profit after taxation of approximately RMB99.5 million for the year ended 31 December 2023, this was primarily attributable to a deferred income tax adjustment of approximately RMB104.2 million; on a pre-tax basis, the Target Group was loss-making. For 2024, the Target Group recorded a significant loss after taxation of approximately

LETTER FROM THE BOARD

RMB216.1 million, primarily due to the write-off of debts of approximately RMB219.6 million. For 2025, losses continued at approximately RMB14.7 million (audited) after taxation, while revenue declined materially from approximately RMB271.3 million to approximately RMB179.5 million (audited).

As at 31 December 2025, the audited consolidated net liabilities of the Target Group amounted to approximately RMB1,547,754,529.39. The Valuer ascribed “No Commercial Value” to 100% equity interest in the Target Company as at 31 December 2025, equivalent to net liabilities RMB1,514 million, reflecting substantial other payables of approximately RMB1,311 million, net liabilities in respect of investments in subsidiaries of approximately RMB189 million, and the Huainan Jianle Judgment liability of approximately RMB61.1 million, partially offset by the positive equity value of Anhui Four Seas of approximately RMB64.5 million.

In light of the above, the Board was of the view that the sustained losses, substantial net liabilities position, and unfavourable business prospects of the Target Group do not support any positive value for the Consideration.

(iii) the preliminary valuation of the Target Group based on market approach as assessed by Ravia Global Appraisal Advisory Limited (the “Valuer”), an independent valuer

The Board has reviewed the Valuation Report prepared by the Valuer and, having considered all relevant factors, is of the view that the valuation, including its basis, assumptions, and methodologies, is fair and reasonable. In particular, the Board considers the asset-based approach adopted by the Valuer to be appropriate for valuing the Target Company given its nature as an investment holding company, and the market approach using the Guideline Public Company Method and EV/S multiple to be appropriate for valuing Anhui Four Seas given its loss-making position and asset-light nature of operations. The Board further notes that the selection criteria for the comparable companies and the adjustments for size premium, DLOM and control premium are objective, transparent and based on reputable independent sources, and that the key assumptions adopted by the Valuer are reasonable under the current circumstances.

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For illustrative purposes, the Valuer has provided the following calculation on the Target Group based on the market approach:

	As at 31 December 2025
Latest Trailing 12-Month Revenue	RMB178,906,248
<i>multiply:</i> Adjusted EV/S Multiples	0.53
Implied Enterprise Value of Target Group	RMB95,302,445
<i>plus:</i> Cash And Cash Equivalents	RMB11,143,590
<i>minus:</i> Minority Interest	RMB10,690,580
<i>minus:</i> Short-Term Debt	—
<i>minus:</i> Long-Term Debt	RMB7,336,346
Fair Value of 100% Equity Interest Before Adjusting for Non-Operating Assets and Liabilities of the Target Group (Marketable Minority Interest)	RMB88,419,108
<i>multiply:</i> Control Premium	(1+26.4%)
<i>multiply:</i> DLOM	(1-20.8%)
Fair Value of 100% Equity Interest Before Adjusting for Non-Operating Assets and Liabilities of the Target Group (Non-Marketable Controlling Interest)	RMB88,515,308
<i>plus:</i> Non-Operating Assets ^(Notes 1,3)	RMB443,416
<i>minus:</i> Non-Operating Liabilities ^(Notes 1,4)	RMB(1,578,568,640)
Fair Value of 100% Equity Interest After Adjusting for Non-Operating Assets and Liabilities of the Target Group (Non-Marketable Controlling Interest)	RMB(1,489,609,917)

Notes:

- As the EV/S multiple reflects only the value attributable to the Target Group's core sales-generating operations. Non-operating items, which do not contribute to the Target Group's operating sales, have been added or subtracted to reflect the entire value of the Target Group.
- The Fair Value of 100% equity of Anhui Four Seas (Marketable Minority Interest) amounts to RMB99,109,688 which is set out in the Valuation Report.
- The Non-Operating Assets of RMB443,416 represent miscellaneous assets of the Target Group that are not related to its core operating business, including prepayments and other receivables that are not directly connected to the household appliance retail operations.
- The Non-Operating Liabilities of RMB1,578,568,640 primarily comprise: (a) other payables owed by the Target Group to the Company and other group companies (including the intercompany indebtedness subsequently waived) of approximately RMB1,311 million which is part of the Debt (as below defined) to be waived; (b) the Huainan Jianle Judgment liability of approximately RMB61.1 million; (c) dividend payables of approximately RMB13.8 million which was the dividend declared in 2012, which is not part of Debt (please refer to "Additional liabilities to be waived" under the Section "Waiver of Debt" for details); and (d) other payables of subsidiaries within the Target Group. These liabilities are classified as non-operating because they do not relate to the Target Group's day-to-day household appliance retail business but rather represent intercompany balances, litigation liabilities, and historical obligations.

LETTER FROM THE BOARD

The amount and nature of item (d) other payables of subsidiaries within the Target Group are set out below by order of entity. Among the following counterparties, other than subsidiaries of the Company, i.e. Guizhou Renhuai Guofeng Liquor Co., Ltd., Shenzhen Qidian Education Technology Co., Ltd., Beijing Qidian Guofeng Technology and Yangzhou Laihao Electrical Trading Co., Ltd. (disposed of on 19 June 2024), all of them are independent third parties and these payables are not entirely non-operating in nature. They include both (i) intercompany fund transfers and deposits that are non-operating; and (ii) certain trade payables and tax liabilities incurred in the ordinary course of the Target Group's household appliance retail business.

Entity	Counterparty		Amount (RMB) as at 31 December 2025	Nature
	English Name	Chinese Name		
Huiyin Logistics	Yangzhou Jingu Engineering Machinery Co., Ltd.	揚州市金固工程機械有限公司	-793.10	Trade payable
Huiyin Logistics	Yangzhou Hengyao Refrigeration Equipment Co., Ltd.	揚州市恒耀家電製冷設備有限工商	-938.50	Trade payable
Huiyin Logistics	Yangzhou Industrial Market Huaguang Lighting	揚州工業品市場華光燈具經營部	-796.46	Trade payable
Huiyin Logistics	Yangzhou Industrial Market Changlong Management Wholesale	揚州市工業品市場昌隆管理業批發部	-1,166.23	Trade payable
Huiyin Logistics	Jiangsu Jiangyang Cable Co., Ltd.	江蘇江揚電纜有限公司	-948.67	Trade payable
Huiyin Logistics	Yangzhou Meihao Yuan Electrical Co., Ltd.	揚州美好家園電器有限公司	-850.00	Trade payable
Huiyin Logistics	Tax authority	稅務局	21,579.61	Input VAT to be deducted
Huiyin Logistics	Guizhou Renhuai Guofeng Liquor Co., Ltd.	貴州仁懷國峰酒業有限公司	-200,000.00	Intercompany fund transfer (forming part of the Debt waiver of RMB1.50 billion)
Huiyin Logistics	Various	多方	-2,301.00	Deposits
Huiyin Commercial Chain	Tax authority	稅務局	-15,645.11	Tax payable

LETTER FROM THE BOARD

Entity	Counterparty		Amount (RMB) as at 31 December 2025	Nature
	English Name	Chinese Name		
Huiyin Commercial Chain	the Company (01280)	本公司	-182,679,760.00	Collection/payment on behalf (forming part of the Debt waiver)
Huiyin Commercial Chain	Shenzhen Qidian Education Technology Co., Ltd.	深圳奇點求學科技有限公司	-7,170,000.00	Intercompany fund transfer (forming part of the Debt waiver)
Huiyin Commercial Chain	Yangzhou Dezhongsheng Technology Co., Ltd.	揚州德忠生科技有限公司	-15,092.45	Accrued interest on prior borrowings
Huiyin Warehouse	Tax authority	稅務局	19,274.94	Input VAT to be deducted
Huiyin Warehouse	Employees	員工	-167,942.96	Accrued wages payable
Huiyin Warehouse	Guizhou Renhuai Guofeng Liquor Co., Ltd.	貴州仁懷國峰酒業有限公司	-2,430,000.00	Intercompany fund transfer (forming part of the Debt waiver)
Huiyin Warehouse	Yangzhou Laihao Electrical Trading Co., Ltd.	揚州來好電器商貿有限公司	-25,895.00	Collection/payment on behalf
Huiyin Warehouse	Other	其他	-49,000.00	Deposits
Huiyin Warehouse	Beijing Qidian Guofeng Technology Co., Ltd.	北京奇點國峰科技有限公司	50,000.00	Intercompany fund transfer (forming part of the Debt waiver)
Total			-192,670,274.93	

The items marked as “forming part of the Debt waiver of RMB1.50 billion” represent intercompany fund transfers that were waived as part of the Debt waiver disclosed on pages 21-23 of the Circular. These were not used for the Target Group’s business operations as they represent fund flows between group entities under the Group’s centralised fund management arrangements. The remaining items are miscellaneous items such as trade payables, tax liabilities, accrued wages, deposits, and accrued interest.

- The adjustments for Non-Operating Assets and Non-Operating Liabilities were made to bridge the gap between the operating value of the Target Group (as derived from the market approach based on Anhui Four Seas’ revenue) and the total equity value, taking into account all assets and liabilities that are not captured by the EV/S revenue multiple. The EV/S multiple captures only the value attributable to the ongoing business operations, so it is necessary to add back non-operating assets and deduct non-operating liabilities to arrive at the total equity value of the Target Group. This is a standard adjustment in the application of the market approach.
- The term “non-marketable” above reflects that the Target Group’s equity is not publicly traded (as opposed to the “marketable minority interest” basis derived from listed comparable companies), and “controlling interest” reflects the application of the control premium and DLOM adjustments.

LETTER FROM THE BOARD

Disclosing and presenting the valuation of the Target Group based on a single market approach is not appropriate as the minority interest adopted in the above is based on the book value in the balance sheet. By adjusting the minority interest using our calculation on Anhui Four Seas disclosed in the circular (RMB99.28 million represents the fair value of 100% equity interest of Anhui Four Seas (non-marketable controlling interest) of approximately RMB99,217,520 as derived in the Valuation Report and applying the 35% minority interest ratio, the minority interest adjustment is calculated as $\text{RMB99.28 million} \times 35\% = \text{RMB34.75 million}$), the fair value of 100% equity interest after adjusting for non-operating assets and liabilities of the Target Group (non-marketable controlling interest) in the above will be negative RMB1,514M, representing the fair value of 100% equity interest of the Target Group after adjusting for non-operating assets and liabilities, which is derived by substituting the book value minority interest of RMB10,690,580 with the fair value minority interest of RMB34.75 million, which align with our valuation disclosed in the circular. The current disclosure is considered to be more concise and explicitly accounts for the fair value of the minority interest. For more details, please refer to the Valuation Report as set out in Appendix II of this Circular.

(iv) waiver of the Debt

The consideration for the Disposal has taken into account the waiver of the Debt. The Debt was waived on 2 February 2026, the same day as the Disposal Agreement, specifically for the purpose of the Disposal. Prior to the waiver, the Target Group had unaudited net liabilities of approximately RMB1.54 billion. Following the Board's approval of the waiver of intra-group indebtedness of approximately RMB1.5 billion, together with the unaudited non-controlling interest of negative RMB11.3 million, the unaudited adjusted net liabilities of the Target Group amounted to approximately RMB47.6 million at the date of the Disposal Agreement. The nil Consideration therefore reflects the adjusted net liabilities position of the Target Group after giving effect to the Debt waiver. The Board considers the Consideration of nil to be fair and reasonable and in the interests of the Company and its Shareholders as a whole, notwithstanding the waiver of the RMB1.5 billion Debt, for the following reasons:

- i. The Target Group was in a state of serious insolvency with unaudited net liabilities of approximately RMB1.54 billion as at 31 December 2025. The independent valuation ascribed "No Commercial Value" to the Target Company, reflecting its net liabilities position.
- ii. The Disposal enables the Company to cease the continued losses arising from the Target Company and its subsidiaries, which had recorded a loss after taxation of approximately RMB216 million for the year ended 31 December 2024.
- iii. The Disposal eliminates the Company's exposure to risks associated with the Huainan Jianle Judgment (approximately RMB61.1 million liability) and the potential enforcement against the pledged 65% equity interest in Anhui Four Seas.
- iv. The Disposal preserves the Group's management and financial resources for other business opportunities.

LETTER FROM THE BOARD

- v. Retaining the Debt as a receivable on the Company's books, while the Target Group remained insolvent and loss-making, would not represent recoverable value. The waiver of the Debt was necessary to facilitate the complete divestment of this non-performing asset and optimize the Group's asset structure.

Accordingly, although the Company has foregone receivables of RMB1.5 billion in nominal terms, these receivables had no realistic prospect of recovery given the Target Group's severe insolvency and ongoing losses. The combined effect of the Disposal and the Debt waiver results in an estimated gain of approximately RMB47.6 million (unaudited) for the Group.

(v) the reasons for and benefits of the Disposal to the Group following the Completion as set out in the section headed "Reasons for and Benefits of the Disposal" below

The Board has considered the Consideration of nil for the disposal of 100% equity interest in the Target Company and is of the view that the Consideration is fair and reasonable, having regard to the following principal factors: (a) according to the Valuation Report, the fair value of 100% equity interest in the Target Company as at 31 December 2025 was ascribed as "No Commercial Value", equivalent to net liabilities RMB1,514 million, reflecting substantial other payables of approximately RMB1,311 million owed to the Company and other creditors, net liabilities in respect of investments in subsidiaries of approximately RMB189 million, and the Huainan Jianle Judgment liability of approximately RMB61.1 million, which liabilities were not offset by the positive equity value of Anhui Four Seas of approximately RMB64.5 million; (b) no premium above the appraised value would reasonably be expected from a willing buyer in an arm's length transaction given the sustained losses and net liabilities of the Target Company and its subsidiaries, the intensifying competition in the home appliance retail industry in China as appliance ownership approaches saturation, and the contingent risk of enforcement against the pledged 65% equity interest in Anhui Four Seas under the Huainan Jianle Judgment; and (c) the Disposal will benefit the Company by ceasing continued losses arising from the Target Company and its subsidiaries, eliminating exposure to the risks associated with the Huainan Jianle Judgment and other potential liabilities, and preserving the Group's management and financial resources for other business opportunities, and accordingly the Board is of the view that the Consideration of nil is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company confirms that, upon completion of the Disposal, the Company will not be liable for any liabilities or potential liabilities of the Target Group. The Disposal Agreement provides for the sale of the entire issued share capital of the Target Company to the Purchaser, and upon Completion, the Target Company will cease to be a subsidiary of the Company and its liabilities will no longer be consolidated into the Group's financial statements.

The Company also confirms that it has not provided and will not provide any guarantee in respect of the Target Group, the Purchaser, Mr. Yuan Li, or the household appliance business of the Group in connection with the Disposal.

LETTER FROM THE BOARD

Completion

Completion shall take place on the Completion Date, being the third Business Day after the conditions precedent have been fulfilled (or such other date as the Company and the Purchaser may agree in writing).

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability, principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is a direct wholly owned subsidiary of the Company. The Target Group is principally in the household appliance business of our Group, which includes retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance. The Target Group operates a chain of retail stores for selling household appliances and import and general merchandises.

Immediately upon the Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the results of the Target Group will no longer be consolidated into the Group's results.

The principal activities and proportion of ownership interest held by the Target Company of each of subsidiaries in the Target Group include, among other things, the following:

Subsidiaries of the Target Company	Principal activities	Proportion of ownership interest held by the Target Company
Yangzhou Huiyin Logistic Co., Ltd.* ("Huiyin Logistics") 揚州滙銀物流有限公司	Bulk distribution sales of Midea air-conditioners	100%
Yangzhou Huiyin Warehouse Management Co., Ltd.* ("Huiyin Warehouse") 揚州滙銀倉儲管理有限公司	Logistic and Warehouse Service	100%
Yangzhou Huiyin Commercial Chain Co., Ltd.* ("Huiyin Commercial Chain") 揚州滙銀商業連鎖有限公司	Bulk distribution sales	100%
Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd.* 安徽四海滙銀家電銷售有限公司	Retail sales of household appliances	65%

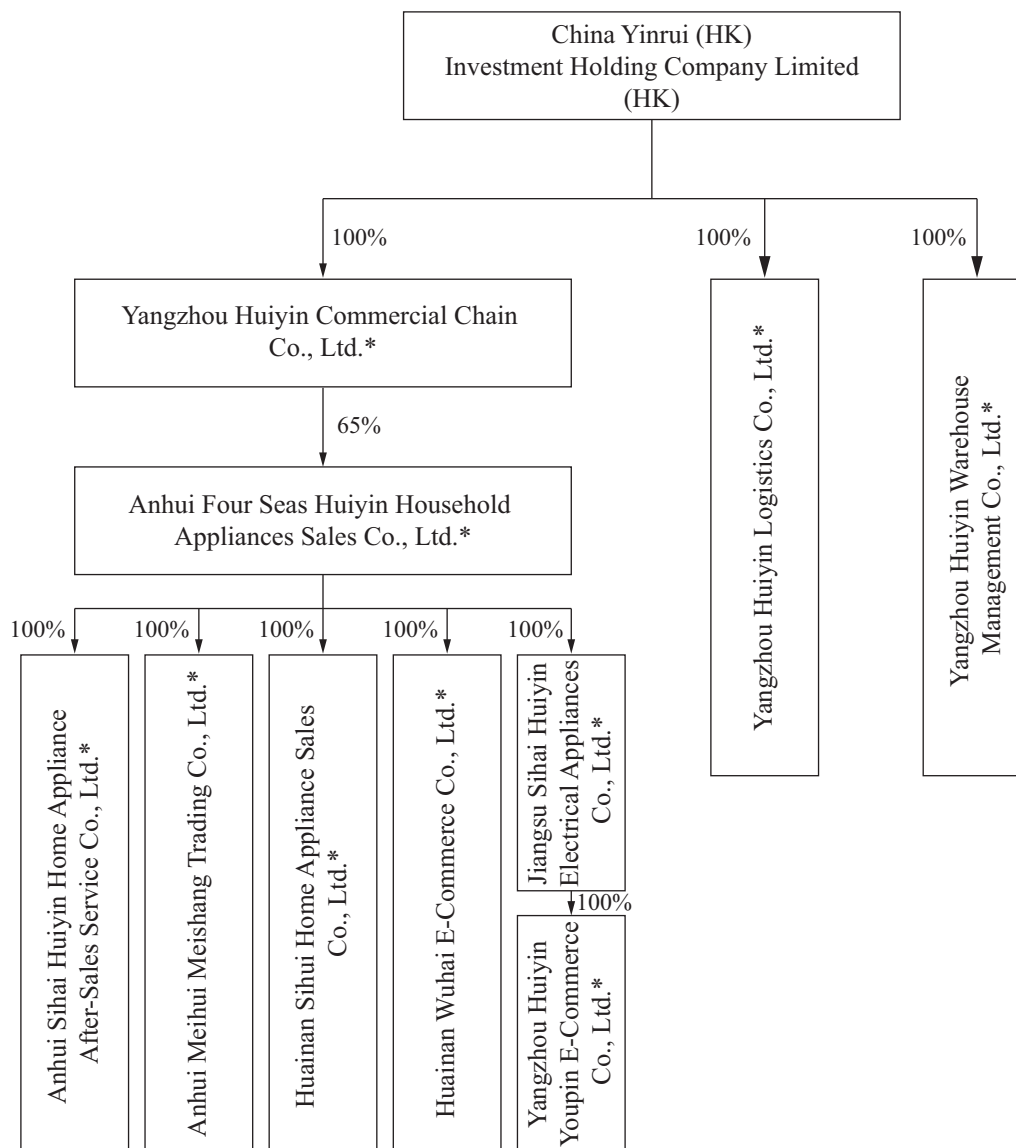
LETTER FROM THE BOARD

Wholly owned subsidiaries of Anhui Four Seas

- | | |
|--|--|
| - Anhui Sihai Huiyin Home Appliance After-Sales Service Co., Ltd.*
安徽四海滙銀家電售後服務有限公司 | After-sales installation and maintenance services for household appliances |
| - Anhui Meihui Meishang Trading Co., Ltd.*
安徽美滙美商貿易有限公司 | Retail sales of household appliances |
| - Huainan Sihui Home Appliance Sales Co., Ltd.*
淮南四滙家電銷售有限公司 | Retail sales of household appliances |
| - Huainan Wuhai E-Commerce Co., Ltd.*
淮南市五海電子商務有限公司 | Retail sales of household appliances |
| - Jiangsu Sihai Huiyin Electrical Appliances Co., Ltd.*
江蘇四海滙銀電器有限公司 | Retail sales of household appliances |
| - Yangzhou Huiyin Youpin E-Commerce Co., Ltd.*
揚州滙銀優品電子商務有限公司 | Retail sales of household appliances |

LETTER FROM THE BOARD

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



These subsidiaries of the Target Company are not standalone entities but rather function as inter-connected operating companies supporting the same underlying retail business. They collectively provide the logistics, warehousing, and retail functions necessary to operate the household appliance retail business. As such, they are operationally interdependent and cannot practicably be carved out and retained separately while disposing only of the Anhui Four Seas interest. The 65% equity interest in Anhui Four Seas is held through Huiyin Commercial Chain; disposing of that interest without disposing of Huiyin Commercial Chain itself is not feasible given the corporate structure. Furthermore, all subsidiaries within the Target Group are in a net liability position and have been loss-making. Retaining them would continue to burden the Group financially. The Disposal of the entire Target Group therefore allows the Company to completely divest this non-performing segment, optimize its asset structure, and prevent continued losses from further impacting the Group's financial position.

LETTER FROM THE BOARD

Financial information of the Target Group

Set out below is a summary of the audited consolidated financial information of the Target Group for the three years ended 31 December 2023, 2024 and 2025:

	For the year ended 31 December 2023 (RMB)	For the year ended 31 December 2024 (RMB)	For the year ended 31 December 2025 (RMB)
Revenue	239,847,950.74	271,348,748.29	179,484,866.35
Profit/(loss) before taxation	(4,588,856.29)	(218,421,959.49)	(17,754,150.69)
Profit/(loss) after taxation	99,516,750.47	(216,114,064.38)	(14,665,307.78)

The audited consolidated net liabilities of the Target Group as at 31 December 2025 amounted to approximately RMB1,547,754,592.39.

As at 31 December 2025, the Target Group had consolidated current assets of approximately RMB61.1358 million and non-current assets of approximately RMB11.3446 million. The nature, amount and classification (operating/non-operating) of the Target Group's assets are set out below:

Asset Item	Amount (RMB)	Operating (RMB)	Non-Operating (RMB)
<i>Current Assets</i>			
Cash	11,244,742.36	11,143,589.77	101,152.59
Accounts receivable	3,530,145.35	3,497,560.92	32,584.44
Prepayments	17,556,289.68	17,548,944.50	7,345.18
Other receivables	2,880,203.68	2,415,673.09	464,530.59
Inventory	25,418,272.18	25,418,272.18	—
Other current assets	506,191.51	217,012.93	289,178.58
Subtotal — Current Assets	<u>61,135,844.76</u>		
<i>Non-current Assets</i>			
Fixed assets	1,297,082.83	1,294,701.54	2,381.29
Right-of-use assets	9,198,363.24	9,198,363.24	—
Deferred tax assets	849,105.95	849,105.95	—
Subtotal — Non-current Assets	<u>11,344,552.03</u>		

On a pre-tax basis, the Target Group actually recorded a loss of RMB4.58 million in 2023. The net profit after tax of RMB99.5 million was attributable to a deferred income tax adjustment of RMB104.18 million, which converted the pre-tax loss into an after-tax profit. Accordingly, while the Target Group reported a positive bottom-line figure for the year ended 31 December 2023, this result was driven by the deferred tax adjustment rather than underlying operational profitability, which explains why the Target Group as having incurred continued losses.

LETTER FROM THE BOARD

The increase in revenue in 2024 was primarily attributable to Huiyin Commercial Chain commencing the sale of electronic products mainly consumer electronics including smartphones, tablets, and related accessories as a new business line in 2024 for exploration of additional revenue streams to supplement the Target Group's core household appliance retail business in light of the challenging market environment. Despite this revenue growth, the Target Group incurred a significant loss in 2024 compared to 2023 due to the disposal of Beijing Qidian New Commercial Technology Co., Ltd. (北京奇點新商業科技有限公司) ("**Beijing Qidian New Commercial**") in 2024 (for details, please refer to the announcement of the Company dated 29 November 2024) and the waiver of loans in the principal amount of RMB346.06 million, which resulted in a recognised loss of approximately RMB219.55 million. This one-off loss arising from the disposal and debt waiver was the principal reason for the substantial deterioration in the Target Group's financial performance in 2024 relative to 2023.

The Company's announcement dated 29 November 2024 stated that the Company recorded a gain of approximately RMB2 million on the disposal of Beijing Qidian New Commercial, after taking into account the waiver of loans of RMB346.06 million. The expected gain of approximately RMB2 million was primarily derived from the release of net liabilities of Beijing Qidian New Commercial following the waiver of the relevant intercompany balances. However, the recognised loss of approximately RMB219.55 million referred to in the Circular includes not only the effect of the disposal of Beijing Qidian New Commercial but also the waiver of certain other receivables within the Target Group during 2024. The loss of the Target Group in 2024 was mainly attributable to the waiver of other receivables due from Beijing Qidian New Commercial in the aggregate amount of approximately RMB219.55 million. Accordingly, the discrepancy between the expected gain of approximately RMB2 million disclosed in the announcement dated 29 November 2024 and the recognised loss of approximately RMB219.55 million disclosed above is due to the fact that the latter figure includes not only the disposal of Beijing Qidian New Commercial itself but also the write-off of other receivables owed by Beijing Qidian New Commercial to other members of the Target Group, which was accounted for separately from the disposal transaction. Such receivables comprised (1) RMB91.377 million owed by Beijing Qidian New Commercial to the Company. In December 2023, the Company repaid on behalf of Beijing Qidian New Commercial a loan that Beijing Qidian New Commercial owed to Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司) ("**Chongqing Saint**"). Such receivable was written off in November 2024 upon the disposal of Beijing Qidian New Commercial, as the corresponding debt was waived in connection with the disposal; (2) RMB35.1267 million owed by Beijing Qidian New Commercial to Beijing Qidian Guofeng Technology Co., Ltd.* (北京奇點國峰科技有限公司) ("**Beijing Qidian Guofeng Technology**"). In November 2024, Beijing Qidian Guofeng Technology entered into a debt assumption agreement and assumed the loans that Beijing Qidian New Commercial owed to Chongqing Shengshang Information Technology Co., Ltd. and Guangdong Shengrong Financial Services Holding Co.* (廣東聖融金服控股有限公司) ("**Guangdong Shengrong**"). Such receivable was written off in November 2024 upon the disposal of Beijing Qidian New Commercial, as the corresponding debt was waived in connection with the disposal.

With respect to the relationships of the above entities with the Company and the Target Group, Beijing Qidian New Commercial was a former subsidiary of the Target Group prior to its disposal in November 2024. Beijing Qidian Guofeng Technology is a subsidiary of the Company. Chongqing Saint is ultimately controlled by Mr. Yuan Li, the executive Director of the Company. Guangdong Shengrong is an independent third party.

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In summary, although Huiyin Commercial Chain commenced a new electronic products business line in 2024 to explore additional revenue opportunities, the financial performance of the Target Group as a whole continued to deteriorate significantly as illustrated above. Furthermore, the contingent risk of enforcement under the Huainan Jianle Judgment arose during this period. In light of these developments, the Board determined that retaining Huiyin Commercial Chain and the other Target Group entities would continue to burden the Group financially, and the Disposal of the entire Target Group was in the best interests of the Company and its shareholders.

The decrease in revenue in 2025 compared to 2024 was primarily attributable to the decline in performance of the household appliance business. The increase in net loss was primarily due to the disposal of Beijing Qidian New Commercial in 2024 and the waiver of receivables, which resulted in a recognised loss of approximately RMB219.55 million, causing the Target Group to incur a significant loss in 2024 compared to 2025.

The Company respectfully submits that the decision to dispose of the entire Target Group (including Huiyin Commercial Chain) was not based solely on the one-off losses in 2024. Even excluding the one-off loss of approximately RMB219.55 million arising from the disposal of Beijing Qidian New Commercial and the waiver of receivables, the Target Group has demonstrated sustained underlying losses on a pre-tax basis, including a loss of RMB4.58 million in 2023 and continued losses of approximately RMB10.1 million in 2025. Furthermore, the Target Group had accumulated unaudited consolidated net liabilities of approximately RMB1.54 billion as at 31 December 2025. The Disposal was driven by the combined effect of sustained losses, substantial net liabilities, unfavourable industry prospects, and the contingent risk under the Huainan Jianle Judgment.

The Group's household appliance business

The Company will retain household appliance business after completion of the Disposal. The subsidiary engaged in the household appliance business post-disposal is Xin Hui Yin Commercial Chain (Shenzhen) Co., Ltd. (新滙銀商業連鎖(深圳)有限責任公司) (the “**Operating Entity**”), which was incorporated on 4 November 2024. The incorporation was part of the Group's proactive measures to streamline its operations and reallocate capital towards other growth prospects. In light of the sustained losses and net liabilities of the Target Group, the intensifying competition in the home appliance retail industry in China as appliance ownership approaches saturation, and the contingent risks associated with the Huainan Jianle Judgment, the Board considered it prudent to establish a new operating platform, the Operating Entity, to carry on the Group's household appliance business on a standalone basis, independent from the liabilities and legacy issues of the Target Group. The incorporation of the Operating Entity in November 2024 was therefore a preparatory step in the Group's strategic restructuring, enabling the Company to retain its household appliance business after completion of the Disposal while isolating it from the significant accumulated liabilities of the Target Group.

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(i) Financial Information of the Operating Entity

Set out below is a summary of the financial information of the Operating Entity for the two years ended 31 December 2023 and 2024:

	31 December 2024 (Audited) (RMB)	31 December 2025 (Audited) (RMB)
Revenue	440,515.93	56,612,692.08
Gross profit	1,265.49	194,850.02
Net profit/(loss)	<u>(23,089.93)</u>	<u>74,233.21</u>
 Total assets	 <u>573,701.48</u>	 <u>16,162,297.54</u>

Note: As the Operating Entity was incorporated in November 2024, only financial data of two financial years are available.

The increase in revenue, gross profit and net profit of the Operating Entity in 2025 compared to 2024 was primarily attributable to: (i) the fact that the 2025 results represent a full year of operations compared to only approximately two months in 2024. The Operating Entity was in its start-up phase in 2024 with limited business activity, having commenced business only from December 2024, and progressively expanded its operations throughout 2025 as it commenced full-scale trading; (ii) the seasonal patterns of the consumer electronics distribution industry where demand is driven by new product release cycles (e.g. Apple flagship devices released in September) and major promotional seasons such as Double 11/Double 12 (accounting for approximately 30% of annual sales), National Day (approximately 8%) and the 618 shopping festival (approximately 5%), all of which are concentrated in the second half of the year. The Operating Entity's revenue has exhibited an accelerating growth trajectory since commencing operations in December 2024, with monthly revenue increasing from approximately RMB902,700 in January 2025 to approximately RMB4,440,700 in April 2025, representing a monthly compound growth rate of approximately 70.08%. The cumulative revenue for the first four months of 2025 alone reached approximately RMB12 million, with single-month revenue exceeding RMB4 million from March 2025 onwards (March recorded a month-on-month increase of approximately 159.4%).

In 2025, the total assets of the Operating Entity were primarily composed of cash and bank balances of RMB94,727.54 and accounts receivable of RMB16,067,570. The increase in total assets in 2025 was mainly due to the growth in accounts receivable.

(ii) Business model of the Operating Entity

The business scope of the Operating Entity includes sales of household audiovisual equipment; sales of household appliances; retail of daily household appliances; retail of computer software, hardware, and auxiliary equipment; sales of communication equipment; electronic product sales; sales of electrical equipment; sales of broadcasting and film equipment; and retail of hardware products.

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Customer Solicitation and Nature of Customers

In practice, the Operating Entity's principal sales category is consumer electronics distribution, with a current focus on Apple series products (including smartphones and tablets). The Operating Entity does not rule out expanding its product offering to other leading brands in the future.

The Operating Entity solicits customers primarily through (i) offline channels, including local area promotions in commercial districts, participation in industry exhibitions, and referrals from existing customers; and (ii) business cooperation, including establishing strategic partnerships with suppliers, brand owners, and corporate customers. The Operating Entity has approximately 14 customers. All customers of the Operating Entity are independent third parties, sourced through the Operating Entity's accumulated resources and market expansion efforts. Details of the customers are as follows:

Customer Name	Nature	Location	Principal Business	Purchase Intent
Shenzhen Guohua Online Education Technology Co., Ltd.	Independent third party	Shenzhen	Adult education, vocational education, education software development, enrolment assistance	At customer's discretion
Zhonglian Yunchuang (Shenzhen) Technology Co., Ltd.	Independent third party	Shenzhen	Computer hardware/software, electronic products, communication equipment, medical devices	At customer's discretion
Nanchang Falinhesan Trading Co., Ltd.	Independent third party	Nanchang	Daily goods, hardware, household appliances, stationery, building materials, metals; domestic trade agency	At customer's discretion
Dongguan Haitong Zhilian Technology Co., Ltd.	Independent third party	Dongguan	Supply chain services, metals, building materials, electronic products; internet data services	At customer's discretion
Xinyaosheng Technology (Shenzhen) Co., Ltd.	Independent third party	Shenzhen	Electronic products, computer hardware/software, auto parts; software development, system integration, import/export	At customer's discretion

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Customer Name	Nature	Location	Principal Business	Purchase Intent
Maiqu Xingqiu (Shenzhen) Cultural Creative Co., Ltd.	Independent third party	Shenzhen	Education consulting, educational toys; e-commerce, advertising, photography	At customer's discretion
Zhouye Senlin (Guangzhou) Trading Co., Ltd.	Independent third party	Guangzhou	Electronic products, communication equipment, building materials, clothing, daily goods, cosmetics; supply chain management	At customer's discretion
Guangzhou Chaosheng Information Technology Co., Ltd.	Independent third party	Guangzhou	Software development, AI, big data, IoT, system integration, cybersecurity	At customer's discretion
Shenzhen Chuangyi Technology Co., Ltd.	Independent third party	Shenzhen	Printers, automation equipment, electronic products, electronic components; R&D; import/export	At customer's discretion
Zhongke Yunzhi (Shenzhen) Technology Co., Ltd.	Independent third party	Shenzhen	Smart equipment, new energy, electronic products, automation equipment; e-commerce, medical devices	At customer's discretion
Shenzhen Lanhu Electronic Technology Co., Ltd.	Independent third party	Shenzhen	Audio products, electronic products, car accessories; R&D, production, sales; domestic trade and import/export	At customer's discretion
Shenzhen Huading Technology Co., Ltd.	Independent third party	Shenzhen	Computer hardware/software, electronic products, communication equipment, daily goods; technical services, medical devices	At customer's discretion

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Customer Name	Nature	Location	Principal Business	Purchase Intent
Zhaowei Medical Technology (Jiangxi) Co., Ltd.	Independent third party	Nanchang	Medical technology, medical device R&D, production, sales; medical equipment maintenance, health consulting	At customer's discretion
Wuhan Bobowang E-commerce Co., Ltd.	Independent third party	Wuhan	Daily goods, home furnishing, clothing, beauty, food, electronic products (online sales); e-commerce, warehousing logistics	At customer's discretion

As indicated above, the customers of the Operating Entity are corporate purchasers sourced through offline channels, industry exhibitions, referrals, and strategic partnerships. Their purchases of consumer electronics products are at their own discretion, for their own business purposes.

The Operating Entity's customers are corporate purchasers of consumer electronics products sourced through offline channels, industry exhibitions, referrals, and strategic partnerships. These customers are distributors and/or retailers, not end-users. The Operating Entity sells to these customers primarily because the services and terms offered by the Company better align with the customers' own cost and efficiency requirements, making the Company a preferred sourcing partner within their respective supply chains.

The Operating Entity distributes products through: (i) co-operative merchant consignment sales; (ii) customised procurement based on customer orders; and (iii) bulk resale distribution. The Operating Entity is not an authorised distributor of the mobile communication devices (namely Apple iPhones and Apple Watches) sold by the Operating Entity.

The Operating Entity's competitive advantages over direct procurement from upstream suppliers include:

- (a) Service and responsiveness: the Operating Entity provides flexible order sizes, efficient delivery, after-sales assistance and invoicing services, with greater accessibility for small and medium-sized customers and fragmented orders; and
- (b) Operational efficiency: the Operating Entity's lean trading model enables rapid turnover and controllable costs, maintaining stable operations and contract performance capability in a low-margin environment.

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The primary reasons customers choose to procure from the Operating Entity rather than directly from upstream suppliers are as follows:

- (a) Streamlined process: the Operating Entity offers a simplified procurement process with flexible ordering and support for small-batch purchases;
- (b) Optimised total cost: direct procurement from upstream suppliers requires customers to bear communication, logistics, inventory, and product authentication costs, whereas procurement through the Operating Entity provides a one-stop solution at lower overall cost; and
- (c) Tailored services: the Operating Entity provides delivery assistance, product consultation, after-sales support and customised invoicing.

The Company has established procurement, warehousing, order management and after-sales processes adapted to consumer electronics, and has developed a mature system in customer service and risk management capable of supporting the sale and operation of mobile communication devices. The Operating Entity identifies potential suppliers through publicly available market information and business referrals, and establishes trading relationships following commercial negotiations.

Procurement of Supplies

The Operating Entity procures its supplies primarily through market sourcing and business referrals. The Operating Entity identifies potential suppliers through publicly available market information and industry recommendations, and establishes trading relationships following commercial negotiations. The Operating Entity has approximately 5 suppliers. All suppliers of the Operating Entity are independent third parties. Details of the suppliers are as follows:

Supplier Name	Nature	Location	Principal Business
Shenzhen Jinxingtu Trading Co., Ltd.	Independent third party	Shenzhen	Household appliances, daily goods, jewellery, home furnishing, auto accessories, office supplies, clothing, cosmetics; software development, domestic trade agency
Shenzhen Yikedou Technology Co., Ltd.	Independent third party	Shenzhen	Software development, IT consulting, graphic design, advertising; household appliances, daily goods, jewellery, communication equipment, electronic products; domestic trade agency

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Supplier Name	Nature	Location	Principal Business
Zhongshui Guoye (Guangdong) Technology Development Co., Ltd.	Independent third party	Shenzhen	Water purification equipment R&D, production, sales, maintenance; new energy equipment, household appliances, hardware, building materials; software development, brand management, domestic trade and import/export
Shenzhen Yinshan Wenyao Technology Co., Ltd.	Independent third party	Shenzhen	Computer hardware/software, electronic products, jewellery, crafts, textiles, daily goods, office supplies, communication equipment; education consulting, advertising, Class II/III medical devices
Weiwei (Shenzhen) Network Technology Co., Ltd.	Independent third party	Shenzhen	Trusted digital identity authentication, trusted communication, number verification, blockchain technology R&D, SDK services

The suppliers sell products to the Operating Entity rather than to authorised distributors or end-users because the Operating Entity provides a streamlined procurement channel with efficient order processing, flexible order sizes, and consolidated distribution capabilities, enabling suppliers to reach a broader range of downstream customers through the Operating Entity's distribution network.

The Operating Entity's suppliers are not authorised distributors of Apple products. The Operating Entity procures Apple products from these suppliers on the premise that all products are genuine and compliant. The primary reasons for sourcing from non-authorised distributors include the ability to obtain more competitive pricing, more sufficient spot inventory, more flexible settlement terms, and more tailored ancillary services. This procurement approach effectively reduces purchasing costs, enhances supply chain efficiency, and optimises cash flow management. It represents a rational commercial decision driven by cost and efficiency considerations.

Value-Added Services and Trading Basis

The Operating Entity's business model is focused on the distribution and sale of consumer electronics products (primarily Apple series products) to corporate customers on a principal basis, whereby the Operating Entity purchases products from suppliers and sells them to customers at a margin. The Operating Entity takes ownership of inventory and bears the associated inventory risk before selling to customers.

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The key operational processes are as follows:

Procurement process: Upon receipt of an effective downstream sales order, the Operating Entity's business department conducts price inquiries and comparisons and independently selects the supplier. The Operating Entity enters into an independent purchase contract with the selected supplier. No direct contractual or financial relationship exists between the upstream supplier and the downstream customer. In the event of supplier delay or product quality defects, the Operating Entity directly pursues claims against the supplier and bears the relevant performance risk. Upon receipt and inspection of goods at the Operating Entity's warehouse, payment is made to the supplier in accordance with the purchase contract.

Order acquisition process: The Operating Entity obtains customer requirements primarily through business negotiations, customer inquiries, and framework agreements. Downstream customers issue formal sales orders specifying product specifications, quantity, delivery time, and quality standards. The Operating Entity enters into independent sales contracts with customers, the terms of which are not constrained by upstream supplier conditions. Customers have no right to designate or interfere with supplier selection.

Inventory management: The Operating Entity does not, in principle, engage in inventory stocking without supporting orders. Inventory corresponds to confirmed downstream sales orders to minimize inventory costs. In the event that a downstream customer cancels an order, the already-procured goods cannot be returned to the supplier. The Operating Entity independently disposes of such goods and bears any inventory disposal or impairment losses.

Delivery process: Procured goods are delivered to the Operating Entity's warehouse, inspected and accepted, at which point legal title to the goods transfers to the Operating Entity. The Operating Entity arranges logistics to deliver goods to the customer's designated location. The customer completes acceptance and signs a Receipt Confirmation, which serves as the basis for revenue recognition. If the customer raises quality objections, the customer directs claims to the Operating Entity, which in turn pursues claims against the supplier under the purchase contract.

The Operating Entity independently controls the entire transaction process and substantively bears inventory risk, performance risk, credit risk, and price risk. The Operating Entity enters into separate independent legal agreements with customers and suppliers respectively, and no direct legal relationship exists between upstream suppliers and downstream customers.

Revenue Model

The Operating Entity's revenue is recognised upon the placement of orders and delivery of products to customers. Revenue is recorded at the contract amount net of value-added tax.

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Gross Profit Margin

the Operating Entity recorded gross profit of approximately RMB1,265.49 on revenue of approximately RMB440,515.93 for the period ended 31 December 2024, representing a gross profit margin of approximately 0.29%. For the year ended 31 December 2025, the Operating Entity recorded gross profit of approximately RMB194,850.02 on revenue of approximately RMB56,612,692.08, representing a gross profit margin of approximately 0.34%. The slim gross profit margin is consistent with the characteristics of the Apple product distribution industry as a whole. Companies engaged in the sale and distribution of Apple products generally operate on very thin margins, as this sector is a typical “high-volume, low-margin” business. The Operating Entity’s margin level is in line with the prevailing industry norm and reflects the nature of the B2B distribution model, where profitability is driven by volume throughput rather than per-unit margin. Accordingly, the gross profit margin reported by the Operating Entity is considered to be within the normal range for its industry peers.

Management Expertise

The Operating Entity’s operations are overseen by the following key personnel, all of whom hold positions within China Qidian Guofeng Holdings Limited:

- Mr. Zhuang Liangbao (莊良寶), who is a current executive director of the Company.
- Mr. Zhang Chi (張弛), who is currently responsible for all legal and compliance matters of the Company.
- Ms. Sun Shu (孫姝), who has served as financial controller of Beijing Shengshang Education Technology Co., Ltd. since February 2017.
- Mr. Gao Qiang (高強), who currently serves in the marketing department of the Company. Since July 2020, he has been responsible for the Group’s marketing operations.

Number of Staff

the Operating Entity’s business is operated by 5 staff members.

Comparison with the Disposal Group

The Target Group is principally engaged in the household appliance business, which includes retail of household appliances, imported and general merchandise, and provision of maintenance and installation services for household appliances. The types of household appliance products retailed by the Disposal Group include: refrigerators, colour televisions, air conditioners (including central air conditioning systems), washing machines, range hoods, gas stoves, dishwashers, disinfection cabinets, water heaters, water purifiers, smart locks, small household appliances for daily use, digital products, among others. The Target Group operates a chain of retail stores for selling household

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appliances and import and general merchandise. Its subsidiaries are primarily engaged in bulk distribution sales of Midea air-conditioners (through Huiyin Logistics), bulk distribution sales (through Huiyin Commercial Chain), and retail sales of household appliances (through Anhui Four Seas and its subsidiaries).

The Operating Entity's registered business scope similarly covers the household appliance sector, including the sales of household audiovisual equipment, household appliances, retail of daily household appliances, and related electronic products. While the registered business scope of the Operating Entity is broader in that it also includes computer software, hardware, communication equipment, broadcasting and film equipment, and hardware products, these product categories are complementary to the core household appliance offering and are consistent with the Group's broader principal activities of retail of household appliances, mobile phones, computers, imported and general merchandise. The products mainly sold by the Operating Entity are mobile communication devices, namely Apple iPhones and Apple Watches. The Board notes that the term "household appliance" includes both a broad definition and a traditional (narrow) definition. Under the broad definition, household appliances include all household electronic and electrical products, including consumer electronics such as smartphones, tablets, smartwatches, and related digital devices (collectively referred to as "consumer-class electronics"). Under the traditional or narrow definition, household appliances are limited to products that serve specific domestic functions such as refrigeration, cleaning, and cooking (e.g., refrigerators, washing machines, air-conditioners, and kitchen appliances). The Operating Entity's current product portfolio, comprising primarily Apple iPhones and Apple Watches, falls within the broad definition of household appliances as consumer-class electronic products. Accordingly, the Group's continued operation of the Operating Entity following completion of the Disposal constitutes a continuation of its household appliance business within the meaning of the broad definition. In addition, the Group's "household appliance business" has consistently been reported as a single operating segment covering traditional home appliances, mobile phones, computers, and related consumer electronics, a classification reflected in the Group's 2025 Annual Report and consistent with prevailing industry practice in Mainland China, where these products are collectively managed under the "3C products" (computers, communications and consumer electronics) category. The Operating Entity's focus on mobile communication devices and related digital electronics falls squarely within this segment. The Board further notes that the Operating Entity's registered business scope expressly covers the sales of household audiovisual equipment, household appliances, and retail of daily household appliances, which are consistent with both the broad and narrow definitions of household appliances. The Operating Entity's registered business scope is broader than its current product focus. However, in practice, the Operating Entity currently focuses on the distribution of Apple series products. This discrepancy reflects the common practice among PRC companies of registering a broad business scope to provide flexibility for future business expansion, while commencing operations with a more focused product offering. The Group will continue its household appliance business through the Operating Entity, which currently distributes consumer electronics products falling within the broad definition and plans to expand into traditional household appliance categories. In respect of the specific products to be sold by the Operating Entity, the products will be determined in accordance with prevailing market demand. Given the continued losses incurred by the Target Group, it would not be commercially prudent for the Operating Entity to rigidly adhere to selling the same products as those previously offered by the Target Group.

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In terms of business model, while both groups operate within the broader consumer electronics and household appliance sector, the Disposal Group is primarily focused on household appliance retail (including air-conditioners), whereas the Operating Entity is primarily focused on B2B distribution of Apple series products.

The Operating Entity operates a business-to-business (“**B2B**”) model that focuses on bulk procurement for corporate clients, OEM ancillary services, and channel distribution partnerships. This model emphasises long-term contractual arrangements, credit-term-based settlement, and stable supply chain delivery. In contrast, the retail and distribution business of the Disposal Group primarily operates on a business-to-consumer (“**B2C**”) basis, directly serving individual household consumers through fragmented retail transactions characterised by immediate settlement and a brand-and-experience-driven approach. The two models are fundamentally different in terms of decision-making processes, order volume, pricing and settlement mechanisms, operational risk profiles, and resource allocation requirements.

While the Operating Entity and the Disposal Group both operate within the same “household appliance business” segment (as described above), their operational models differ fundamentally: the Disposal Group operated a B2C retail model through chain stores, whereas the Operating Entity operates a B2B distribution model focused on bulk procurement and channel partnerships. Accordingly, the business of the Operating Entity falls within the same segment as the Disposal Group, but the two entities operate under different business models. These positions are consistent, not contradictory.

In terms of revenue model, both entities recognise revenue upon delivery of products. The Operating Entity’s revenue is recorded at the contract amount net of value-added tax.

With respect to the operation teams, the Operating Entity operates with an independent team. No members of the Target Group’s (including Anhui Four Seas’) operation team have been or will be transferred to the Operating Entity, as they are not senior managements and the transfer of such existing frontline retail staff is not required. The Disposal Group operated a B2C retail model through chain stores which required a large retail workforce. By contrast, the Operating Entity operates a B2B distribution model that does not require frontline retail staff, and accordingly no such transfer was necessary. The Operating Entity relies on a lean operational team of 5 staff members rather than a large retail workforce. The Operating Entity is managed by existing personnel of the Group as detailed in the above, all of whom are management-level personnel of the Company who provide strategic oversight and operational management of the Operating Entity.

Business Plan

Following the completion of the Disposal, the Operating Entity will be the Group’s principal subsidiary engaged in the household appliance business. The Group continually seeks to improve its business and financial performance, including through reallocating capital towards other growth prospects.

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The Operating Entity's strategic objective and market positioning is to serve as a regional commercial chain service provider supplying products to other businesses. The Operating Entity plans to maintain its current scale of operations and does not anticipate any significant capital expenditure. The projected financial performance target is to achieve breakeven operation. The near-term to medium-term milestone for the Operating Entity is to maintain breakeven.

Based on the Operating Entity's revenue growth trajectory and industry seasonal patterns, the Operating Entity has set a full-year revenue target of approximately RMB50 million for 2025. As at the end of April 2025, revenue of approximately RMB12 million had been achieved (representing approximately 24% of the full-year target), which is consistent with the seasonal profile of the consumer electronics distribution industry where a significant proportion of revenue is generated in the second half of the year. Revenue for the second half of 2025 is projected at approximately RMB38 million (approximately 76% of the annual target), supported by the anticipated release of new Apple flagship products and the major promotional seasons concentrated in the second half of the year. In addition, the national subsidy policy (國補政策) is expected to reduce end-consumer price sensitivity and improve the circulation efficiency of Apple products, further supporting revenue growth. The Operating Entity also does not rule out expanding its product portfolio to encompass other leading consumer electronics brands, which would provide further avenues for revenue diversification and growth.

In furtherance of its product diversification strategy, the Operating Entity plans to commence the distribution of OPPO and vivo electronic products from July 2026, and to expand into small home appliances and selected segments of the black-and-white appliance market, including products from Haier (海爾). Based on preliminary management estimates, these new product lines are expected to generate additional full-year revenue of approximately RMB30 million to RMB50 million and gross profit of approximately RMB3 million to RMB5 million. The higher gross profit margin for OPPO, vivo and Haier products (approximately 10%) compared to Apple products (approximately 0.34%) is attributable to the differences in channel strategy and profit-sharing models between these brands. Apple (iPhone), leveraging its strong brand premium and consumer-driven demand, has established a distribution system primarily comprising direct sales and authorised distribution. Apple retains the majority of profit at its own level and manages its channel primarily through supply compliance controls rather than guaranteeing retail transaction prices. As a result, the stable gross margin achievable at the distribution level is thin and subject to greater fluctuation. By contrast, OPPO and vivo are highly reliant on offline channel push to drive sales, and must therefore maintain strict pricing systems, regional order protection, and sufficient profit retention at the channel level to preserve the stability and effectiveness of their distribution networks. This enables compliant distributors within the OPPO/vivo system to achieve more predictable and substantially higher gross margins. Similarly, Haier operates a comparable channel-driven model that preserves meaningful distributor margins. Accordingly, OPPO, vivo and Haier products are able to maintain gross profit margins of approximately 10%, which is one of the principal reasons for the Operating Entity's decision to distribute these brands. As at the Latest Practicable Date, the Company has not entered into signed contracts for the distribution of OPPO, vivo and Haier products. The expansion into these product categories, which fall within the Operating Entity's registered business scope, further demonstrates the Group's commitment to retaining and developing its household appliance business following completion of the Disposal. While the Operating Entity's existing consumer electronics distribution business (Apple iPhones and Apple Watches) already constitutes household appliance

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business under the broad industry definition, the planned addition of small home appliances and Haier products will further extend the Operating Entity's product portfolio into traditional household appliance categories, strengthening the Group's presence across the full spectrum of the household appliance sector.

While both the Disposal Group and the Operating Entity operate within the household appliance and consumer electronics industry, which has faced an overall market downturn and intensifying competition, the Company's decision to treat them differently reflects a deliberate strategic approach balancing near-term stability with long-term growth. The Operating Entity's business is centered on core categories such as mobile phones, tablets, and related digital electronics, which remain a strategically important and stable revenue base for the Group. Despite challenging industry conditions and pressure on principal business growth, the Company has elected to retain the Operating Entity because it is critical to stabilizing the Group's fundamental business base, preserving established market foundations, distribution channels, and customer relationships that would be difficult and costly to reconstruct, and because it generates stable cash flow essential to underpinning the Group's core strategic initiatives, long-term development, and reallocation of capital towards other growth prospects. The Company also intends to actively enhance the Operating Entity's performance by capitalizing on favorable national policy initiatives, notably the government's trade-in subsidy program expected to stimulate replacement demand, while continuously optimizing its product structure, operational efficiency, channel coverage, and service capabilities to strengthen its competitive positioning. The government's trade-in subsidy program (以舊換新補貼計劃) is a nationwide consumption stimulus policy initiated by the PRC government aimed at reducing costs for consumers replacing household appliances and consumer electronics, thereby stimulating domestic demand. The program was established pursuant to the Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-in (《推動大規模設備更新和消費品以舊換新行動方案》) issued by the State Council in March 2024. In January 2025, the National Development and Reform Commission and the Ministry of Finance jointly issued a notice expanding the program's scope to include digital products, including mobile phones, tablets, and smartwatches/wristbands. Under the program, individual consumers purchasing eligible digital products priced at or below RMB6,000 per unit are entitled to receive a one-time subsidy equal to 15% of the product's sale price, subject to a maximum subsidy of RMB500 per item and a limit of one subsidized item per product category per consumer. Apple iPhones and Apple Watches sold by the Operating Entity fall within the policy's covered consumer electronics category and are eligible products under the program, provided that the relevant products are priced at or below the RMB6,000 threshold. Specifically, iPhones, iPads, and Apple Watches priced within the subsidy ceiling qualify for the 15% government subsidy. Consumers purchasing Apple products through authorized distribution channels, including e-commerce platforms such as JD.com and Tmall, are able to access and apply the subsidy at the point of sale. In terms of effective period, the 2025 program activity period runs from 1 January 2025 to 31 December 2025. The program was initially launched in 2024 and has been renewed on an annual basis; on 30 December 2025, the NDRC and the Ministry of Finance announced the continuation of the program into 2026. The subsidy terms for 2026, including the 15% rate, the RMB6,000 price ceiling, and the RMB500 per-item cap, remain consistent with those of the 2025 program. The trade-in subsidy reduces end-consumer price sensitivity by lowering the effective replacement cost, which in turn increases consumer willingness to upgrade their devices. This improves the circulation efficiency of Apple products in the distribution chain, driving higher sell-through rates and supporting the Operating Entity's revenue growth. Although the Operating Entity is not an authorised distributor and does not directly sell to end-consumers eligible for the subsidy, it nonetheless benefits from the

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trade-in subsidy program indirectly. The Operating Entity's customers are distributors and/or retailers who operate within or alongside authorised distribution channels and ultimately sell Apple products to end-consumers. When the subsidy reduces the effective purchase price for end-consumers, it stimulates replacement demand at the retail level, which in turn increases the procurement volumes placed by the Operating Entity's downstream customers. Accordingly, the subsidy-driven increase in end-consumer demand cascades upstream through the distribution chain, resulting in larger and more frequent procurement orders from the Operating Entity's customer base. By contrast, the Disposal Group does not offer the same strategic value in anchoring the Company's core business or generating the stable cash flows required to support the Group's transformation objectives, and its disposal is therefore consistent with the Company's strategy of reallocating capital away from operations less central to its long-term vision and toward opportunities with stronger growth potential.

WAIVER OF DEBT

As at 31 December 2025, the unaudited net liabilities of the Target Group amounted to approximately RMB1.54 billion and is in a state of serious insolvency. In order to completely divest this non-performing asset, optimize the Group's asset structure, and prevent its continued losses from further burdening the Group, the Board has approved the waiver of the intra-group indebtedness owed by the Target Group to the Group in the aggregate amount of RMB1.50 billion (the "**Debt**").

The Debt was applied in full to fund the day-to-day operations of the Target Group from 2008 through 31 December 2025, and ultimately contributed to the Target Group's accumulated losses of approximately RMB2,047 million as at 31 December 2025, the core source of funding for which was the financial support provided by the Company over that period. As these fund flows span approximately 17 years and comprise a large volume of fragmented day-to-day operating expenditures, the relevant amounts have been fully reflected in the Target Group's operating results as recorded in its historical financial statements. All related fund flows were subject to the Group's internal approval procedures, and the accuracy of the Target Group's accumulated losses has been confirmed by the Company's auditors, with no irregular use of funds identified.

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The details of the Debt at the amount of RMB1.50 billion are as follows:

Borrower	Lender	Debt Amount (RMB)	Category
Huiyin Logistics, a subsidiary of the Target Company	Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒業有限公司), a subsidiary of the Company (“ Guizhou Renhuai Guofeng ”)	(200,000.00)	(iii)
Huiyin Warehouse, a subsidiary of the Target Company	Beijing Qidian Guofeng Technology, a subsidiary of the Company	50,000.00	(iii)
Huiyin Warehouse	Guizhou Renhuai Guofeng	(2,430,000.00)	(iii)
Huiyin Commercial Chain, a subsidiary of the Target Company	the Company	(182,679,760.00)	(iv)
Huiyin Commercial Chain	Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司), a subsidiary of the Company	(7,170,000.00)	(iii)
the Target Company	the Company	408,312.00	(iii)
the Target Company	the Company	<u>(1,311,462,231.68)</u>	(i),(ii),(iii)&(iv)
Total Debt		<u><u>(1,503,483,679.68)</u></u>	

The Debt primarily consists of the following four categories, with the nature, amounts, timing of incurrence, and relationship to the Target Group’s principal business as set out below:

(i) Accumulated dividend payables: RMB54,522,800.00

This amount represents accumulated dividend distributions that were payable from the Target Company to the Company of RMB54,522,800, which was recorded in October 2010. This was an internal fund distribution within the Group.

(ii) Amounts to undertake the current account of Laitai Trading: RMB404,723,088.63

This amount represents reclassified balances that were transferred upon the disposal of Yangzhou Laitai Trading Group Co., Ltd. (揚州來泰商貿集團有限公司), a former wholly owned subsidiary of the Company (“**Laitai Trading**”), the disposal of which was disclosed in the Company’s announcement dated 17 January 2023. These amounts payable to the Group relate to internal settlements within the group structure and were reclassified to reflect the amounts undertaken from Laitai Trading by the Target Group.

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As at the end of 2022, in connection with the disposal of Laitai Trading, the Company undertook a comprehensive reclassification and netting of intra-group balances involving Laitai Trading and entities within the Company's consolidation scope. The RMB285 million represented outstanding balances owed by Laitai Trading to entities outside the Company's consolidation scope, which were assigned to Beijing Qidian, an entity within the consolidation scope, upon the disposal of Laitai Trading. For details of the RMB285 million loan, please refer to "Assignment of Laitai Loans" set out in the announcement of the Company dated 9 May 2025. In addition to the above, as at the end of 2022, the Target Company owed Laitai Trading approximately RMB33 million, while Laitai Trading owed the Company approximately RMB437 million. Prior to the disposal, all three parties were within the Group's structure. Upon netting the tripartite balances, the aggregate amount owed by Laitai Trading to the Target Company and the Company was approximately RMB404 million (i.e., RMB437 million less RMB33 million). Accordingly, upon the disposal of Laitai Trading, the Target Company assumed Laitai Trading's total reclassified debt of RMB404,723,088.63. The difference between this amount and the RMB285 million previously disclosed therefore arises from the additional netting adjustments of the tripartite intra-group balances among the Target Company, Laitai Trading and the Company, which were consolidated and reclassified as part of the disposal.

During the relevant period, Laitai Trading owed amounts to both the Target Group and the Group. When the Group disposed of Laitai Trading, the amounts owed by Laitai Trading to the Group were adjusted and converted into amounts owed by the Target Group to the Group. Therefore, the current account of the deregistered subsidiaries represents the restructured intercompany balances resulting from the prior disposal of Laitai Trading.

(iii) Intra-group fund transfers since 2008 to support daily operations: RMB986,163,169.24

This represents the largest component of the Debt and consists of intercompany fund transfers accumulated since 2008. The detailed records show that these fund transfers commenced in December 2008 and continued through to 2025. These fund transfers were related to the Target Group's principal business as they supported the daily operational funding needs of the group entities for home appliance retail business. This category records both (a) amounts paid by the Target Group on behalf of the Group, and (b) amounts received by the Target Group on behalf of the Group. The amount of RMB986,163,169.24 represents the net balance after set-off of such payments made and received, being the amount owed by the Target Group to the Company and it arose from collections and payments made on behalf of the other party includes, among others, IPO roadshow fee refunds received from BNP on behalf of the Company in July 2010, dividend distribution payments made on behalf of the Company to various shareholders in 2010, loan repayments and interest payments made on behalf of the Group to various banks, and professional service fees (including audit fees, accounting service fees and corporate secretarial fees) paid on behalf of the Company.

The Target Group collected and paid amounts on behalf of the Group primarily to achieve centralised management of funds within the Group, improve fund utilisation efficiency, strengthen fund risk management and control, optimise financial processes, and meet the Group's requirements for unified business management and external settlement.

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**(iv) Amounts arising from collections and payments made on behalf of the other party:
RMB58,074,621.81**

This amount represents payments made on behalf of group companies. Specific examples include IPO roadshow fee refunds received from BNP on behalf of the Company in July 2010; dividend distribution payments made on behalf of the Company to various shareholders including ARC, POPE, Ruike (CAO), Dalton, and China Fund in 2010; loan repayments and interest payments made on behalf of the Group to various banks; professional service fees paid on behalf of the company, including audit fees, accounting service fees, and corporate secretarial fees.

Rationale for inter-company payment arrangements

The arrangements for payments made on behalf of group companies primarily arose from the Group's centralised fund management platform. Under this arrangement, the parent company or core entity makes unified external payments for procurement, service fees, taxes, wages and other expenses. This reduces idle funds, foreign exchange costs, and bank transaction fees for subsidiaries which do not need to settle externally on their own.

Additionally, newly established subsidiaries that have not yet completed bank account opening, tax registration, or obtained operating qualifications may have the parent company make payments on their behalf for rent, equipment, and staff compensation on a short-term basis until formalities are completed and settlement is restored.

The Target Group collected and paid amounts on behalf of the Group primarily to achieve centralised management of funds within the Group, improve fund utilisation efficiency, strengthen fund risk management and control, optimise financial processes, and meet the Group's requirements for unified business management and external settlement. The Company considers these arrangements to be reasonable.

With respect to corporate governance and internal controls, the Company has adopted the following measures to ensure that the inter-company payment arrangements are conducted in a proper and controlled manner:

- (a) The Group operates a centralised treasury function whereby the parent company or designated core entity (the Company) acts as the single point of external settlement. All intercompany fund flows are recorded through a unified ledger system that tracks the amounts paid and received on behalf of each group entity, with regular reconciliation of inter-company balances.
- (b) Inter-company payments require internal approval in accordance with the Group's financial management policies. Payments are initiated by the relevant subsidiary or department and are subject to review and authorisation by designated finance personnel before execution by the parent company.
- (c) Inter-company balances are reconciled on a periodic basis to ensure accuracy and completeness of records. The Group's finance department monitors the aggregate level of inter-company balances and reports material movements to management.

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- (d) For newly established subsidiaries that have not yet completed bank account opening, tax registration, or obtained operating qualifications, the payment-on-behalf arrangement is intended to be transitional in nature. Once such formalities are completed, settlement is restored to the subsidiary's own accounts.
- (e) The Group records both amounts paid by each entity on behalf of other group companies and amounts received on behalf of other group companies, with the net balance reflecting the true inter-company position after set-off.

The Board considers these arrangements to be reasonable, in compliance with good corporate governance practices, and consistent with the ordinary course of business for a group structure of this nature.

The internal control measures disclosed above are genuinely implemented and are operated on a continuous, day-to-day basis as part of the Group's standardised fund management system. The accounting treatment adopted is consistent with these controls and is applied in accordance with PRC Accounting Standards for Business Enterprises: at the standalone financial statement level, each Group entity records in full the amounts it collects or pays on behalf of other Group entities, recognising such amounts gross through other receivables and other payables respectively, without net-off. At each period end, the Group reconciles inter-company balances on a group-wide basis and, upon consolidation, offsets the corresponding intra-group receivables and payables of the same entity, presenting the inter-company balances on a net basis so as to accurately reflect the actual state of the Group's intra-group indebtedness.

Maturity

The Debt was not subject to any specified maturity dates and none of the above four categories were subject to any specified maturity dates. These balances arose in the ordinary course of business as part of the Group's internal funding arrangements and were repayable on demand.

Use of Funds Previously Provided to the Target Group

The Company confirms that all loans, payments on behalf, fund transfers, and other receivables previously provided by the Company and other Group entities to the Target Group, in the aggregate amount of approximately RMB1.50 billion, have been fully used up. Specifically, such funds were applied to cover the Target Group's historical accumulated losses mostly derived from daily operating expenses, including procurement of inventory, rent, employee compensation, logistics, warehousing, tax obligations, professional service fees, internal settlements, collections and payments made on behalf of other group entities, historical reclassification of intercompany current accounts, dividend payables, and other non-operating items. All related fund flows have been reflected in the Target Group's historical financial statements as confirmed by the Company's auditors.

The Target Group currently has no sufficient liquidity or debt service capacity to repay such amounts. As at 31 December 2025, the Target Group had unaudited consolidated net liabilities of approximately RMB1.54 billion. The Target Group has suffered continuous operating losses, persistent cash outflows, and possesses no internal capacity to generate funds sufficient to repay the

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indebtedness. Furthermore, no external funding support is available to the Target Group. The Company has assessed that the relevant loans and receivables have no realistic prospect of recovery given the Target Group's serious insolvency, its inability to generate positive cash flows, and the long-term overdue nature of the receivables.

Financial effect of the waiver of the Debt

After the waiver of the Debt, the net liabilities position of the Target Group is approximately RMB47,597,050.14. As at 31 December 2025, the audited consolidated net liabilities of the Target Group was approximately RMB 1,539,762,643.54. After the debt waiver of RMB 1,503,483,679.68, the net liabilities position of the Target Group is approximately RMB 47,597,050.14.

The waiver of the debt occurred on 2 February 2026, the same day as the disposal agreement. This constitutes a non-adjusting event after the reporting period and will not impact the published financial statements. This accounting treatment has been agreed with the Company's auditors. The Debt was waived for the purpose of the Disposal. The Disposal will optimize the Company's asset structure, reduce risks arising from related legal proceedings, and reallocate resources to support the Group's overall strategic development.

With respect to the consolidated financial data as at 31 December 2025, the waiver of the Debt occurred on 2 February 2026 and therefore does not impact the consolidated financial data as at 31 December 2025.

For post-period financial data, prior to completion of the Disposal, the waiver gain recognised by the entity being disposed of and the waiver loss recognised by other companies within the Group will offset each other, resulting in no impact on the consolidated financial data.

Upon completion of the Disposal, the Group will incur a reduction in the gain on disposal of approximately RMB1.5 billion as a result of the waiver of the Debt.

Reason for the waiver of Debt

As at 31 December 2025, the Target Group had unaudited net liabilities of approximately RMB1.54 billion and was in a state of serious insolvency. The Debt was waived on 2 February 2026, the same day as the Disposal Agreement, as the waiver formed an integral and necessary part of the overall disposal transaction. The Disposal could not be effected without the simultaneous waiver of the Debt, given that the Target Group's serious insolvency position meant these debts were unlikely to be recoverable in any event. Following the waiver of the Debt, together with the non-controlling interest of negative RMB11.3 million (unaudited), the adjusted net liabilities of the Target Group amounted to approximately RMB47.6 million (unaudited) at the date of the Disposal Agreement. This constitutes a non-adjusting event after the reporting period and will not impact the published financial statements, as agreed with the Company's auditors.

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The Consideration for the Disposal was nil, arrived at after arm's length negotiations between the Company and the Purchaser, taking into account (i) the prospects of the Target Group's business; (ii) the financial performance of the Target Group; (iii) the preliminary valuation of the Target Group based on market approach as assessed by the Valuer; (iv) the reasons for and benefits of the Disposal to the Group following Completion; and (v) the waiver of the Debt. The Directors (other than the independent non-executive Directors whose view will be included in the circular after being advised by the Independent Financial Adviser, if applicable) consider the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Benefit of the Disposal and waiver

The Disposal divests non-core, underperforming household appliance-related assets that have persistently dragged on the Group's operating returns, thereby streamlining the Group's asset base, releasing immobilised resources, enhancing overall asset liquidity, and enabling the Group to focus on its core businesses and high-growth transformation tracks. By removing these inefficient assets, the Group can also optimise its debt structure, reduce financial and operating costs, and improve overall asset quality and financial soundness.

Although the Company has foregone receivables of RMB1.5 billion in nominal terms, these had no realistic prospect of recovery given the Target Group's serious insolvency, as confirmed by the independent valuation which ascribed "No Commercial Value" to 100% equity interest in the Target Company. The Disposal enables the Company to cease the continued losses of the Target Group (loss after taxation of approximately RMB216 million for the year ended 31 December 2024), eliminates exposure to risks associated with the Huainan Jianle Judgment (approximately RMB61.1 million) and the potential enforcement against the pledged 65% equity interest in Anhui Four Seas, and results in an estimated gain of approximately RMB47.6 million for the Group.

Additional liabilities to be waived

In addition to the Debt waived on 2 February 2026 (which was determined based on audited balances as at 31 December 2025), the Board has further resolved to waive, prior to Completion, (i) the dividend payable of approximately RMB13.8 million (being a dividend declared in 2012 which was recorded as a current liability of the Target Company but was not included in the original Debt); and (ii) new inter-company indebtedness of RMB114,453.40 incurred by the Target Group to the Group during the period from 1 January 2026 to 31 May 2026, comprising (a) RMB100,000 transferred by Guizhou Renhuai Guofeng Liquor Co., Ltd., a subsidiary of the Company, to Huiyin Warehouse for the payment of employee wages and expense reimbursements; and (b) RMB14,453.40 representing the annual audit fee paid by the Company on behalf of the Target Company, during a period in which Huiyin Warehouse and the Target Company had ceased to carry on business operations and had no revenue. The total amount of intra-group indebtedness to be waived by the Company upon Completion of the Disposal is therefore RMB1,517,365,863.68. The additional waiver of RMB13,882,184.00 is made for the same reasons as the original Debt waiver, given the Target Group's serious insolvency and sustained losses, these amounts have no realistic prospect of recovery. The additional waiver constitutes a non-adjusting event after the reporting period and does not impact the published financial statements as at 31 December 2025.

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INFORMATION OF THE PURCHASER

The Purchaser, 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. According to the Purchaser, its principal business is investment holding.

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 DISPOSAL

The Company is an investment holding company and the Group is principally engaged in (i) the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance; (ii) the liquor business; and (iii) education-related training services in the PRC.

For the years ended 31 December 2022, 2023 and 2024, the Group recorded segment losses on its household appliance business of approximately RMB62,559,000, RMB2,816,000 (profit) and RMB215,000, respectively. These losses were primarily attributable to more cautious consumer spending, particularly in relation to non-essential consumer goods. This sentiment has led to softer demand in the wholesale and retail markets in Mainland China, and the Group has faced significant challenges in developing its household appliance business in recent years. Given these unprecedented challenges and market uncertainties, the Group has prioritized preserving cash and strengthening its liquidity. In response to these market conditions, the Group has taken proactive measures to streamline its operations by closely managing operating expenses, marketing and promotional costs, and finance costs.

With reference to the Company's 2024 results announcement dated 28 March 2025, its supplemental announcement dated 23 April 2025, and subsequent update announcements dated 21 May 2025 and 4 June 2025 in relation to, among other matters, the lawsuits concerning the 65% equity interest in Anhui Four Seas and the relevant progress thereafter, the Company considers that the Disposal is beneficial to the Group in minimizing the impact of these lawsuits. The Group continually seeks to improve its business and financial performance, including through reallocating capital towards other growth prospects as in this case. On this basis, the Group periodically evaluates its assets and businesses and will consider divestiture as and when suitable offers arise.

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The Directors (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Disposal after being advised by the Independent Financial Adviser, if applicable) consider the Disposal was entered into in the ordinary and usual course of business of the Group and the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company entered into the Disposal with the Purchaser (a connected person) rather than an independent third party primarily because, given the financial condition of the Target Group, it was practically impossible to identify an independent third party willing to acquire the Target Company on the same or better terms.

As disclosed in the circular, the audited consolidated net liabilities of the Target Group as at 31 December 2025 amounted to approximately RMB1.54 billion. Even after the Board-approved waiver of intra-group indebtedness of approximately RMB1.50 billion, the Target Group remained in a net liability position of approximately RMB47.6 million. The independent valuer, Ravia Global Appraisal Advisory Limited, ascribed the fair value of 100% equity interest in the Target Company as “No Commercial Value”.

The Target Group has been loss-making, recording a loss before taxation of approximately RMB218.4 million for the year ended 31 December 2024. The household appliance retail industry in China faces significant headwinds, as appliance ownership approaches saturation, competition around product specifications and pricing intensifies, and consumer spending remains cautious. No premium above the appraised value would reasonably be expected from a willing buyer in an arm's length transaction given these sustained losses, net liabilities, intensifying industry competition, and the contingent risk of enforcement under the Huainan Jianle Judgment. The Board acknowledges that the Target Group's net loss decreased in 2025 (approximately RMB14.7 million) compared to 2024 (approximately RMB216.1 million). However, the Board considered that this improvement was primarily attributable to the absence of the one-off losses recorded in 2024 (approximately RMB219.55 million from the disposal of Beijing Qidian and waiver of receivables) rather than a fundamental improvement in the Target Group's operational performance. Revenue in 2025 actually declined materially from approximately RMB271.3 million to approximately RMB179.5 million. While the home appliance industry showed moderate revenue growth of 4.8% year-on-year in the first half of 2025, the industry faces longer-term challenges as appliance ownership approaches saturation. The Board weighed these factors against the Target Group's substantial net liabilities of approximately RMB1.54 billion, the contingent risk under the Huainan Jianle Judgment, and the Target Group's limited scale and competitive position, and concluded that the Disposal remained in the best interests of the Company.

In these circumstances, an independent third party would have no rational commercial incentive to acquire the Target Company, a net liability, loss-making entity operating in an industry with limited growth prospects, at nil consideration while assuming all associated liabilities and risks. The Purchaser, being a company wholly owned by Mr. Yuan Li (an executive Director and substantial shareholder of the Company), was willing to accept the transfer on these terms. Mr. Yuan Li, as an executive Director and substantial shareholder of the Company, was willing to accept the transfer of the Target Group at nil consideration because: (i) Mr. Yuan Li has a long-standing involvement with the Group's household appliance business and has personal knowledge of the Target Group's operations; (ii) as the sole owner of the Purchaser, Mr. Yuan Li may seek to restructure the Target

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Group's operations or realise residual value from its assets over a longer time horizon; and (iii) Mr. Yuan Li was willing to assume the associated liabilities and risks, including the Huainan Jianle Judgment. The Company has made enquiries with Mr. Yuan Li regarding his ability to settle the Huainan Jianle Judgment liability of approximately RMB61.1 million if enforced. Mr. Yuan Li has confirmed that he has sufficient cash and liquid assets, including marketable securities such as stocks, to satisfy the Huainan Jianle Judgment liability in full if enforcement is sought. The Company did not approach other potential purchasers because, having regard to the Target Group's financial condition and industry outlook, the Board considered it commercially unrealistic that any independent third party would agree to acquire the Target Company on the same or more favourable terms.

GROUP'S EXISTING BUSINESSES

The Company confirms that it has no intention, understanding, negotiation, or arrangement to discontinue or dispose or downsize of any of its existing businesses.

Home appliance business

The Board wishes to emphasise that the Disposal does not result in the cessation of the Group's household appliance business. As noted above, the household appliance industry in Mainland China is understood to encompass both the broad definition, which includes all household electronic and electrical products (including consumer electronics), and the traditional definition, which is confined to functional domestic appliances. The Group will continue its household appliance business through the Operating Entity, which currently distributes consumer electronics products falling within the broad definition and plans to expand into traditional household appliance categories. The Group's continued engagement in the household appliance sector is therefore substantiated by both its existing operations and its concrete expansion plans.

Business plan for the home appliance business

Following completion of the Disposal, the Group will continue its household appliance business through the Operating Entity. The Operating Entity operates a B2B distribution model, purchasing consumer electronics products from suppliers on a principal basis and selling to corporate customers (distributors and retailers) at a margin. The Operating Entity takes ownership of inventory and bears the associated inventory risk before selling to customers. Revenue is recognised upon delivery of products, recorded at the contract amount net of value-added tax.

The Operating Entity's strategic objective and market positioning is to serve as a regional commercial chain service provider supplying products to other businesses. The near-term to medium-term financial performance target is to achieve and maintain breakeven operation. The Operating Entity plans to maintain its current lean operational scale of 5 staff members and does not anticipate any significant capital expenditure.

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In the near term, the Operating Entity will: (a) continue to distribute Apple series products (including iPhones and Apple Watches) through its established B2B distribution network; (b) commence the distribution of OPPO and vivo electronic products from July 2026; and (c) expand into small home appliances and selected segments of the black-and-white appliance market, including products from Haier (海爾). These new product lines are expected to generate additional full-year revenue of approximately RMB30 million to RMB50 million and gross profit of approximately RMB3 million to RMB5 million.

Based on the Operating Entity's revenue growth trajectory and industry seasonal patterns, the Operating Entity has set a full-year revenue target of approximately RMB50 million for 2025. The Operating Entity's registered business scope already expressly covers the sales of household audiovisual equipment, household appliances, and retail of daily household appliances, providing a ready platform for the planned product expansion. The Board intends to pursue this expansion in a phased manner, having regard to prevailing market conditions and applicable regulatory requirements.

Liquor business

With respect to the sales of liquor, the Group has identified the Maotai-flavour liquor business as one of the two core pillars of its dual-core strategy of "AI + Maotai-flavour liquor". As disclosed in the 2025 Annual Report, the Group prioritises the Maotai-flavour liquor as a key segment of its consumer business. During the year ended 31 December 2025, the Group built a three-dimensional distribution network through Shengyouhui (勝友薈), which has owned over 200 stores and offline experience centres across the country, and rolled out a comprehensive product matrix under the Shengjiu brand, adhering to the traditional "12987" brewing technique with oversight by leading industry experts. The Group further strengthened brand exposure through large-scale promotional advertisements at airports and high-speed railway stations nationwide and invited industry experts to serve as brand consultants. The liquor business operates primarily through a distributor-based sales model supplemented by direct sales. For the year ended 31 December 2025, revenue for this segment was RMB60,011,100 (approximately RMB60.01 million); gross profit was RMB34,164,000 (approximately RMB34.16 million) with net loss amounted to RMB3,562,300 (approximately RMB3.56 million).

Business plan for the liquor business

The Group has identified the Maotai-flavour liquor business as one of the two core pillars of its dual-core strategy of "AI + Maotai-flavour liquor". The liquor business operates primarily through a distributor-based sales model supplemented by direct sales, utilising a three-dimensional distribution network through Shengyouhui (勝友薈), which currently operates over 200 stores and offline experience centres across the country.

In the near to medium term, the Group plans to: (a) continue strengthening the Shengjiu brand, adhering to the traditional "12987" brewing technique with oversight by leading industry experts; (b) deepen brand exposure through large-scale promotional advertisements at airports and high-speed railway stations nationwide and by engaging industry experts as brand consultants; (c) expand the distribution network by increasing the number of Shengyouhui stores and offline experience centres; and (d) develop a comprehensive product matrix under the Shengjiu brand to capture a broader customer base.

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The Group's objective is to grow the liquor segment into a profitable core business that generates stable revenue and complements the AI segment. The Board will continue to monitor the performance of the liquor segment and allocate resources in accordance with prevailing market conditions and the Group's overall strategy.

Education-related training business

With respect to the provision of education-related training services, the Company has no intention to discontinue or dispose of the education business in its entirety. As disclosed in the 2025 Annual Report, the training industry continued to decline under the influence of policy norms, market demand contraction and the rapid impact of AI and online training models, and the business environment deteriorated significantly during 2025. Revenue from the provision of education-related training services decreased from approximately RMB67.9 million for the year ended 31 December 2024 to approximately RMB57.4 million for the year ended 31 December 2025, representing a decrease of approximately 15.5%, and the education business segment recorded a segment loss of approximately RMB313.0 million for the same period. In light of the persistently challenging operating environment, the Group has conducted a comprehensive strategic review and will coordinate resources and optimise the structure of its training business by taking into account industry trends and the Group's overall strategy, with a view to achieving efficient resource allocation and ensuring the successful implementation of the Group's long-term development strategy. The Company has no intention to downsize or dispose of the education business.

Business plan for the education-related training business

The Company has no intention to discontinue, downsize or dispose of the education business. In light of the persistently challenging operating environment, characterised by tightened policy norms, market demand contraction, and the rapid impact of AI and online training models, the Group has conducted a comprehensive strategic review of its training business and has proactively implemented a "quality enhancement and efficiency improvement, resource redeployment" (提質增效、資源復用) strategy.

The Group has taken the following concrete measures to address the industry-wide downturn in the education (training) segment:

- (a) Staff redeployment and optimisation: The Group has redeployed certain sales and operational staff from the training business division to the liquor business sales team. This has not only effectively reduced redundant headcount costs in the training division, but also enabled the cross-segment transfer of experienced internal talent, providing strong personnel support for the nationwide channel expansion of the liquor business.
- (b) Targeted cost reduction: The Group has proactively curtailed low-efficiency marketing expenditure and shifted to lower-cost customer acquisition through the liquor business's private-domain ecosystem, significantly reducing market-based customer acquisition costs and improving overall operational efficiency.

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The above measures have driven a transformation of the education business from a “scale-driven expansion” model to a “refined operations” model. The Group has proactively retrenched low-margin, high-input business lines and focused on monetising existing assets, achieving a structural improvement characterised by “revenue down, profit up”. For the six months ended 30 June 2026, the liquor segment recorded forecast revenue of approximately RMB102.60 million, representing substantial growth compared with the same period in 2025, with the segment’s net profit margin improving from deep losses to approximately -5.36%. The AI technology segment, as a newly established business, recorded forecast revenue of approximately RMB44.73 million for the same period, successfully establishing a second growth curve and contributing substantive revenue and profit increments to the Group.

Excluding the losses attributable to the Target Group, the overall net profit margin of the Group’s core operating segments post-Disposal has improved substantially from approximately -22.26% for the same period in 2025 to approximately -5.04%, representing a narrowing of losses by approximately 52%. The Board considers that, as the education segment’s net profit margin has turned positive and the liquor segment’s loss ratio has narrowed significantly, the Group’s overall risk resilience and profitability are recovering rapidly.

The Board, having conducted a prudent assessment, has concluded as follows:

- (a) Education business outlook: Given that the education segment has achieved profitability in 2026 with a net profit margin of approximately 15.79%, the Board considers that the historical burden of the education business has been substantially digested. The education segment is expected to maintain a stable, modestly profitable position going forward and will no longer constitute a drag on the Group’s overall performance.
- (b) Liquor business outlook: As market expansion enters its harvest phase, the scale effects of the liquor segment will become further pronounced and its net profit margin is expected to turn positive in the near term, becoming the Group’s principal profit pillar.
- (c) Overall Group outlook: Driven by the “liquor as core engine plus AI as new growth driver” dual-engine strategy, coupled with high-quality profitability from the education segment and effective divestiture of loss-making assets, the Group’s overall net profit margin is expected to continue improving, with full profitability achievable in the foreseeable future.

In the near term, the Group’s resources will be focused on expanding the market share of the liquor business and sustaining the growth of the AI business. For the education business, the Company will maintain its existing profitable position and strictly control new investment. There are no plans for large-scale capital expenditure on the education business in the near term.

The Board will continue to monitor the performance of the education segment and make strategic adjustments as necessary, with the overarching objective of ensuring efficient resource allocation and supporting the Group’s long-term development strategy. Upon the completion of the Disposal, the Group’s overall net profit margin is expected to turn positive promptly.

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AI related business

As disclosed in the 2025 results announcement of the Company, during the year ended 31 December 2025, the Group formally established its presence in the AI sector and set up a dual-track development model of “AI computing power + AI technology application”. the Group aims to become a core service provider in the domestic computing power sector. Core products including green computing power servers and storage devices will be optimised while staying at the technological forefront of the industry. The Group is enhancing domestic chip compatibility to deeply align with the national “east data, west computing” project. By perfecting a full-lifecycle service system encompassing computing power leasing, value-added services and computing-energy synergy, the Group aims to deepen cooperation with leading chip manufacturers and technology enterprises. The Group’s focus remains on the distribution of high-value computing and storage chips, alongside continuous R&D and product iteration.

Since the completion of the acquisition through April 2026, Shanghai Huiliu Network Technology Co., Ltd. (“**Shanghai Huiliu**”) recorded revenue of approximately RMB38,000,000 and profit of approximately RMB440,000. The nature of this revenue comprises (i) revenue from livestream e-commerce services of approximately RMB3,080,000 (representing approximately 8% of total revenue); and (ii) revenue from hardware sales of approximately RMB34,490,000 (representing approximately 92% of total revenue). The revenue from hardware sales of approximately RMB34,490,000 is attributable to the sales contracts entered into by Shanghai Huiliu for the sale of computing power servers, as further described in the section headed ‘AI related business’ below. The revenue from livestream e-commerce services is recognized based on platform livestream settlement statements, and the revenue from hardware sales is recognized on an accrual basis based on sales contracts, delivery notes, customer receipt confirmations, sales invoices and bank receipts. Since the completion of the acquisition, Shanghai Huiliu has continued to operate independently under its existing management team and business model, without being merged into or consolidated with the operational processes, systems, or personnel of the Company’s other business segments (such as the household appliance business, education business, or liquor business). The Company has acquired Shanghai Huiliu as a strategic investment but has not yet undertaken any operational integration. Shanghai Huiliu maintains its own separate customer base, supplier relationships, and operational infrastructure. The Company intends to evaluate integration opportunities as part of its broader AI and technology strategy in due course.

As announced on 26 January 2026, Shanghai Huiliu entered into a GPU distribution cooperation agreement with MetaX Integrated Circuits (Shanghai) Co., Ltd. (沐曦集成电路(上海)股份有限公司) (“**MetaX**”). The agreement has taken effect. As authorised distributor, Shanghai Huiliu sells the full range of MetaX GPU products. Shanghai Huiliu has participated in bidding for university research and bank digitalisation projects. Due to product supply constraints, these projects remain under negotiation. Shanghai Huiliu has completed MetaX technical training and obtained certification. No sales have been completed under this agreement as at the Latest Practicable Date.

As announced on 12 March 2026, Beijing Qidian Guofeng Zhisuan Technology Co., Ltd. entered into a sales contract with Shenzhen Yibayi Supply Chain Co., Ltd. where the contract value was RMB278.3 million (RMB246,283,186 excluding tax) for the sale of 200 units of AI servers (GIGABYTE G593-SD1). As at the Latest Practicable Date, the Group is still procuring inventory for delivery under the sales contract.

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Furthermore, the Group will strengthen the deep synergy between AI technology and its core businesses, fully applying intelligent algorithms and computing capabilities across all operational processes. Independent AI business segment will be established by the Group. The AI segment will primarily provide customers with AI server procurement, deployment and related support services. The business model encompasses: (i) procuring AI server hardware from upstream suppliers upon receipt of customer orders and completing delivery; and (ii) providing computing power leasing, data centre hosting, and operation and maintenance (O&M) management services. This is not merely hardware resale but an integrated solution combining the Company's technical service capabilities, covering the full value chain from computing power planning and equipment delivery to post-delivery O&M. It is expected that the annual revenue for the AI business segment is approximately RMB300 million, with the annual profit of approximately RMB10 million. The basis for the expected annual revenue of approximately RMB300 million for the AI business segment is supported by the following signed contracts: (i) Beijing Qidian Guofeng Zhisuan Technology Co., Ltd. entered into a sales contract with an independent third party with a contract value of RMB278.3 million (RMB246,283,186 excluding tax) for the sale of 200 units of AI servers (GIGABYTE G593-SD1). As at the Latest Practicable Date, the Group is still procuring inventory for delivery under this contract; (ii) Shanghai Huiliu entered into a sales contract dated 11 March 2026 with Annie Artificial Intelligence Technology (Beijing) Co., Ltd. (安妮人工智能科技(北京)有限公司) for the sale of 6 units of computing power servers (B300 model, equipped with NVIDIA HGX B300 NVL8 8-GPU) at a contract value of RMB26.22 million (RMB23,203,539.82 excluding tax); (iii) Shanghai Huiliu entered into a sales contract dated 16 March 2026 with Shenzhen Silicon Base Mobile Technology Co., Ltd. (深圳市矽基流動科技有限公司) for the sale of 2 units of computing power servers (B300 model, equipped with NVIDIA HGX B300 NVL8 8-GPU) at a contract value of RMB8.82 million (RMB7,805,309.73 excluding tax); (iv) Zaozhuang Huiliu Network Technology Co., Ltd. (棗莊繪流網路科技有限公司), a subsidiary of Shanghai Huiliu, entered into a sales contract dated 10 April 2026 with Shenzhen Silicon Base Mobile Technology Co., Ltd. for the sale of 1 unit of AI server (GIGABYTE G593-SD1, equipped with NVIDIA HGX H200 SXM 8-GPU) at a contract value of RMB3.1 million (RMB2,743,362.83 excluding tax); (v) Shanghai Huiliu entered into a GPU distribution framework agreement dated 5 November 2025 with MetaX Integrated Circuits (Shanghai) Co., Ltd. (沐曦集成電路(上海)股份有限公司) for the distribution of GPU products in mainland China, with an annual purchase target of 2,000 GPU units representing an estimated business scale of approximately RMB200 million based on current market prices.

The aggregate contract value of the above signed contracts is approximately RMB516.44 million. Based on the signed contracts, and taking into account the business delivery schedule and market conditions on a conservative basis, the expected annual revenue for the AI business segment is approximately RMB300 million for the AI business segment. The expected annual profit of approximately RMB10 million is derived from applying a conservative profit margin of 3% to the expected annual revenue. This profit margin is based on industry benchmarks for hardware distribution and server integration businesses, taking into account procurement costs, operating expenses, and tax obligations.

The above business developments and contracts will be recognised under a new independent AI business segment to be established by the Group. The hardware sales revenue recorded by Shanghai Huiliu (as disclosed above) will likewise be recognised under the AI business segment.

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With respect to customer procurement, the Company procures customers for its AI-related business primarily through: (1) original equipment manufacturer (OEM) authorised distribution; (2) direct sales to major customers with identified AI computing power demands, including technology companies, research institutions, and financial institutions undergoing digital transformation; (3) strategic cooperation arrangements with upstream hardware manufacturers and technology partners; and (4) participation in public procurement bidding processes. Meanwhile, the Group plans to expand external commercial services to release technological value and build a core engine for the Group's high-quality growth.

The Group's overall strategy is centred on a "AI + Maotai-flavor liquor" dual-core approach, seeking to solidify the synergistic effect of "technology empowers consumption, consumption fuels technology", with the aim of becoming a respected technology and consumer group.

The AI business segment operates through an integrated service model combining hardware procurement, deployment, and related technical support services. The business is not a simple buy-sell arrangement but involves substantive value-added services and commercial value, as follows:

- (a) Overall business model: The Group's AI business operates through a procurement-on-demand and integrated service model. Core business activities comprise: (i) procuring AI server hardware (including GPU servers and computing power equipment) from upstream suppliers upon receipt of confirmed customer orders and completing delivery on a principal basis, bearing ownership risk during procurement, warehousing, and delivery; (ii) providing computing power leasing services, whereby the Group deploys procured servers in data centres and leases computing capacity to customers on a usage or time-based basis; and (iii) providing data centre hosting and operation and maintenance (O&M) management services, covering the full lifecycle from computing power planning, equipment deployment, and post-delivery O&M support.
- (b) Principal status and risk-bearing: The Group does not engage in the manufacturing of hardware but acts as a distributor and integrated solution provider, combining procurement capabilities with technical service competencies. The Group takes ownership of the AI server hardware upon procurement, bears inventory risk, price risk, and delivery risk, and assumes contractual obligations vis-à-vis both upstream suppliers and downstream customers independently.
- (c) Value-added and technical services: Beyond hardware resale, the Group provides the following value-added and technical services in the transaction process: (i) computing power planning and equipment configuration advice tailored to customer requirements; (ii) equipment delivery, installation, and commissioning support; (iii) post-delivery operation and maintenance management services; (iv) computing power leasing services on a usage or time-based basis; (v) technical training and certification (including MetaX GPU technical training); and (vi) data centre hosting services. These services represent substantive commercial value beyond simple product intermediation.

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- (d) Reporting period operations: Since the completion of the acquisition of Shanghai Huiliu through April 2026, the AI business recorded revenue of approximately RMB38,000,000, comprising revenue from livestream e-commerce services of approximately RMB3,080,000 (approximately 8% of total) and revenue from hardware sales of approximately RMB34,490,000 (approximately 92% of total). Revenue from hardware sales is attributable to signed sales contracts for computing power servers delivered to independent third-party customers. Revenue from hardware sales is recognised upon delivery of products, and revenue from computing power leasing and O&M services is recognised on an accrual basis over the service period.

The Group's AI business, operated through Shanghai Huiliu, is not merely hardware trading. Shanghai Huiliu holds official sales distribution authorisations from MetaX and Inspur (浪潮), and additionally engages in NVIDIA AI server transactions. The specific value-added services provided by Shanghai Huiliu in the AI business include: (a) computing power solution design and configuration tailoring based on customers' training and inference workloads and data centre conditions, covering MetaX, Inspur, and NVIDIA hardware; (b) coordination with original manufacturers on production capacity quotas, order scheduling, and source verification and quality control for NVIDIA servers; (c) server unboxing verification, hardware pre-integration and commissioning, and pre-racking inspection; (d) 7×24-hour technical response, fault diagnosis, spare parts dispatch, on-site maintenance, and extended warranty services, constituting full-lifecycle maintenance and after-sales support; and (e) supply chain coordination, inventory reservation and scheduling, and compliance verification.

Beyond procurement and resale, Shanghai Huiliu creates value at multiple points across the business chain. On the upstream end, as an authorised distributor of MetaX and Inspur, it feeds back downstream customer requirements to assist original manufacturers with product optimisation and conducts authenticity and compliance screening of NVIDIA server sources to mitigate customer procurement risk. In the midstream, Shanghai Huiliu's technical team outputs customised computing power solutions, completes pre-delivery hardware inspection and firmware adaptation, and converts raw hardware into customer-workload-ready computing power units. On the downstream end, ongoing O&M and maintenance services reduce server downtime losses. At the supply chain level, Shanghai Huiliu acts as a supply chain buffer for AI computing hardware, accommodating fragmented procurement from small and medium-sized customers.

The primary reasons customers choose to procure through Shanghai Huiliu rather than directly from original equipment manufacturers include: (a) OEM direct-supply requirements regarding minimum procurement scale and customer qualifications exceed the capacity of many small and medium AI enterprises, which Shanghai Huiliu can service; (b) one-stop comprehensive service covering solution design, supply, pre-commissioning, and maintenance at lower total cost compared with hardware-only direct procurement from OEMs; (c) delivery stability through distribution resources and supply chain reserves that assist customers in securing production capacity and optimising delivery schedules; (d) localised rapid after-sales response compared with OEMs' lengthy multi-level after-sales processes; and (e) multi-brand integration capability for mixed MetaX and NVIDIA hardware deployments.

Shanghai Huiliu holds MetaX and Inspur official sales distribution authorisation certificates, has issued technical documentation including computing power project proposals, configuration selection reports, and data centre assessments, maintains a dedicated technical and O&M team, and has pre-integration testing records for hardware inspection and firmware commissioning.

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Business plan for the AI business segment

The Group's AI business segment will operate through a "procurement-on-demand and integrated service" model. The core business activities comprise: (i) procuring AI server hardware (including GPU servers and computing power equipment) from upstream suppliers upon receipt of confirmed customer orders and completing delivery on a principal basis; (ii) providing computing power leasing services, whereby the Group deploys procured servers in data centres and leases computing capacity to customers on a usage or time-based basis; and (iii) providing data centre hosting and operation and maintenance (O&M) management services, covering the full lifecycle from computing power planning, equipment deployment, and post-delivery O&M support. The Group does not engage in the manufacturing of hardware but acts as a distributor and integrated solution provider, combining procurement capabilities with technical service competencies. Revenue from hardware sales is recognised upon delivery of products, and revenue from computing power leasing and O&M services is recognised on an accrual basis over the service period. The Group aims to build a full-lifecycle service system and to deepen cooperation with leading chip manufacturers and technology enterprises, including MetaX.

In the near term, the Group will focus on: (a) fulfilling the existing signed contracts with an aggregate value of approximately RMB316.44 million. As at the Latest Practicable Date, the delivery status of the above signed contracts is as follows: (i) With respect to the sales contract with Shenzhen Yibayi Supply Chain Co., Ltd. (深圳市壹佰壹供應鏈有限公司) for 200 units of AI servers (GIGABYTE G593-SD1) with a contract value of RMB278.3 million signed in March 2026, the Group is still procuring inventory for delivery. Due to policy changes affecting the availability of GPU hardware supply (namely, a U.S. Commerce Department guidance issued on 31 May 2026 restricting the acquisition of GPUs by PRC enterprises through offshore subsidiaries, which compounds pre-existing computing-power threshold controls that restrict licensed imports of this series of datacentre GPUs), the Company is actively sourcing goods. The contract does not specify a fixed delivery deadline, and the Company is targeting completion of delivery by September 2026; (ii) with respect to the sales contract with Annie Artificial Intelligence Technology (Beijing) Co., Ltd. (安妮人工智能科技(北京)有限公司) for 6 units of computing power servers (B300 model) with a contract value of RMB26.22 million signed on 11 March 2026, delivery was completed in March 2026; (iii) with respect to the sales contract with Shenzhen Silicon Base Mobile Technology Co., Ltd. (深圳市矽基流動科技有限公司) for 2 units of computing power servers (B300 model) with a contract value of RMB8.82 million signed on 16 March 2026, delivery was completed in March 2026; (iv) with respect to the sales contract with Shenzhen Silicon Base Mobile Technology Co., Ltd. for 1 unit of AI server (GIGABYTE G593-SD1) with a contract value of RMB3.1 million signed on 10 April 2026, delivery was completed in April 2026; (v) with respect to the GPU distribution framework agreement with MetaX Integrated Circuits (Shanghai) Co., Ltd. (沐曦集成電路(上海)股份有限公司) dated 5 November 2025, no sales have been completed as at the Latest Practicable Date due to product supply constraints. The counterparties to contracts (ii), (iii) and (iv) above, namely Annie Artificial Intelligence Technology (Beijing) Co., Ltd. and Shenzhen Silicon Base Mobile Technology Co., Ltd., are independent third parties. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the above counterparties is a connected person of the Company within the meaning of the Listing Rules; (b) expanding GPU product distribution under the MetaX authorised distribution agreement and the MetaX framework agreement (annual purchase target of 2,000 GPU units, estimated business scale of approximately RMB200 million); and (c) building the

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customer base through OEM-authorised distribution, direct sales to enterprises with identified AI computing power demands (including technology companies, research institutions, and financial institutions undergoing digital transformation), strategic cooperation arrangements with upstream hardware manufacturers, and participation in public procurement bidding processes.

In the medium term, the Group plans to: (a) expand computing power leasing services to develop recurring revenue streams; (b) develop O&M management services as a complementary revenue source; (c) deepen partnerships with domestic chip manufacturers to enhance domestic chip compatibility; and (d) scale the Group's technical service capabilities to serve a broader range of customer segments, including university research projects, financial institution digitalisation initiatives, and enterprise AI deployment programmes.

Based on the signed contracts and taking into account the business delivery schedule and market conditions on a conservative basis, the expected annual revenue for the AI business segment is approximately RMB300 million, with expected annual profit of approximately RMB10 million (representing a profit margin of approximately 3%, which is consistent with industry benchmarks for hardware distribution and server integration businesses, taking into account procurement costs, operating expenses, and tax obligations).

FINANCIAL EFFECTS OF THE DISPOSAL

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Group will cease to own any interest in the Target Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group.

The gain on Disposal is calculated to be approximately RMB47,597,050.14, which is derived from the difference between (a) the nil consideration and (b) the net liabilities of the Target Group attributable to the Group as at the date of the Disposal Agreement of approximately RMB47,597,050.14. As at 31 December 2025, the unaudited net liabilities of the Target Group amounted to RMB1,539,762,643.54. For the purpose of the Disposal, the Board has approved the waiver of intra-group indebtedness owed to the Group at the amount of approximately RMB1,503,483,679.68. Together with the non-controlling interest of the Target Group at negative RMB11,318,086.28, the net liabilities of the Target Group as at the date of the Disposal Agreement is RMB47,597,050.14.

The audit committee of the Company has reviewed and approved the calculation of the disposal gain, including the impact of the loan/debt waiver on the disposal gain, and is satisfied that the calculation basis is appropriate.

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Shareholders should note that the actual amount of gain from the Disposal to be recognised in the consolidated financial statements of the Group depends on, among other things, the consolidated net asset value of the Target Company at Completion, and is subject to audit to be performed by the auditors of the Company.

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser, being a substantial shareholder of the Company and is wholly owned by Mr. Yuan Li, an executive director of the Company, and thus is a connected person of the Company under Chapter 14A of the Listing Rules, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NOTICE OF THE EGM

The EGM will be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Disposal Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 10:00 a.m. (Hong Kong time) on Tuesday, 27 October 2026 at Conference Room, Room 3602, Jingxing Sea Building, No. 3125, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-HongKong Cooperation Zone, Shenzhen, the PRC, or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (<http://www.hkexnews.hk>) and the Company (<http://www.qidianguofeng.cn>). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and 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 together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the EGM or any adjournment 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 adjournment thereof (as the case may be) should you so wish.

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As at the Latest Practicable Date, 327,553,334 Shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was wholly-owned by Mr. Yuan Li. 277,047,032 Shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) (formerly known as Noble Trade International Holdings Limited (聖商國際集團有限公司)) (“**Noble Trade International**”) as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. (“**Mogen**”). Mogen was 100.00% owned by Mr. Yuan Li through Greatssjy Co., Ltd. Therefore, an aggregate of 604,600,366 Shares, representing 31.27% of the issued share capital of the Company, held by Mr. Yuan Li and his associates, will be required to abstain from voting in respect of the relevant resolution(s) to approve the Disposal 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the EGM, from Thursday, 22 October 2026 to Tuesday, 27 October 2026, both days inclusive, during which period no transfers of Shares will be effected. In order to be eligible to attend and vote at the EGM, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the EGM or any adjournment 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 adjournment thereof (as the case may be) should you so wish.

GENERAL

The Independent Board Committee comprising Mr. Zhang Yihua, Mr. Kong Xiangming and Ms. Tang Chung Kwan Brenda, all being independent non-executive Directors, has been established to advise and give recommendation to the Independent Shareholders in respect of the Disposal contemplated under the Disposal Agreement. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

With reference to the announcement of the Company dated 21 September 2026, Noble Trade International Holdings Limited (“**Noble Trade International**”), a substantial shareholder of the Company, that it had entered into a three-party share charge agreement dated 21 September 2026 (the “**Share Charge Agreement**”) with HK Saint Next Investment Limited (the “**Lender**”) and Pioneer Elite Assets Limited (the “**Chargee**”), pursuant to which Noble Trade International agreed to create a fixed charge over 277,047,032 Shares (the “**Charged Shares**”), representing approximately 14.33% of the total issued share capital of the Company as at the date of this circular, in favour of the Chargee as security for the obligations of Noble Trade International under the underlying loan arrangements.

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Details of the Underlying Loan

The principal terms of the underlying loan arrangements are summarised below:

Item	Details
Borrower	Noble Trade International
Lender	HK Saint Next Investment Limited
Chargee	Pioneer Elite Assets Limited
Principal amount	HK\$50,800,000
Interest rate	4.5% per annum
Term	One year from the date of the Share Charge Agreement
Maturity date	20 September 2027

The principal terms of the Share Charge Agreement are summarised in the table below:

Term	Summary
Nature of charge	Fixed charge (not floating). Noble Trade International may not dispose of or deal with the Charged Shares or Charged Property without the prior written consent of the Lender and the Chargee.
Charged Property	The Charged Shares, all dividends, distributions, bonus shares, rights shares, share certificates and all proceeds thereof (collectively, the “ Charged Property ”).
Voting rights and dividends	Pre-default: Noble Trade International retains voting rights and entitlement to dividends. Post-default: The Chargee may exercise voting rights and collect dividends, subject to restrictions under the Hong Kong Code on Takeovers and Mergers.
Events of default	Include: (i) failure to repay principal and interest within one year; (ii) unremedied material breach (15 Business Days cure period); (iii) cross-default under the underlying loan arrangements; (iv) insolvency or winding-up of Noble Trade International; and (v) the charge becoming invalid or unenforceable.

LETTER FROM THE BOARD

Enforcement	The Chargee must serve a written enforcement notice and wait at least 10 Business Days before taking action. Remedies include sale by public auction or private sale, transfer to the Chargee or nominee, and appointment of a receiver/manager. The Chargee shall not trigger a mandatory general offer under the Takeovers Code unless prior SFC Executive exemption has been obtained.
Release	Upon full discharge of all secured obligations, the Chargee shall within 10 Business Days release the charge and cooperate with deregistration at the Companies Registry of Hong Kong.
Governing law	Laws of Hong Kong; disputes resolved by arbitration.

Reasons for the Pledge Arrangement

The Board notes that as at the date of the Share Charge Agreement, the market value of the Charged Shares (based on the closing price of HK\$2.93 per Share as quoted on the Stock Exchange on 21 September 2026) was approximately HK\$811.7 million, which significantly exceeds the aggregate principal amount of the loan of HK\$50,800,000 (implying a loan-to-value ratio of approximately 6.3%). The Board has been informed by Noble Trade International that such pledge arrangement was a result of the following principal factors:

- (a) *Low liquidity and limited trading activity:* The Shares have historically exhibited low trading volume and a limited free float turnover rate. Due to the relatively thin trading activity and limited market depth, the Chargee required a conservative pledge ratio to account for potential difficulty in liquidating the Charged Shares in a timely manner and at a reasonable price in the event of enforcement. It is common market practice for chargees to apply a significant discount to the market value of shares with low liquidity when determining the acceptable collateral value.
- (b) *Risk management requirements of the Chargee:* The Chargee, in order to protect its interest as the security holder, required sufficient collateral to provide an adequate buffer against market volatility and potential decline in the value of the Charged Shares during the one-year term of the loan. This is consistent with the prudent risk management practices adopted by lenders and chargees in the market, particularly where the underlying collateral comprises shares of companies with smaller market capitalisation and relatively lower trading activity.
- (c) *Current share price trading at a low level relative to underlying value:* Although the nominal market value of the Charged Shares appears significant, the current share price of the Company is at a relatively low level compared to its historical trading range. Based on stress testing conducted by the Chargee (i.e. assuming a hypothetical decline in the share price by a certain percentage), the Charged Shares would still provide sufficient coverage for the outstanding loan amount after applying the stress scenario. The Chargee therefore

LETTER FROM THE BOARD

required a larger number of shares to be charged to ensure that the collateral value, after factoring in the potential impact of further share price decline and the limited liquidity of the Shares, would remain adequate to cover the loan obligations under various adverse market conditions.

Noble Trade International has confirmed to the Board that (i) the charge over the Charged Shares will not affect the voting rights attached to the Charged Shares prior to the occurrence of an event of default under the Share Charge Agreement; (ii) Noble Trade International will continue to be entitled to receive dividends and other distributions in respect of the Charged Shares prior to the occurrence of an event of default; and (iii) the creation of the fixed charge over the Charged Shares will not affect Mr. Yuan Li's position as the controlling shareholder of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

RECOMMENDATION

In the meeting of the Board to approve the terms of the Disposal Agreement and the transaction contemplated thereunder, Mr. Yuan Li and his associates who have abstained. The Board considers the terms of the Disposal Agreement to be fair and reasonable, and that the entering into of the Disposal Agreement and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the Disposal and the Disposal Agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Disposal Agreement and the transactions as contemplated thereunder:



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)

6 October 2026

To the Independent Shareholders,

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE ISSUED SHARE CAPITAL OF
WHOLLY-OWNED SUBSIDIARIES**

We refer to the letter from the Board set out in the circular dated 6 October 2026 of the Company (the “**Circular**”) of which this letter forms part. All capitalized terms used in this letter shall have the same meanings ascribed in the Circular unless otherwise specified in the context herein.

Under the Listing Rules, the Disposal contemplated under the Disposal Agreement constitutes a major and connected transaction for the Company, therefore, the transactions contemplated under the Disposal Agreement are subject to the approval of the Independent Shareholders.

We have been appointed by the Board as members of the Independent Board Committee to, among others, advise the Independent Shareholders in respect of the terms of the Disposal Agreement and the transactions contemplated thereunder.

We hereby draw your attention to (i) the letter of advice from Rainbow Capital (HK) Limited, being the Independent Financial Adviser, appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal Agreement and the transactions contemplated thereunder, which has been set out on pages 57 to 80 of the Circular; (ii) the “Letter from the Board” which has been set out on pages 4 to 54 of the Circular; and (iii) the additional information set out in the appendices to the Circular. Having taken into account, among others, the advice from Rainbow Capital (HK) Limited and the terms of the Disposal Agreement, we consider that (i) the Disposal is in the interests of the Company and the Shareholders as a whole notwithstanding the Disposal is not in the ordinary and usual course of business of the Group; and (ii) the terms of

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Disposal Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Zhang Yihua, Mr. Kong Xiangming and Ms. Tang Chung Kwan Brenda

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 respect of the Disposal Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited

6 October 2026

To the Independent Board Committee and the Independent Shareholders

China Qidian Guofeng Holdings Limited
Unit 1705, 17/F, Strand 50
Bonham Strand, Sheung Wan
Hong Kong

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 6 October 2026 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 2 February 2026 (after trading hours of the Stock Exchange), the Company as the Vendor, the Purchaser as the buyer, entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share, being the entire issued capital of the Target Company (being 1 ordinary share of RMB1.00, representing 100% of the issued share capital of the Target Company) held by the Company as at the date of the Disposal Agreement. Upon Completion, the Group will cease to own any interest in the Target Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser, being a substantial shareholder of the Company and is wholly owned by Mr. Yuan Li, an executive director of the Company, and thus is a connected person of the Company under Chapter 14A of the Listing Rules, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Kong Xiangming and Ms. Tang Chung Kwan Brenda, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Disposal Agreement is conducted in the ordinary and usual course of business of the Group; and (ii) whether the terms of the Disposal Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group or Mr. Yuan Li 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; (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; and (iii) the acquisition of the entire issued capital of the target company involving issue of consideration shares under specific mandate, details of which are set out in the circular of the Company dated 4 September 2024. Save for the aforesaid transactions, there was no engagement or connection between the Group or Mr. Yuan Li 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 other arrangements exist whereby we had received any fees or benefits from the Group or Mr. Yuan Li. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and are qualified to give independent advice in respect of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) 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 the Circular were true, accurate and complete in all 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 the Circular are true at the time they were made and continue to be true 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 the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the 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 the 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 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 and corroborated and substantiated any public information referred to in this letter to reach an informed view and to justify our reliance on the accuracy of the information contained in the 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 Group or any of their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Disposal Agreement and the transaction contemplated thereunder are fair and reasonable, we have taken into account the principal factors and reasons set out below:

1. Business and financial information of the Group

The Company is an investment holding company. The Group is mainly engaged in (a) retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance; (b) trading of liquor; and (c) provision of education-related training services.

Financial performance for the year ended 30 June 2025 and 2026

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 June 2025 and 2026 respectively as extracted from the Company's interim results announcement for the six months ended 30 June 2026.

	For the six months ended	
	30 June 2025	30 June 2026
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	181,907	235,469
Cost of sales and services	(144,548)	(209,940)
Gross Profit	37,359	25,529
Other income	135	358
Other gains and losses, net	177	1,455
Impairment loss on trade receivables	(1,765)	(487)
Reversal of impairment loss on prepayments, deposits and other receivables	1,443	569
Share of result of an associate	(90)	(64)
Selling and marketing expenses	(30,784)	(18,853)
Administrative expenses	(30,004)	(43,869)
Net finance income/(costs)	2,068	(566)
Loss before income tax	(21,461)	(35,928)
Income tax expense	(497)	(841)
Loss for the period	(21,958)	(36,769)
Loss for the period attributable to the Shareholders	(19,286)	(35,102)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Breakdown of the segment contribution to the Group's revenues for the six months ended 30 June 2025 and 2026 is as follows.

	For the six months ended	
	30 June 2025	30 June 2026
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of home appliances	124,049	88,547
Sales of liquor	17,215	98,439
Provision of education-related training service	40,643	3,750
AI products and services	—	44,733
Total revenue	181,907	235,469

The Group recorded a revenue of approximately RMB235.5 million for the six months ended 30 June 2026, representing an increase of approximately 29.4% as compared to that of approximately RMB181.9 million for the six months ended 30 June 2025, which was mainly due to the increase in revenue generated from sales of liquor and sales of AI products and services.

Furthermore, the Group recorded a loss attributable to the Shareholders of approximately RMB35.1 million for the six months ended 30 June 2026, representing an increase of approximately 82.0% as compared to that of approximately RMB19.3 million for the six months ended 30 June 2025, which was mainly due to the decrease in gross profit and the increase in administrative expenses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the year ended 31 December 2024 and 2025

Set out below is a summary of the consolidated financial information of the Group for the year ended 31 December 2024 and 2025 respectively as extracted from the Company's annual report for the year ended 31 December 2025.

	For the year ended	
	31 December	31 December
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	441,994	356,585
Cost of sales and services	(324,173)	(272,920)
Gross Profit	117,821	83,665
Other income	5,255	2,251
Other gains and losses, net	6,681	(6,041)
Impairment loss recognised on goodwill	(2,183,408)	(301,628)
Impairment loss recognised on property, plant and equipment	—	(5,592)
Impairment loss reversed/(recognised) on loan receivables	(3,498)	3,498
Impairment loss recognised on trade receivables, net	(379)	(297)
Impairment loss recognised on deposits and other receivables	(1,098)	(344)
Loss on disposal of subsidiaries, net	(246)	—
Share of result of an associate	362	(310)
Selling and marketing expenses	(85,469)	(134,427)
Administrative expenses	(74,768)	(60,635)
Net finance costs	(10,781)	(4,419)
Loss before income tax	(2,229,528)	(424,279)
Income tax (expense)/ credit	2,662	(3,970)
Loss for the year	(2,226,866)	(428,249)
Loss for the year attributable to the Shareholders	(2,221,688)	(418,391)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Breakdown of the segment contribution to the Group's revenues for the year ended 31 December 2024 and 2025 is as follows.

	For the year ended	
	31 December	31 December
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of home appliances	271,790	236,098
Sales of liquor	102,296	60,011
Provision of education-related training service	67,908	57,394
Livestream e-commerce commission income	—	3,082
Total revenue	441,994	356,585

The Group recorded a revenue of approximately RMB356.6 million for the year ended 31 December 2025, representing a decrease of approximately 19.3% as compared to that of approximately RMB442.0 million for the year ended 31 December 2024, which was mainly due to the decrease in the revenue from sales of household appliances and sales of liquor business.

Furthermore, the Group recorded a loss attributable to the Shareholders of approximately RMB418.4 million for the year ended 31 December 2025, representing a narrowing of losses from a loss attributable to the Shareholders of approximately RMB2,221.7 million for the year ended 31 December 2024, mainly due to the decrease in impairment loss recognised on goodwill.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the years ended 31 December 2023 and 2024

Set out below is a summary of the consolidated financial information of the Group for the two years ended 2024 as extracted from the Company's annual report for the year ended 31 December 2024.

	For the year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	319,813	441,994
Cost of sales and services	(258,063)	(324,173)
Gross Profit	61,750	117,821
Other income	5,903	5,255
Other gains and losses, net	4,712	6,681
Impairment loss on goodwill	—	(2,183,408)
Impairment loss on loan receivables	—	(3,498)
Impairment loss on trade receivables	(158)	(379)
(Impairment loss)/reversal of impairment loss on prepayments, other receivables and deposits	326	(1,098)
(Loss)/gain on disposal of subsidiaries, net	104,185	(246)
Share of result of an associate	—	362
Selling and marketing expenses	(62,270)	(85,469)
Administrative expenses	(29,004)	(74,768)
Net finance costs	(31,655)	(10,781)
Profit/(Loss) before income tax	53,789	(2,229,528)
Income tax (expense)/ credit	(79)	2,662
Profit/(Loss) for the year	53,710	(2,226,866)
Profit/(Loss) attributable to the Shareholders	55,854	(2,221,688)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Breakdown of the segment contribution to the Group's revenues for the years ended 31 December 2023 and 2024 is as follows.

	For the year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of home appliances	239,848	271,790
Sales of liquor	52,380	102,296
Provision of education-related training service	27,585	67,908
Total revenue	319,813	441,994

Revenue of the Group increased by approximately 38.2% from approximately RMB319.8 million for the year ended 31 December 2023 to approximately RMB442.0 million for the year ended 31 December 2024. Such increase was primarily attributable to (a) the increase in revenue from liquor sales business by approximately 95.3%; and (b) the increase in revenue from the education-related training services by approximately 146.2% driven by the Group's active business expansion.

In line with the increase in revenue, gross profit of the Group increased by approximately 90.8% from approximately RMB61.8 million for the year ended 31 December 2023 to approximately RMB117.8 million for the year ended 31 December 2024.

The Group recorded a turnaround from profit attributable to the Shareholders of approximately RMB55.9 million for the year ended 31 December 2023 to loss attributable to the Shareholders of approximately RMB2.2 billion for the year ended 31 December 2024, which was primarily attributable to the goodwill impairment losses amounting to approximately RMB2.2 billion. The goodwill was recognized arising from the Company's acquisition of Shengshang Entrepreneurial Services Co., Ltd. and its subsidiaries on 27 September 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026

	As at 31 December 2023 RMB'000 (audited)	As at 31 December 2024 RMB'000 (audited)	As at 31 December 2025 RMB'000 (audited)	As at 30 June 2026 RMB'000 (unaudited)
Non-current assets, including:	46,156	460,766	299,424	304,561
Property, plant and equipment	7,423	7,750	2,762	2,269
Right-of-use assets	14,544	19,111	13,898	19,592
Intangible assets	—	—	42,742	42,742
Investment property	24,189	—	—	—
Goodwill	—	301,628	238,596	238,596
Interest in an associate	—	374	64	—
Loan receivables	—	127,470	—	—
Deferred tax assets	—	4,100	1,362	1,362
Equity instruments at fair value through other comprehensive income	—	333	—	—
Current assets, including:	267,506	135,365	200,634	162,113
Inventories	56,392	44,875	35,779	38,487
Trade receivables	3,760	8,397	70,075	64,217
Prepayments, deposits and other receivables	40,033	43,567	54,514	35,146
Restricted bank deposits	5,020	10,850	4,116	4,722
Cash and cash equivalents	162,301	27,676	36,150	19,541
Total assets	313,662	596,131	500,058	466,674
Non-current liabilities, including:	482,791	131,577	114,104	104,877
Deferred tax liabilities	—	259	11,408	11,408
Borrowings	471,192	100,287	74,207	59,553
Other payables	—	20,158	20,758	20,758
Lease liabilities	11,317	10,591	7,498	12,925
Provision for reinstatement costs	282	282	233	233
Current liabilities, including:	246,973	254,302	249,509	236,956
Trade and bills payables	36,557	33,564	39,131	32,050
Accruals and other payables	97,703	77,141	58,177	59,862
Contract liabilities	48,484	71,666	83,246	72,176
Lease liabilities	10,434	8,892	6,430	7,231
Borrowings	—	9,479	1,448	4,560
Other current liabilities	53,560	53,560	61,077	61,077
Provision for reinstatement costs	235	—	—	—
Total liabilities	729,764	385,879	363,613	341,833
Total equity	(416,102)	210,252	136,445	124,841

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 June 2026, total assets of the Group amounted to approximately RMB466.7 million, which mainly consisted of (a) goodwill of approximately RMB238.6 million; (b) trade receivables of approximately RMB64.2 million; (c) prepayments, deposits and other receivables of approximately RMB35.1 million; and (d) inventories of approximately RMB38.5 million.

As at 30 June 2026, total liabilities of the Group amounted to approximately RMB341.8 million, which mainly consisted of (a) borrowings of approximately RMB64.1 million; (b) accruals and other payables of approximately RMB59.9 million; (c) contract liabilities of approximately RMB72.2 million; and (d) other current liabilities of approximately RMB61.1 million.

The gearing ratio of the Group, being total liabilities divided by the sum of total equity and total liabilities, increased from approximately 64.7% as at 31 December 2024 to approximately 72.7% as at 31 December 2025, and then remained stable at approximately 73.2% as at 30 June 2026.

2. Industry overview

Set out below are the retail sales of household appliances and audio-visual equipment by enterprises with annual turnover exceeding RMB5 million in 2024 and 2025.

Period	Absolute Amount (RMB billion)	Year-on-Year Growth (%)
2024		
January and February	131.0	5.7
March	73.7	5.8
April	64.1	4.5
May	74.3	12.9
June	106.4	-7.6
July	73	-2.4
August	71.8	3.4
September	84.1	20.5
October	99.3	39.2
November	120.0	22.2
December	113.3	39.3
2025		
January and February	153.7	10.9
March	100.1	35.1
April	91.4	38.8
May	116.6	53
June	140.3	32.4
July	97.8	28.7
August	86.1	14.3
September	90.4	3.3

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Period	Absolute Amount (RMB billion)	Year-on-Year Growth (%)
October	89.1	-14.6
November	100.0	-19.4
December	97.1	-18.7
2026		
January and February	157.2	3.3
March	93.8	-5.0
April	77.6	-15.1
May	97.5	-15.6
June	124.9	-8.7

Source: National Bureau of Statistics of China

In 2025, the Chinese government extended its national subsidy policy for “Trade-in Subsidies for Home Appliances and Consumer Electronics”. From late 2024 to the first half of 2025, the retail base for home appliances in China increased. However, by the fourth quarter of 2025, the policy’s marginal stimulus effect weakened. From October 2025 to December 2025, retail sales of household appliances and audio-visual equipment by enterprises with annual turnover exceeding RMB5 million recorded negative growth for three consecutive months. According to the National Bureau of Statistics, the retail sales value of goods by enterprises with annual turnover exceeding RMB5 million in December 2025 showed a year-on-year decline of 18.7% for household appliances and audio-visual equipment.

In the first half of 2026, the home appliance market extended its downward trend from the second half of 2025. For six months ended 30 June 2026, the retail sales value of goods by enterprises above designated size (with an annual turnover exceeding RMB5 million) decreased by 7.4% year-on-year.

3. Information on the Purchaser

The Purchaser is a company established in the British Virgin Islands with limited liability and is an investment holding company. The Purchaser is wholly and beneficially owned by Mr. Yuan Li as at the Latest Practicable Date.

Mr. Yuan Li is the controlling shareholder of the Company who is interested in 604,600,366 Shares, representing approximately 31.27% of the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Information on the Target Group

The Target Company was incorporated in Hong Kong with limited liability, principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is a direct wholly owned subsidiary of the Company. The Target Group is principally in the household appliance business of the Group, which includes retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance. The Target Group operates a chain of retail stores for selling household appliances and import and general merchandises.

Set out below is the summary of the audited consolidated financial information of the Target Group for the years ended 31 December 2023, 2024 and 2025.

	For the year ended 31 December		
	2023	2024	2025
	RMB (audited)	RMB (audited)	RMB (audited)
Revenue	239,847,950.74	271,348,748.29	179,484,866.35
Profit/(loss) before taxation	(4,588,856.29)	(218,421,959.49)	(17,754,150.69)
Profit/(loss) after taxation	99,516,750.47	(216,114,064.38)	(14,665,307.78)

The audited consolidated net liabilities of the Disposal Group as at 31 December 2025 amounted to approximately RMB1,547,754,592.39.

5. Reasons for and benefits of the Disposal

The Target Group, which is principally engaged in the household appliance retail business, has demonstrated weakening performance. For the year ended 31 December 2024, the Target Group recorded a loss after taxation of approximately RMB216.1 million, compared with a profit after taxation of approximately RMB99.5 million in 2023, despite experiencing revenue growth during the year. This turn from profit to loss was primarily attributable to one-off loss of approximately RMB219.6 million recorded in 2024, which arose from the disposal of Beijing Qidian and the waiver of receivables. The Target Group's revenue decreased by approximately 33.8% from approximately RMB271.3 million for the year ended 31 December 2024 to approximately RMB179.5 million for the year ended 31 December 2025. This deterioration was primarily attributable to more cautious consumer spending, particularly in relation to non-essential consumer goods. As disclosed in the Company's annual results announcement for the six months ended 30 June 2026, the Group's revenue from sales of home appliances further decreased by approximately 28.6% from RMB124.0 million for the six months ended 30 June 2025 to RMB88.5 million for the six months ended 30 June 2026. As at 31 December 2025, the audited consolidated net liabilities of the Target Group amounted to approximately RMB1.5 billion.

As set out in the section headed "2. Industry overview", for the six months ended 30 June 2026, the retail sales value of goods by enterprises above designated size (with an annual turnover exceeding RMB5 million) decreased by 7.4% year-on-year, indicating a continued decline in home

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appliance transaction activities. This decline commenced in the second half of 2025 and has adversely affected the Group's household appliance segment. According to the Letter from the Board, the Group has taken proactive measures to streamline its operations by closely managing operating expenses, marketing and promotional costs, and finance costs.

With reference to the Company's 2024 results announcement dated 28 March 2025, its supplemental announcement dated 23 April 2025, and subsequent update announcements dated 21 May 2025 and 4 June 2025 in relation to, among other matters, the lawsuits concerning the 65% equity interest in Anhui Four Seas and the relevant progress thereafter, the Company considers that the Disposal is beneficial to the Group in minimizing the impact of these lawsuits. Upon completion of the Disposal, the Company will no longer bear any liabilities under the Huainan Jianle Judgment. Also, the Group continually seeks to improve its business and financial performance, including through reallocating capital towards other growth prospects as in this case. On this basis, the Group periodically evaluates its assets and businesses and will consider divestiture as and when suitable offers arise.

Taking into account the above factors, we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

6. Valuation of the Sales Shares

As stated in the Letter from the Board, the Consideration was arrived at after arm's length negotiations between the Company and the Purchaser after taking into account, among others, the valuation of the Sales Shares (the "**Valuation**"). Based on the asset-based approach, the fair value of 100% equity interest in the Target Company as at 31 December 2025 has been ascribed as having "No Commercial Value" by Ravia Global Appraisal Advisory Limited (the "**Valuer**"). The valuation report (the "**Valuation Report**") from the Valuer is set out in Appendix V to the Circular.

In assessing the fairness and reasonableness of the Valuation, we have taken into the following factors:

(i) *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, has over fifteen years' experience in business valuation, transaction advisory and corporate consultancy in the Asia Pacific Region including Hong Kong and the PRC; (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 Purchaser 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.

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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.

(ii) Valuation methodologies

We have reviewed the Valuation Report and discussed with the Valuer the methodologies, bases and assumptions adopted in arriving at the Valuation. The Valuer has considered four generally accepted approaches, namely, market approach, income approach, cost approach and asset-based approach and adopted the asset-based approach in the Valuation. We concur with the Valuer that the asset-based approach is the most appropriate valuation methodology after considering the following factors:

- (a) The income approach requires significant level of unobservable and subjective assumptions to be made to arrive at, among others, detailed operational information and long-term financial projections, to which the valuation is highly dependent on the financial projection of the Target Group prepared by the management of the Group. Since the Target Group has recorded prolonged losses and the financial projection of the Target Group cannot be estimated reasonably and reliably due to the uncertainty of the future business development of the Target Group, the income approach was not considered;
- (b) The Target Company is an investment holding company and does not have operating activities. Its major assets are investment in subsidiaries and the value of an investment holding company is primarily derived from the fair value of its underlying assets rather than its own operating performance. Accordingly, the market approach is considered not appropriate;
- (c) The cost approach is considered not appropriate. The cost approach focuses on estimating the replacement cost of the assets required to recreate the business. The Target Company does not possess any self-developed assets or production facilities that would be meaningfully measured by replacement cost. Its value is primarily derived from the fair value of its underlying investments rather than the cost to recreate the holding structure itself; and
- (d) The asset-based approach was considered to be the most appropriate valuation approach in this valuation. It is based on the economic principle of substitution, essentially assessing the net asset value as at the valuation reference date. Each of the assets and liabilities of the Target Company is identifiable and the Valuer is able to conduct appropriate valuation for each item. The Valuer has selected appropriate valuation approach and performed valuation for each entity recognised as investment in subsidiaries as discussed below.

The Target Group has recorded prolonged losses and faces difficulties in sustaining its operations. Its enterprise value is therefore primarily driven by its identifiable assets and liabilities rather than its profitability or future cash flows. Accordingly, the asset-based approach is the most appropriate methodology to reflect the Target Group's financial position, as it evaluates each identifiable asset and liability individually and is applicable to companies in either a net-asset or net-liability position. We have not cross-checked the valuation results using alternative valuation

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methodologies, as other methodologies would not yield outcomes that are more accurate or more faithfully reflective of the Target Group's financial position than the asset-based approach, having regard to the considerations discussed above. Notwithstanding that the valuation result indicates no commercial value, this outcome accurately reflects the Target Group's financial condition and does not affect the appropriateness of the methodology itself.

(iii) Major assumptions

For the assumptions adopted by the Valuer, please refer to the section headed "10. Major Assumptions" in the Valuation Report. Based on our discussions with the Valuer, we understand that these assumptions are commonly used in valuations of similar assets and that no unusual assumptions were adopted. Having reviewed the Valuation Report and discussed the basis of the assumptions with the Valuer, we consider the major assumptions to be fair, reasonable and consistent with normal market practice. The assumptions relating to historical financial information of the Target Group, going-concern status, regulatory compliance, staffing, tax and macroeconomic conditions, interest and exchange rates, and the absence of undisclosed liabilities are standard and general in valuations of this nature. We are not aware of any material facts that would cause us to doubt the assumptions adopted by the Valuer.

(iv) The Valuation

The following table sets forth the difference between the appraised value and the net book value of the assets and liabilities of Target Company as at 31 December 2025:

	Book Value as at 31 December 2025	Fair Value as at 31 December 2025
	<i>RMB</i>	<i>RMB</i>
Non-current Assets		
Investments in subsidiaries, including:	—	(188,952,752)
- Huiyin Commercial Chain	—	(186,219,347)
- Huiyin Logistic	—	(124,101)
- Huiyin Warehouse Management	—	(2,609,304)
Current Assets		
Bank balances and cash	40,566	40,566
Other receivables	2	2
Total Assets	40,568	(188,912,184)
Current Liabilities		
Dividend payable	13,767,730	13,767,730
Other payable	1,311,053,920	1,311,053,920
Total Liabilities	1,324,821,650	1,324,821,650
Net Liabilities	1,324,781,082	1,513,733,835

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The Target Company's current assets represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities represent the debts or obligations that are due within one year. Hence, the Valuer has assumed there exist no material differences between the book values and fair values of the current assets and liabilities as at 31 December 2025, and the book values of the current assets and liabilities as at as at 31 December 2025 were adopted as their fair values for the Valuation.

The Target Company's investments in subsidiaries consists of (a) 100% equity interest in Yangzhou Huiyin Commercial Chain Co., Ltd. ("**Huiyin Commercial Chain**"); (b) 100% equity interest in Yangzhou Huiyin Logistic Co., Ltd. ("**Huiyin Logistic**"); and (c) 100% equity interest in Yangzhou Huiyin Warehouse Management Co., Ltd. ("**Huiyin Warehouse Management**"). The appraised value of the investments in subsidiaries represents the sum of appraised net liabilities values of Huiyin Commercial Chain, Huiyin Logistic and Huiyin Warehouse Management.

(a) Huiyin Commercial Chain

The following table sets forth the difference between the appraised value and the net book value of the assets and liabilities of Huiyin Commercial Chain as at 31 December 2025:

	Book Value as at 31 December 2025 RMB	Fair Value as at 31 December 2025 RMB
Non-current Assets		
Investments in subsidiaries	—	64,491,388
Fixed assets	44	44
Current Assets		
Bank balances and cash	1,281	1,281
Prepayments	(21,043)	(21,043)
Other receivables	6,427	6,427
Total Assets	246,478	64,737,866
Current Liabilities		
Tax payable	15,645	15,645
Other payable	189,864,852	189,864,852
Other current liabilities	53,560,000	61,076,715
Total Liabilities	243,440,498	250,957,213
Net Liabilities	243,194,020	186,219,347

Except for the investments in subsidiaries and other current liabilities, the book values of Huiyin Commercial Chain's remaining assets and liabilities as at 31 December 2025 were adopted as their fair values for the Valuation.

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The book value of Huiyin Commercial Chain's other current liabilities, amounting to RMB53,560,000, represent the outstanding consideration and bonus consideration payable to Mr. Jin Zhenlin, who is the controlling shareholder of Huainan Jianle Investment Co., Ltd. ("**Huainan Jianle Investment**") and holds a 35% equity interest in Anhui Four Seas through Huainan Jianle Investment. For details of the background, please refer to the announcement of the Company dated 23 April 2025. As disclosed in the Company's announcement dated 21 May 2025, the court ordered Huiyin Commercial Chain to pay RMB61,076,715 to Huainan Jianle Investment within ten days from the effective date of the judgment (the "**Huainan Jianle Judgment**"). The fair value of Huiyin Commercial Chain's other current liabilities reflects the liabilities arising from the Huainan Jianle Judgment. On 24 October 2025, upon the application of Huainan Jianle, the court has ordered the preservation of assets owned by Huiyin Commercial Chain up to a value of RMB61,076,715. As at the Latest Practicable Date, there were no further updates on the Huainan Jianle Judgment.

The investments in subsidiaries of Huiyin Commercial Chain represent 65% equity interest in Anhui Four Seas. The market approach was adopted to derive the fair value of Anhui Four Seas as it requires fewer subjective assumptions than the income approach and the cost approach is considered inappropriate as the replication cost may not represent its fair value. Under market approach, the Valuer has adopted enterprise value-to-sales ("**EV/S**") multiple to determine the fair value of Anhui Four Seas.

In assessing the reasonableness of the selected valuation multiple, we have considered the four most commonly used benchmarks in valuing a company, namely the price-to-book ("**P/B**"), price-to-earnings ("**P/E**"), price-to-sales ("**P/S**") and enterprise value-to-earnings before interest, taxes, depreciation and amortization ("**EV/EBITDA**") multiples. Given that (1) Anhui Four Seas was loss-making and recorded negative EBITDA for the year ended 31 December 2025; (2) the P/B multiple is considered inappropriate as P/B is most suitable for asset-heavy companies (e.g. infrastructure companies, property developer), where Anhui Four Seas is an asset-light retailer although it recorded a net asset position of RMB32,898,095 as at 31 December 2025; and (3) the P/S multiple does not capture companies' full capital structure, including debt and cash, and may distort valuation results for companies with significant leverage or net liabilities, we concur with the Valuer that the EV/S multiple is the most appropriate multiple for valuing Anhui Four Seas compared with other valuation multiples.

Anhui Four Seas is mainly engaged in retail sales of household appliances in the PRC. The Valuer has identified five comparable companies (the "**Comparable Companies**") based on the following selection criteria:

- (1) the Comparable Companies are principally engaged in the retail of consumer electronics and household appliances;
- (2) the principal activities are located in the Greater China Region; and
- (3) the Comparable Companies are listed companies and has traded actively for at least three years with sufficiency of information such as financial and operational information accessible from the market.

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We have considered narrowing the selection criteria for business location to Chinese Mainland. However, it would result in an insufficient number of Comparable Companies (i.e. only Suning.com Co Ltd). We consider that the Valuer's selection criteria is appropriate and sufficient as it enables the Valuer to identify companies with similar business in the similar principal geographical region as Anhui Four Seas, with sufficient data publicly available.

Based on the above selection criteria, we have, based on our search on Bloomberg, identified five Comparable Companies which are the same as those identified by the Valuer. We consider that no other suitable comparable company is omitted and the list of the Comparable Companies is representative and exhaustive.

The following table sets out the details of the Comparable Companies:

Company name (stock code)	Principal activities	EV/S Multiples as at 31 December 2025
Suning.Com Co Ltd (002024.CH)	Suning.Com Co.,Ltd. operates consumer electronic products and appliances sales stores. It sells telecommunication equipment, telecommunication components, household appliances, digital equipment, refrigerators, washing machines, and other products.	1.01
E-LIFE MALL corporation, Ltd (6281.TT)	E-LIFE MALL corporation, Ltd. is mainly engaged in (1) sales of televisions and other household appliances; (2) assembling and trading business of computer and equipment components; and (3) provision of repair and maintenance service and electrical installation business service.	0.47
Yoho Group Holdings Ltd (2347.HK)	Yoho Group Holdings Limited sells merchandise with a focus on home appliances and electronic products through online and offline shopping platforms.	0.34
Tsann Kuen Enterprise Co., Ltd (2430.TT)	Tsann Kuen Enterprise Co., Ltd. markets home appliances and operates chain stores and sells personal computers and communication products.	0.34

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Company name (stock code)	Principal activities	EV/S Multiples as at 31 December 2025
Gseven Co Ltd (2937.TT)	Gseven Co., Ltd. is mainly engaged in wholesale and retail of electrical appliances, home appliances, audio equipment, information and communication products, etc.	0.50
Average		0.53

Marketability is defined as the ability to convert the business interest into cash quickly at a known price with minimum transaction costs. For privately held company, there is usually a cost and a time lag associated with locating interested and capable buyers as there is no established market of readily-available buyers and sellers. All other factors being constant, an interest in a privately held company is worth less than an interest in a publicly traded company as there is no established market of readily available buyers and sellers. Since Anhui Four Seas is a private company whose shares are not publicly traded in the open market, we consider that it is fair and reasonable to apply the discount for lack of marketability (“**DLOM**”) in the course of valuation. Based on our discussion with the Valuer, a DLOM of 20.8% was applied in the Valuation with reference to the “Control Premium and Discount for Lack of Marketability Study 2025 — Issue 4” published by Moore, which reflects the average DLOM adopted in valuation reports included in circulars issued by companies listed on the Stock Exchange during the year ended 30 September 2025.

The controlling interest in a company can be a distinct advantage on the making decisions in terms of business operations, business development, etc. Hence, the value of the controlling interest in a company is usually higher than the minority interest. We consider that it is fair and reasonable to adopt a control premium as Huiyin Commercial Chain holds control over Anhui Four Seas. Based on our discussion with the Valuer, a control premium of 26.4% was applied in the Valuation with reference to the “Control Premium and Discount for Lack of Marketability Study 2025 — Issue 4” published by Moore, which reflects the average control premium adopted in valuation reports included in circulars issued by companies listed on the Stock Exchange during the year ended 30 September 2025.

Given that the control premium and DLOM adopted by the Valuer reflect the average premium/discount adopted in the market, we consider the adjustments to be fair and reasonable.

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Below is the summary of the calculation of the fair value of 65% equity interest in Anhui Four Seas:

		<i>RMB</i>
Revenue for the latest trailing twelve months (note)	A	178,906,248
Average EV/S Multiple of the Comparable Companies (times)	B	0.53
Enterprise Value of Anhui Four Seas	$C = A * B$	95,302,445
Cash and cash equivalents (note)	D	11,143,590
Debts (note)	E	7,336,346
Fair value of 100% equity interest in Anhui Four Seas	$F = C + D - E$	99,109,688
Adjusted value of 100% equity interest in Anhui Four Seas	$G = F * (1 - \text{DLOM}) * (1 + \text{control premium})$	99,217,520
65% equity interest in Anhui Four Seas	$H = G * 65\%$	64,491,388

Note: Extracted from the unaudited consolidated financial statements of Anhui Four Seas for the year ended 31 December 2025.

Based on the above assessments, we are of the view that the appraised value of the 65% equity interest in Anhui Four Seas, and consequently the appraised net liabilities value of Huiyin Commercial Chain, are fair and reasonable.

(b) Huiyin Logistic and Huiyin Warehouse Management

The current assets of Huiyin Logistic and Huiyin Warehouse Management represent liquid assets that can reasonably be converted into cash within one year, while their current liabilities represent debts or obligations due within one year. The fixed assets of Huiyin Logistic are immaterial, accounting for only 3.76% of its total assets as at 31 December 2025. Accordingly, the book values of the assets and liabilities of Huiyin Logistic and Huiyin Warehouse Management as at 31 December 2025 were adopted as their fair values for the Valuation. The appraised net liability values of Huiyin Logistic and Huiyin Warehouse Management amounted to RMB124,101 and RMB2,609,304, respectively.

(v) Conclusion

Based on the above, we are of the view that the Valuation is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The fair value of 100% equity interest in the Target Company as at 31 December 2025 is ascribed as having “No Commercial Value” given its appraised net liabilities position.

Taking into account the Target Company’s appraised net liabilities of RMB1,513,733,835, and after deducting the indebtedness of RMB1,503,483,680 waived by the Company, the adjusted valuation of the Target Company would be a net-liabilities position of RMB10,250,155, which still indicates that it has no commercial value. As such, we consider the nil consideration for the Sale Share to be fair and reasonable.

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7. Financial effect of the Disposal

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Group will cease to own any interest in the Target Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group. The Target Group recorded a net loss of RMB14,665,307.78 for the year ended 31 December 2025. Accordingly, the Disposal is expected to improve the Group's overall performance.

The gain on Disposal is calculated to be approximately RMB47,597,050.14, which is derived from the difference between (a) the nil consideration; and (b) the net liabilities of the Target Group attributable to the Group as at the date of the Disposal Agreement of approximately RMB47,597,050.14. As at 31 December 2025, the unaudited net liabilities of the Target Group amounted to RMB1,539,762,643.54. For the purpose of the Disposal, the Board has approved the waiver of intra-group indebtedness owed to the Group at the amount of approximately RMB1,503,483,679.68. Together with the unaudited non-controlling interest of the Target Group at negative RMB11,318,086.28, the unaudited net liabilities of the Target Group as at the date of the Disposal Agreement is RMB47,597,050.14. Shareholders should note that the actual amount of gain from the Disposal to be recognised in the consolidated financial statements of the Group depends on, among other things, the consolidated net asset value of the Target Company at Completion, and is subject to audit to be performed by the auditors of the Company.

8. Waiver of Debt

Reference is made to the Letter from the Board. The Debt was applied in full to fund the day-to-day operations of the Target Group from 2008 through 31 December 2025, and ultimately contributed to the Target Group's accumulated losses of approximately RMB2,047 million as at 31 December 2025, the core source of funding for which was the financial support provided by the Company over that period. As these fund flows span approximately 17 years and comprise a large volume of fragmented day-to-day operating expenditures, the relevant amounts have been fully reflected in the Target Group's operating results as recorded in its historical financial statements. All related fund flows were subject to the Group's internal approval procedures, and the accuracy of the Target Group's accumulated losses has been confirmed by the Company's auditors, with no irregular use of funds identified.

We consider that requiring the Target Group to repay the Debt is unviable given its continuous operating losses. Similarly, requiring the Purchaser to settle the Debt is commercially illogical, as the Debt primarily arose from the historical operating losses of the Target Group over the years, which should properly be borne by the Company as its existing shareholder. Furthermore, the valuation of the Target Group remains in a net liability position even after the waiver of the Debt. Absent such debt waiver, there is no commercial rationale for any purchaser to acquire the Target Group with ongoing losses and the Debt of approximately RMB1.5 billion if the Company does not provide any compensation to the purchaser, particularly as the Target Group would yield no realizable liquidation value upon insolvency.

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We have further conducted independent research on the treatment of intra-group indebtedness in comparable disposal transactions. Based on our searches on the website of the Stock Exchange, we have identified the following comparable transactions. While these precedents are not exhaustive, we consider that they adequately demonstrate that such debt waiver arrangements represent common market practice.

Company name (stock code)	Date of announcement	Debt waiver arrangements
Titan Petrochemicals Group Limited (1192)	4 January 2021	The consideration is RMB1. The intra-group balances were waived by the issuer immediately before completion of disposal. The target company remained in a net liability position after excluding intra-group balances with the issuer.
Enviro Energy International Holdings Limited (1102)	9 December 2022	The consideration is HK\$1. The entire net amount owed by the target group to the issuer was waived upon completion. The target group remained in a net liability position after excluding intra-group balances with the issuer.
RMH Holdings Limited (8437)	31 December 2025	The consideration is HK\$1. The issuer undertook to waive the inter-group company amount due from the target company to the company. The target group was in a net liability position. The amount of the intra-group balances was not disclosed.

9. The Group's household appliance business

The Company will retain household appliance business after completion of the Disposal. The subsidiary engaged in the household appliance business post-disposal is Xin Hui Yin Commercial Chain (Shenzhen) Co., Ltd. (新滙銀商業連鎖(深圳)有限責任公司) (the “**Operating Entity**”), which was incorporated on 4 November 2024. The Operating Entity is mainly engaged in sales and retail of household appliances. For the year ended 31 December 2025, the Operating Entity recorded revenue and net profit of RMB56,612,692 and RMB74,233, respectively. For details of the Operating Entity, please refer to the Letter from the Board.

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The principal asset of the Target Company is its equity interest in Anhui Four Seas. Given the court has ordered the preservation of assets owned by Huiyin Commercial Chain up to a value of RMB61,076,715; if Huiyin Commercial Chain fails to fulfill its payment obligations as stipulated in Huainan Jianle Judgment, Huainan Jianle is entitled to apply for compulsory enforcement. If Huainan Jianle were to apply for compulsory enforcement, the equity interest in Anhui Four Seas would be subject to a forced auction, in which case its equity value could be further discounted relative to the current appraised value.

Accordingly, we consider that disposing of the Target Company which has incurred prolonged losses and whose principal asset is subject to legal risks, while retaining the Operating Entity which has a better operating performance, is more beneficial to the Company and its shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Disposal Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that, although the entering into of the Disposal Agreement is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal Agreement 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. 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 2025 as extracted from the relevant annual reports of the Company (as applicable):

	For the year ended 31 December		
	2023	2024	2025
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	319,813	441,994	356,585
Profit/(loss) before tax	53,789	(2,229,528)	(424,279)
Income tax credit/(expense)	(79)	2,662	(3,970)
Profit/(loss) after tax	53,710	(2,226,866)	428,249
Profit/(loss) for the year/period attributable to			
— Equity holders of the Company	55,854	(2,221,688)	418,391
— Non-controlling interests	(2,114)	(5,178)	9,858
Dividend	—	—	—
Earnings/(loss) per Share	0.255	(2.519)	0.232
Total comprehensive income/(loss) for the year attributable to			
— Equity holders of the Company	55,854	(2,221,688)	418,724
— Non-controlling interests	(2,144)	(5,178)	9,858

Save as disclosed above, the Group had no other material income or expense for three years ended 31 December 2025.

The auditors of the Company for the years ended 31 December 2023, 2024, and 2025 were Elite Partners CPA Limited, CL Partners CPA Limited, and Rongcheng (Hong Kong) CPA Limited, respectively. The audit opinions 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 2025.

2. INDEBTEDNESS

As at the close of business on 31 August 2026, being the latest practicable date for the purpose of this indebtedness statement, the Group had:

- (a) other borrowing of approximately RMB100,209,000; and
- (b) lease liabilities of approximately RMB17,847,000.

Secured borrowing and unsecured borrowings amounted to approximately RMB100,209,000 of which RMB86,255,000 was classified as non-current liabilities. Lease liabilities of approximately RMB17,847,000, 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 RMB7,426,000 and non-current liabilities of RMB10,421,000.

Save as aforesaid, as at 31 August 2026 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 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. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into account the internal resources and banking and other facilities available to the Group, the Group will have sufficient working capital for at least twelve (12) months from the date of this circular.

4. MATERIAL ADVERSE CHANGES

Up to the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2025, being the date to which the latest audited consolidated financial statements of the Group were made up.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular dated 6 October 2026, received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their valuation of 100% equity interest of China Yinrui (HK) Investment Holding Company Limited (the “Target Group”) as at 31 December 2025 (the “Date of Valuation”).



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6 October 2026

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 in China Yinrui (HK) Investment Holding Company Limited and its subsidiaries (collectively the “Target Group”) as at 31 December 2025 (the “Date of Valuation”).

This report states the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, sources of information, overview of the Target Group, overview of the industry, valuation methodology, adopted approach for the valuation of the Target Group, 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 Group 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 6 October 2026 (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 has been based on fair value, which is defined by International Valuation Standards established by the International Valuation Standards Council 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 opinion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Target Group 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 Group;
- Reviewed relevant financial information, operational information and other relevant data concerning the Target Group;
- Reviewed and discussed with the Management on the business development concerning the Target Group 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 Group, which were provided by the Management;
- Prepared a valuation model to derive the fair value of the Target Group; and
- Presented all relevant information on the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, sources of information, overview of the Target Group, overview of the industry, valuation methodology, adopted approach for the valuation of the Target Group, 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 an audit or 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 Group'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 Group. 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 Group, 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 Group;
- 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. SOURCES OF INFORMATION

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

- Overall business descriptions and operations of the Target Group;
- The financial and operational information in respect of the Target Group and its subsidiaries;
- The economic outlook in general and the specific economic environment and market elements affecting the Target Group, 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

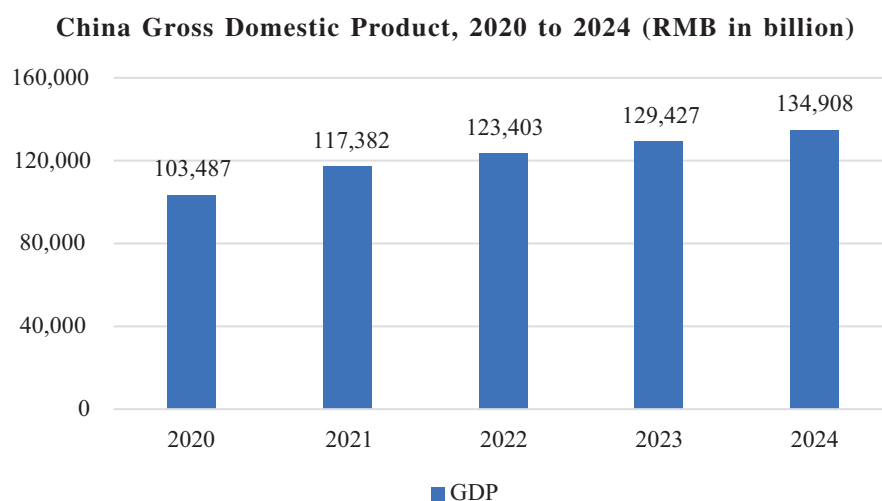
China Yinrui (HK) Investment Holding Company Limited is a limited liability company incorporated in China. It is an investment holding company, primarily holding the subsidiaries principally engaged in the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance in China.

According to the Management, the Company have received the judgment dated 12 May 2025 from the People's Court of Tianjiaan District, Huainan City in relation to the contractual dispute between 淮南市健樂投資有限公司 (“淮南健樂”) and Yangzhou Huiyin Commercial Chain Co., Ltd. (“Huiyin Commercial Chain”), a subsidiary of China Yinrui (HK) Investment Holding Company Limited (the “Huainan Jianle Judgment”). The court ordered Huiyin Commercial Chain to pay 淮南健樂 a lump sum of RMB61,076,715 within ten days from the effective date of the judgment. If Huiyin Commercial Chain fails to fulfill this payment obligation within the specified period, 淮南健樂 is entitled to receive priority payment from the proceeds of any auction or sale of the 65% equity interest in Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd. (“Anhui Four Seas”) which was pledged as security. In 28 May 2025 the Huainan Jianle Judgment has become effective.

7. OVERVIEW OF THE INDUSTRY

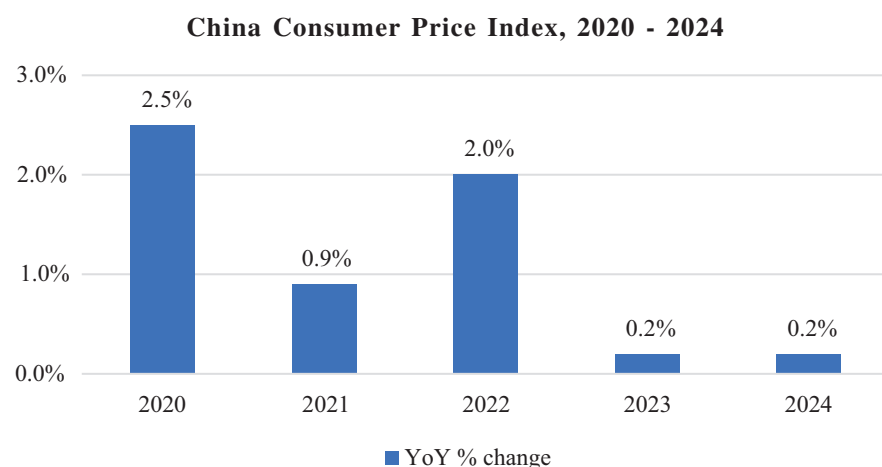
7.1. China Economy

According to the National Bureau of Statistics of China, in the first half of 2025, the gross domestic product (the “GDP”) of China reached approximately RMB 66,053.6 billion. The value added of the primary, secondary, and tertiary industries amounted to RMB 3,117.2 billion, RMB 23,905.0 billion, and RMB 39,031.4 billion, respectively. For the full year 2024, the GDP of China reached around RMB 134,908 billion, representing a year-over-year (“YoY”) growth rate of 4.2% and the GDP in China has kept increasing in the past 5 years.



Source: National Bureau of Statistics of China

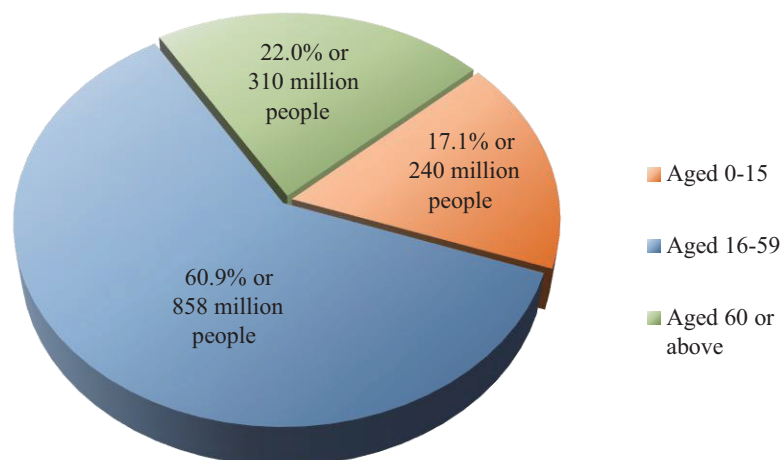
In the first half of 2025, the consumer price index (“CPI”) in China decreased by 0.1% compared with the first half of 2024. By commodity categories, the price for food, tobacco, and alcohol declined by 0.3% and the price for transportation and communication declined by 2.9%. While the price for clothing rose by 1.3% and prices for education, culture, and recreation rose by 0.8%. For the full year of 2024, the CPI increased by 0.2% compared with 2023, which is the same as 2023. It was also the smallest YoY% change in the past 5 years.



Source: National Bureau of Statistics of China

As of the end of 2024, China's population was around 1.4 billion, reflecting a decrease of around 1.4 million from the previous year and marking the third straight year of population decline. The urban population reached around 943.5 million, accounting for around 67.0% of the total, according to the National Bureau of Statistics of China. In terms of age groups, over 60.0% of the population in China aged between 16-59, around 22.0% of the population aged 60 or above, and around 17.1% of the population aged 0-15.

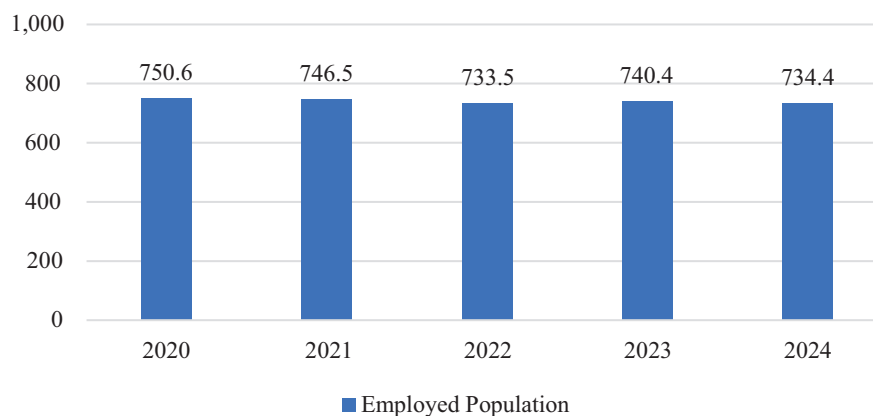
Population Age Composition in China, 2024



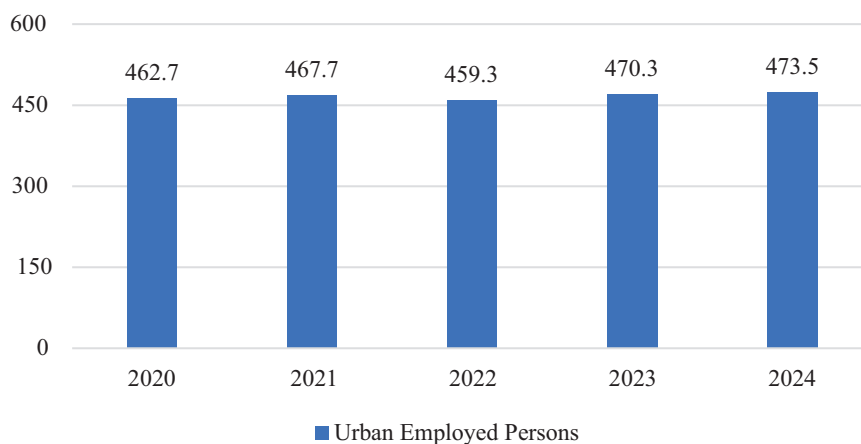
Source: National Bureau of Statistics of China

In 2024, the total employed population was about 734.4 million, with urban employment accounting for 473.5 million people, which is around 64.5% of the total employed population. The number of employed population of China decreased from around 750.6 million to around 734.4 million from 2020 to 2024, indicating the compound annual growth rate (the “CAGR”) was around -0.44%. The CAGR of the number of urban employees from 2020 to 2024 was around 0.46%.

Employed population of China, 2020-2024 (million)



Source: National Bureau of Statistics of China

Urban Employed Persons, 2020-2024 (million)

Source: National Bureau of Statistics of China

In 2024, the total value of imports and exports reached about RMB 43,847 billion, indicating approximately 5.0% YoY growth. The value of imports increased from around RMB 17,985 billion in 2023 to around RMB 18,392 billion in 2024, and the value of exports rose from around RMB 23,766 billion in 2023 to around RMB 25,455 billion in 2024. The trade surplus expanded by roughly 22.18%, to RMB around 7,063 billion in 2024.

**Total Value of Imports and Exports of Goods 2020-2024
(RMB in billion)**

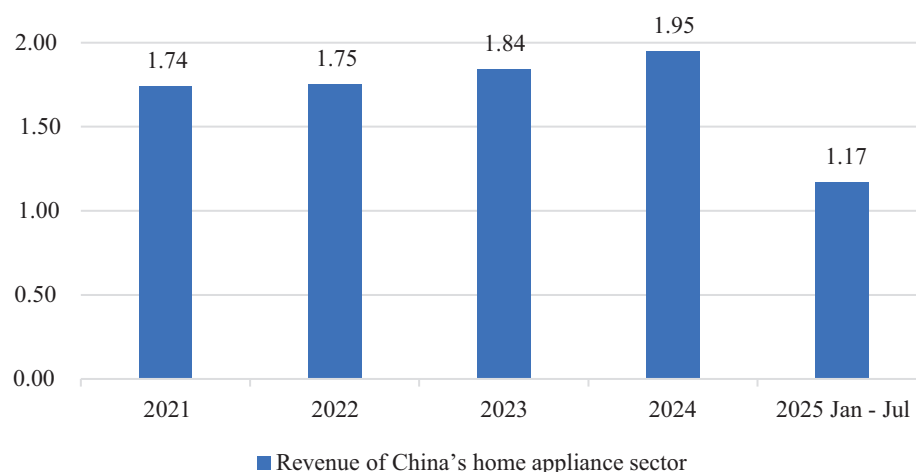
Source: National Bureau of Statistics of China

7.2. Home Appliance Industry

The home appliance industry encompasses the manufacture and distribution of electrical and electromechanical products used in residential settings to automate and support domestic functions such as cooking, cleaning, refrigeration, laundry, and climate control.

As reported by the China Household Electrical Appliances Association, China's economic performance in the first half of 2025 remained broadly stable. On the domestic front, the downturn in the real estate sector and weak consumer sentiment continued to weigh on home appliance demand, but the nationwide trade-in program helped keep the market steady. In the first half of 2025, the nationwide "trade-in" program became a key driver of home appliance consumption, helping the industry maintain steady growth and demonstrating its resilience. Statistics provided by the China Household Electrical Appliances Association reveal, China's home appliance sector generated RMB 1.17 trillion in revenue from January to July, up 4.8% year on year, while total profits reached RMB 90.4 billion, an increase of 2.3%.

**Revenue of China's Home Appliance Enterprises Above Designated Size
(Trillion)**



Source: China Household Electrical Appliances Association and CHINABAOGAO

According to the China Household Electrical Appliances Association, appliance ownership in China is approaching saturation. Once market scale growth stalls, competition around product specifications and pricing intensifies, becoming a hidden challenge for the industry. Overcoming this requires continuous product innovation to open new growth areas and support higher-quality development. Looking ahead to 2026, challenges are expected to grow, and companies will need to pursue breakthroughs in consumer insight, differentiated innovation, ecosystem development, and scenario-based solutions to create value through innovation.

8. VALUATION METHODOLOGY

Conventional valuation approaches include market approach, income approach, cost approach and asset-based 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 Group that are similar in nature.

8.1. Market Approach

The market approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices are 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 would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

8.4. Asset-based Approach

The asset-based approach provides an indication of value based on the principle that the overall value of an entity is represented by the summation of the net value of individual assets and liabilities. Since the fair value for each of the assets and liabilities will have been valued using either the market, income or cost approaches, it is not a distinct valuation approach.

9. ADOPTED APPROACH FOR THE VALUATION OF THE TARGET GROUP

Among the abovementioned valuation approaches, the selection of the valuation approach in valuing the Target Group 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 Group's business operations and nature of the industry the Target Group is participating, professional judgment and technical expertise.

Since the financial forecast of the Target Group cannot be estimated reasonably and reliably due to the uncertainty of the future business development of the Target Group, the income approach was abandoned. Besides, the business operation for the last twelve months cannot reflect the true value of its major assets (i.e., investments in subsidiaries), the market approach was not suitable to be adopted. The cost approach was also considered inappropriate as the replication cost may not represent its value.

Given that China Yinrui (HK) Investment Holding Company Limited is an investment holding company and the business is operated by its subsidiaries, the asset-based approach was considered to be the most appropriate valuation approach in this valuation. It is based on the economic principle of substitution; it essentially measures what is the net asset value as at the Date of Valuation and how much it would cost to replace those assets. The adjusted net asset value method is used to estimate the current fair value of the business or its assets.

9.1. Current Assets and Current Liabilities

The current assets in the balance sheet represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities represent the debts or obligations that are due within one year. Hence, we have assumed there exist no material differences between the book values and fair values of the current assets and liabilities as at the Date of Valuation, and the book values of the current assets and liabilities as at the Date of Valuation were adopted as their fair values in the valuation.

9.2. Investments in Subsidiaries

According to the Management, the amount of investments in subsidiaries consists of 100% of Huiyin Commercial Chain, Yangzhou Huiyin Logistic Co., Ltd. (“Huiyin Logistic”) and Yangzhou Huiyin Warehouse Management Co., Ltd. (“Huiyin Warehouse”). Given that Huiyin Logistic and Huiyin Warehouse have minimal business operations and Huiyin Commercial Chain is an investment holding company and the business is operated by Anhui Four Seas, the asset-based approach was adopted to derive the fair value of Huiyin Commercial Chain, Huiyin Logistic and Huiyin Warehouse.

9.2.1 Valuation of Huiyin Commercial Chain

9.2.1.1 Current Assets and Current Liabilities

The current assets in the balance sheet represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities represent the debts or obligations that are due within one year. Hence, we have assumed there exist no material differences between the book values and fair values of the current assets and liabilities as at the Date of Valuation, and the book values of the current assets and liabilities as at the Date of Valuation were adopted as their fair values in the valuation.

9.2.1.2 Non-current Assets (excludes Investment in Subsidiaries)

The non-current assets excludes investment in subsidiaries are comprising with fixed assets (the “Non-Current Assets”). As the net book value of the Non-Current Assets represents 0.02% of the total assets of Huiyin Commercial Chain which is immaterial. Hence, the net book value of the Non-Current Assets as at the Date of Valuation were adopted as their fair values in the valuation.

9.2.1.3 Investments in Subsidiaries

The investment in subsidiaries consists of 65% of Anhui Four Seas. To accurately reflect the fair value of this holding and appropriately account for the 35% minority interest, the market approach was adopted. This methodology was adopted as it requires far fewer subjective assumptions than the income approach and the cost approach is considered inappropriate as the replication cost may not represent its value. In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to Anhui Four Seas are calculated, then the indicated value of Anhui Four Seas 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.

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 Anhui Four Seas (the “Comparable Companies”). Since no company is exactly alike as Anhui Four Seas, a set of the Comparable Companies is required in valuing Anhui Four Seas. 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 Comparable Companies are principally engaged in the retail of consumer electronics and household appliances (the “Relevant Services”);
- The principal activities are located in the Greater China Region; and
- The Comparable Companies are listed companies and has traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market.

We have considered the effect of narrowing the selection criteria for the Comparable Companies and notes the following:

- (i) **Loss-making companies only:** Narrowing the selection to loss-making companies only results in 0 comparable companies, as none of the 5 selected Comparable Companies are loss-making.
- (ii) **China-only companies:** Narrowing the selection to companies operating solely in China results in only 1 comparable company, namely Suning.Com Co Ltd.
- (iii) **Solely household appliances:** Narrowing the selection to companies solely focused on household appliances results in 0 comparable companies, as none of the Comparable Companies solely focused on household appliances.

The products and services offered by the Comparable Companies fall within the broader household products category and share similar characteristics with those of Anhui Four Seas. These products — including household appliances, mobile phones, computers, and related consumer electronics — are typically offered together by retailers in this sector and are commonly categorised under the same industry classification. The Comparable Companies share similar product categories and customer demand characteristics with Anhui Four Seas, while operating in broadly comparable regional markets.

Despite the limitations arising from narrowing the selection criteria, we consider that the valuation remains fair and reasonable for the following reasons:

- (i) the EV/S multiple of 0.53x adopted in the valuation reflects the average of the 5 selected Comparable Companies, providing a reasonable and balanced market-based benchmark;

- (ii) the sensitivity analysis conducted by the Valuer demonstrates stable results, with the fair value of 100% equity interest in the Target Group ranging from approximately RMB-1,506 million to approximately RMB-1,521 million across different scenarios, all consistently indicating a substantial net liabilities position; and
- (iii) the “No Commercial Value” conclusion is robust across all scenarios tested in the sensitivity analysis, confirming that any reasonable variation in the EV/S multiple does not materially alter the valuation outcome.

Based on the above mentioned selection criteria, an exhaustive list of Comparable Companies is identified. Details of the Comparable Companies are listed as follows:

Company Name	Ticker	Business Description	Percentage of Revenue Attributable to the Relevant Services	Net Asset Value (in million) (Note 1)	Net Profit (in million) (Note 2)
Suning.Com Co Ltd	002024 CH	Suning.Com Co., Ltd. operates consumer electronic products and appliances sales stores. It sells telecommunication equipment, telecommunication components, household appliances, digital equipment, refrigerators, washing machines, and other products. Suning.Com also provides equipment installation and repairing services.	82%	RMB11,311	RMB122
E-LIFE MALL corporation, Ltd	6281 TT	E-LIFE MALL corporation, Ltd. sells electronics and electronic parts. It's products include video and audio equipment, office equipment, computers and computer and peripherals, communication products.	91%	TWD2,803	TWD370
Yoho Group Holdings Ltd	2347 HK	Yoho Group Holdings Limited operates as a holding company. It sells merchandise with a focus on home appliances and electronic products through online and offline shopping platforms.	99%	HKD272	HKD17

Company Name	Ticker	Business Description	Percentage of Revenue Attributable to the Relevant Services	Net Asset Value (in million) (Note 1)	Net Profit (in million) (Note 2)
Tsann Kuen Enterprise Co., Ltd.	2430 TT	Tsann Kuen Enterprise Co., Ltd. markets home appliances and operates chain stores and sells personal computers and communication products.	100%	TWD4,349	TWD116
Gseven Co Ltd	2937 TT	Gseven Co., Ltd. sells consumer electronic products. It mainly wholesales and distributes audios, brand speakers, cameras, projectors, and more. Gseven also operates e-commerce business.	99%	TWD1,036	TWD170

Notes:

1. Determined with reference to the latest financial statement of the Comparable Companies; and
2. The trailing 12-months net profit prior from the latest financial statement of the Comparable Companies.

The net asset value and net profit of Anhui Four Seas are RMB29 million and net loss of RMB-10 million respectively.

In determining the selection criteria, we have considered only including loss making Comparable Companies. However, this would result in an insufficient number of Comparable Companies as none of the Comparable Companies is loss making as at valuation date.

Furthermore, the Comparable Companies operate retail stores that offer a diverse range of home appliances, mobile phones, and computers, along with installation and maintenance services. These products and services fall within the household products category and share similar characteristics, and they are typically offered together. None of the Comparable Companies solely focused on household appliances business and only Suning.Com Co Ltd's businesses focus on the China market, therefore narrowing the selection criteria further to exclusively include China based companies or those solely focused on household appliances would result in an insufficient number of Comparable Companies.

In selecting Comparable Companies, the primary objective is to identify peer entities within the same industry that feature similar business models and geographic footprints. This ensures that the selected Comparable Companies are subject to the same macroeconomic drivers and consumer demand dynamics.

The Comparable Companies and Anhui Four Seas are all engaged in the retail of household appliances, electronics, and related services in a comparable regional market and with a comparable business models and operational characteristics. Therefore, the selected Comparable Companies are comparable with Anhui Four Seas.

Adopted Multiple

To derive the fair value of Anhui Four Seas, 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.

For price multiples using equity value as numerator, the P/S multiple does not account for Anhui Four Seas entire capital structure by including debt and cash. The P/E is considered inappropriate as Anhui Four Seas is loss-making as at the Date of Valuation. The P/B are also considered inappropriate as P/B is most suitable for asset-heavy or infrastructure companies, where Anhui Four Seas is an asset-light retailer.

For price multiples using enterprise value as numerator, the EV/EBIT and EV/EBITDA multiples are considered unsuitable in the valuation as the results indicating no commercial value, primarily due to Anhui Four Seas negative EBITDA and negative EBIT.

Taking account of the above, the EV/S multiple is adopted in assessing the value of Anhui Four Seas in the valuation. The EV/S multiple is calculated by the enterprise value divided by the trailing 12-month revenue. The enterprise value is calculated using the following formula:

$$EV = Mkt\ Cap + PE + MI + ST\ Debt + LT\ Debt - Cash$$

Where:

<i>EV</i>	=	<i>enterprise value</i>
<i>Mkt Cap</i>	=	<i>market capitalization</i>
<i>PE</i>	=	<i>preferred equity</i>
<i>MI</i>	=	<i>minority interest</i>
<i>ST Debt</i>	=	<i>short-term debt</i>
<i>LT Debt</i>	=	<i>long-term debt</i>
<i>Cash</i>	=	<i>cash and cash equivalents</i>

The adopted EV/S multiples of the comparable companies of Anhui Four Seas are as follows:

Company Name	Ticker	Currency	Market Capitalization (in million) (Note 1)	Enterprise Value (in million) (Note 2)	Revenue (in million) (Note 3)	EV/S Multiples
Suning.Com Co Ltd	002024 CH	CNY	15,750	57,442	56,900	1.01
E-LIFE MALL corporation, Ltd	6281 TT	TWD	6,238	8,988	18,955	0.47
Yoho Group Holdings Ltd	2347 HK	HKD	334	254	737	0.34
Tsann Kuen Enterprise Co., Ltd.	2430 TT	TWD	2,669	6,096	17,984	0.34
Gseven Co Ltd	2937 TT	TWD	1,935	2,513	5,039	0.50
					Average	0.53

Notes:

1. As at the Date of Valuation;
2. Determined with reference to the market capitalization and the latest financial statement of the Comparable Companies; and
3. The trailing 12-months revenue prior from the latest financial statement of the Comparable Companies.

The Comparable Companies often differ in size from the company being valued, with larger companies typically exhibiting lower expected returns, leading to higher valuations. Conversely, smaller companies are generally perceived as riskier in terms of business operations and financial performance, resulting in higher expected returns (or discount rates) and lower valuation multiples. Accordingly, the base valuation multiples of the Comparable Companies were adjusted to account for these differences in characteristics between the Comparable Companies and Anhui Four Seas (the “Adjusted Valuation Multiples”). The Adjusted Valuation Multiples were calculated using the following formula:

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

Where:

M = Base valuation multiples (i.e., EV/S multiples)

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

ε = Adjustment made to θ when there is debt in capital structure and a pricing multiple based on the market value of invested capital is being used, being the ratio of market value to the market capitalization of invested capital

In the course of our valuation, 2.66% of size premium for Anhui Four Seas have adopted with reference to “Kroll Cost of Capital Navigator: U.S. Cost of Capital Inputs Dataset, U.S. Industry Benchmarking Dataset” with the date source as at 31 December 2024.

Details of the Adjusted Valuation Multiples of the Comparable Companies are shown below:

Company Name	Ticker	Size Premium	θ	ε (Note 1)	EV/S Multiples	Adjusted EV/S multiples
Suning.Com Co Ltd	002024 CH	1.02%	1.64%	16.67%	1.01	1.01
E-LIFE MALL corporation, Ltd	6281 TT	2.66%	0%	29.03%	0.47	0.47
Yoho Group Holdings Ltd	2347 HK	2.66%	0%	74.30%	0.34	0.34
Tsann Kuen Enterprise Co., Ltd.	2430 TT	2.66%	0%	57.93%	0.34	0.34
Gseven Co Ltd	2937 TT	2.66%	0%	36.77%	0.50	0.50
				Average	0.53	0.53

Notes:

1. Determined by dividing the total equity by the sum of the total equity, short-term debt, long-term debt and cash and cash equivalents with reference to the latest financial statement of the comparable companies.

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 “Control Premium and Discount for Lack of Marketability Study 2025 — Issue 4”, published by Moore. The data used in this publication has been extracted from the HKEX website. The adopted DLOM in the valuation is 20.8% representing the average value derived from trailing 12-months market data.

Control Premium

The controlling interest in a company can be a distinct advantage on the making decisions in terms of business operations, business development, etc. For instance, with the authority that accompanies control the controlling shareholder can control the company’s net cash flow and any discretionary expense items that the company makes on behalf of shareholders. Hence, the value of the controlling interest in a company is usually higher than the minority interest, which is generally held at the great risk of being subject to the judgment, ethics and management skills of the controlling shareholders.

A control premium has been adopted with reference to “Control Premium and Discount for Lack of Marketability Study 2025 — Issue 4”, published by Moore. The data used in this publication has been extracted from the HKEX website. In the valuation, 26.4% is adopted as the control premium, representing the average value derived from trailing 12-month market data.

Calculation Details of Anhui Four Seas

With consideration of the DLOM and Control premium, the value of Anhui Four Seas was calculated using the following formula:

$$\text{Value of Non-Marketable Controlling Interest} = \text{Value of Marketable Minority Interest} \times (1 + \text{Control Premium}) \times (1 - \text{DLOM})$$

For illustrative purpose, the calculation details of the fair value of 100% equity interest of non-marketable controlling interest after adjusting for non-operating assets and liabilities of the Target Group using the EV/S multiple was shown below:

Any discrepancies between the figures listed herein are due to rounding adjustments.

	As at 31 December 2025
Latest Trailing 12-Month Revenue	RMB178,906,248
<i>multiply: Adjusted EV/S Multiples</i>	0.53
Implied Enterprise Value of Anhui Four Seas	RMB95,302,445
<i>plus: Cash And Cash Equivalents</i>	RMB11,143,590
<i>minus: Short-Term Debt</i>	—
<i>minus: Long-Term Debt</i>	RMB7,336,346
Fair Value of 100% Equity of Anhui Four Seas (Marketable Minority Interest)	RMB99,109,688
<i>multiply: Control Premium</i>	(1+26.4%)
<i>multiply: DLOM</i>	(1-20.8%)
Fair Value of 100% Equity of Anhui Four Seas (Non-Marketable Controlling Interest)	RMB99,217,520
<i>multiply: Equity Interest of Anhui Four Seas</i>	65%
Fair Value of 65% Equity Interest of Anhui Four Seas (Non-Marketable Controlling Interest)	RMB64,491,388

Calculation Details of Huiyin Commercial Chain

	Book Value as at 31 December 2025 RMB	Fair Value as at 31 December 2025 RMB
NON-CURRENT ASSETS		
Investments in subsidiaries (Note 1)	—	64,491,388
Fixed assets	44	44
	44	64,491,432
CURRENT ASSETS		
Bank balances and cash	1,281	1,281
Prepayments	(21,043)	(21,043)
Other receivables	6,427	6,427
Other current asset	259,768	259,768
	246,433	246,433
TOTAL ASSETS	<u>246,478</u>	<u>64,737,866</u>
CURRENT LIABILITIES		
Tax payable	15,645	15,645
Other payable (Note 2)	189,864,852	189,864,852
Other current liabilities (Note 3)	53,560,000	61,076,715
TOTAL LIABILITIES	<u>243,440,498</u>	<u>250,957,213</u>
NET ASSETS	<u>(243,194,020)</u>	<u>(186,219,347)</u>

Notes:

1. Fair Value of 65% Equity Interest of Anhui Four Seas;
2. The other payable are related to inter-company lending, borrowing, collections and payments; and
3. The other current liabilities are related to the Huainan Jianle Judgment. According to the Huainan Jianle Judgment, the court ordered Huiyin Commercial Chain to pay 淮南健樂 a lump sum of RMB61,076,715.

9.2.2 Valuation of Huiyin Logistic

9.2.2.1 Current Assets and Current Liabilities

The current assets in the balance sheet represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities represent the debts or obligations that are due within one year. Hence, we have assumed there exist no material differences between the book values and fair values of the current assets and liabilities as at the Date of Valuation, and the book values of the current assets and liabilities as at the Date of Valuation were adopted as their fair values in the valuation.

9.2.2.2 Non-current Assets

The non-current assets comprised fixed assets (the “Non-Current Assets”). As the net book value of the Non-Current Assets represents 3.76% of the total assets of Huiyin Logistic which is immaterial. Hence, the net book value of the Non-Current Assets as at the Date of Valuation were adopted as their fair values in the valuation.

Calculation Details of Huiyin Logistic

	Book Value as at 31 December 2025 RMB	Fair Value as at 31 December 2025 RMB
NON-CURRENT ASSETS		
Fixed assets	2,337	2,337
	2,337	2,337
CURRENT ASSETS		
Bank balances and cash	15,034	15,034
Account receivables	34,869	34,869
Prepayments	8,366	8,366
Other receivables	1,507	1,507
	59,776	59,776
TOTAL ASSETS	<u>62,113</u>	<u>62,113</u>
CURRENT LIABILITIES		
Account payable	5,493	5,493
Tax payable	(21,580)	(21,580)
Other payable (Note 1)	202,301	202,301
	<u>186,214</u>	<u>186,214</u>
TOTAL LIABILITIES	<u>186,214</u>	<u>186,214</u>
NET ASSETS	<u>(124,101)</u>	<u>(124,101)</u>

Notes:

- The other payable are related to inter-company lending, borrowing and external settlement.

9.2.3 Valuation of Huiyin Warehouse

9.2.3.1 Current Assets and Current Liabilities

The current assets in the balance sheet represent the liquid assets that can reasonably be converted into cash within one year, and the current liabilities represent the debts or obligations that are due within one year. Hence, we have assumed there exist no material differences between the book values and fair values of the current assets and liabilities as at the Date of Valuation, and the book values of the current assets and liabilities as at the Date of Valuation were adopted as their fair values in the valuation.

Calculation Details of Huiyin Warehouse

	Book Value as at 31 December 2025 RMB	Fair Value as at 31 December 2025 RMB
CURRENT ASSETS		
Bank balances and cash	44,266	44,266
Other receivables	(7)	(7)
	<u>44,259</u>	<u>44,259</u>
TOTAL ASSETS	<u>44,259</u>	<u>44,259</u>
CURRENT LIABILITIES		
Salary payable	167,943	167,943
Tax payable	(19,275)	(19,275)
Other payable (Note 1)	<u>2,504,895</u>	<u>2,504,895</u>
TOTAL LIABILITIES	<u>2,653,563</u>	<u>2,653,563</u>
NET ASSETS	<u>(2,609,304)</u>	<u>(2,609,304)</u>

Notes:

- The other payable are related to inter-company lending, borrowing and external settlement.

Calculation Details of the Target Group

	Book Value as at 31 December 2025 RMB	Fair Value as at 31 December 2025 RMB
NON-CURRENT ASSETS		
Investments in subsidiaries (Note 1)	—	(188,952,753)
	—	(188,952,753)
CURRENT ASSETS		
Bank balances and cash	40,567	40,567
Other receivables	2	2
	40,568	40,568
TOTAL ASSETS	40,568	(188,912,184)
CURRENT LIABILITIES		
Dividend payable	13,767,731	13,767,731
Other payable	1,311,053,920	1,311,053,920
TOTAL LIABILITIES	1,324,821,650	1,324,821,650
NET ASSETS (Note 2)	(1,324,781,082)	(1,513,733,835)
NET ASSETS (Rounded to million)	(1,325,000,000)	(1,514,000,000)

Notes:

1. The sum of net asset value of Huiyin Commercial Chain, Huiyin Logistic and Huiyin Warehouse; and
2. Fair value adjustment of RMB(188,952,753) has been recognized against the Target Group's book value. This discrepancy is primarily attributable to the fair value adjustments on the Huainan Jianle Judgment and the investment in subsidiaries, including Huiyin Commercial Chain, Huiyin Logistic, Huiyin Warehouse, and Anhui Four Seas.

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:

- No inter-company transactions are included in the historical financial information of the Target Group provided by the Management;
- The information provided and the representations made by the Management with regard to the Target Group's financial and business affairs are accurate and reliable;
- The Target Group will continue to operate as a going concern and has sufficient liquidity and maximize the efficiency of the operation of Target Group;
- The Target Group 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 Group 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 Group operates or intends to operate, and the Target Group 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 Group 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 Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;
- There will be no material changes in the relevant interest rates and exchange rates that would impact the Target Group'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 Group 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 Group 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 Group'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. SENSITIVITY ANALYSIS

The sensitivity analysis for the change in EV/S Multiples, control premium and discount for lack of marketability that impact fair value of 100% equity interest of Target Group are tabulated as follows:

PERCENTAGE CHANGE IN DISCOUNT FOR LACK OF MARKETABILITY				
	RMB	-10%	0%	10%
PERCENTAGE				
CHANGE IN	10%	-1,505,675,858	-1,507,532,437	-1,509,389,015
EV/S	0%	-1,512,040,122	-1,513,733,835	-1,515,427,548
MULTIPLES	-10%	-1,518,404,386	-1,519,935,234	-1,521,466,082

PERCENTAGE CHANGE IN CONTROL PREMIUM				
	RMB	-10%	0%	10%
PERCENTAGE				
CHANGE IN	10%	-1,509,008,931	-1,507,532,437	-1,506,055,942
EV/S	0%	-1,515,080,807	-1,513,733,835	-1,512,386,863
MULTIPLES	-10%	-1,521,152,683	-1,519,935,234	-1,518,717,785

14. OPINION OF VALUE

Based on the investigation and analysis stated above, our scope of work, limitations in scope of work, information available, the assumptions adopted and the valuation method employed, the fair value of 100% equity interest in China Yinrui (HK) Investment Holding Company Limited (i.e., the Target Group) as at 31 December 2025 (i.e., the Date of Valuation), in our opinion, is ascribed as **No Commercial Value**, which is equivalent to the fair value of net asset value of the Target Group is RMB-1,514 million.

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Group 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. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company or its associated corporations

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	604,600,366	31.27%
Sun Yue	Beneficial owner	3,965,678	0.21%
Zhuang Liangbao ^(Note 2)	Interest of controlled corporation	11,460,928	0.59%

Notes:

- 327,553,334 Shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was wholly-owned by Mr. Yuan Li. 277,047,032 Shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) (“**Noble Trade International**”), which is wholly-owned by Mogen Ltd. (“**Mogen**”). Mogen was owned by Mr. Yuan Li through Greatssjy Co., Ltd..

On 21 September 2026, Noble Trade International created a fixed charge over all 277,047,032 Shares held by it in favour of Pioneer Elite Assets Limited to secure a loan of HK\$50,800,000 granted by HK Saint Next Investment Limited to Noble Trade International. The loan bears interest at 4.5% per annum, has a term of one year and matures on 20 September 2027. For further details, please refer to the section headed “Pledge of Shares by Controlling Shareholder” in the Letter from the Board.

- 11,460,928 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 <i>(Note 1, 2)</i>	Interest of corporation controlled	604,600,366	31.27%
Greatssjy Co., Ltd. <i>(Note 1)</i>	Beneficial Owner	327,553,334	16.94%
Mogen Ltd. <i>(Note 2)</i>	Interest of corporation controlled	277,047,032	14.33%
Noble Trade International Holdings Limited (聖行國際集團有限公司) <i>(Note 2)</i>	Beneficial Owner	277,047,032	14.33%

Notes:

1. 327,553,334 Shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was wholly-owned by Mr. Yuan Li.
2. 277,047,032 Shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) is wholly-owned by Mogen Ltd. (“Mogen”). Mogen was owned by Mr. Yuan Li through Greatssjy Co., Ltd..

On 21 September 2026, Noble Trade International created a fixed charge over all 277,047,032 Shares held by it in favour of Pioneer Elite Assets Limited to secure a loan of HK\$50,800,000 granted by HK Saint Next Investment Limited to Noble Trade International. The loan bears interest at 4.5% per annum, has a term of one year and matures on 20 September 2027. For further details, please refer to the section headed “Pledge of Shares by Controlling Shareholder” in the Letter from the Board.

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

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

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 2025 (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 2025, 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. 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
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 2025, being the date to which the latest published audited financial statements of the Company were made up.

10. 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 Disposal 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;

11. 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 2025, 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 Unit 1705, 17/F, Strand 50, 50 Bonham Strand, Sheung Wan, 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. Xu Jing.
- (i) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. 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 consent letters as referred to in the paragraph headed “9. Qualification and Consent of Expert” in this circular;
- (d) the valuation report from the Valuer, the text of which is set out in Appendix II to this circular; and
- (e) the Disposal Agreement.

NOTICE OF THE EGM



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 “EGM”) of China Qidian Guofeng Holdings Limited (the “Company”) will be held at 10:00 a.m. on Tuesday, 27 October 2026 at Conference Room, Room 3602, Jingxing Sea Building, No. 3125, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-HongKong Cooperation Zone, Shenzhen, the PRC for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the Disposal Agreement dated 2 February 2026 (the “Disposal Agreement”), a copy of which has been produced at the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification, entered into between the Company as vendor and Greatssjy Co., Ltd. (the “Purchaser”) as the purchaser, under which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of the Target Company at nil consideration in accordance with the terms and subject to the conditions therein as disclosed in the circular of the Company dated 6 October 2026 and the transactions contemplated under the Disposal Agreement be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the director(s) of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents (including under seal) which he/she/they consider necessary, appropriate, desirable or expedient to implement and give effect to the Disposal Agreement and the transactions contemplated thereunder and to agree to such variations, amendments, waivers or matters thereto as are, in his/her/their opinion, in the interests of the Company and its shareholders as a whole.”

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

Shenzhen the PRC, 6 October 2026

NOTICE OF THE EGM

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 Thursday, 22 October 2026 to Tuesday, 27 October 2026 (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 Wednesday, 21 October 2026 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 a circular on the website of the Company at www.qidianguofeng.cn and on the Stock Exchange website at <http://www.hkexnews.com> to 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. Sun Yue (*Vice-chairman and Chief Executive Officer*)
Mr. Yuan Lijun
Mr. Zhuang Liangbao

Non-executive Directors:

Mr. Wang Xianfu

Independent non-executive Directors:

Mr. Zhang Yihua
Mr. Kong Xiangming
Ms. Tang Chung Kwan Brenda