# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in XXF Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# XXF GROUP HOLDINGS LIMITED
# 喜相逢集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2473)**

# (1) DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
# AND
# (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Financial Adviser to the Company**

華富建業企業融資
QUAM CAPITAL

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 61 of this circular.

A notice convening the EGM to be held at Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin'an Branch), No. 318 Fuguang Road, Jin'an District, Fuzhou, Fujian Province on Monday, 30 November 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for the EGM is enclosed herewith and published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (https://www.xxfqc.com/).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Company's share registrar in Hong Kong no later than 10:00 a.m. on Saturday, 28 November 2026 (Hong Kong time). 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.

11 November 2026

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

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| "2026 Guarantee Period" | the financial year starting on 1 January 2026 and ending on 31 December 2026; |
| "2027 Guarantee Period" | the financial year starting on 1 January 2027 and ending on 31 December 2027; |
| "Actual Net Profit" | the audited consolidated net profit (excluding non-recurring gains and losses) of the Xinqite Group for the relevant Guarantee Period, assuming the Xinqite Shareholders Loans have been waived and no related interest expenses are incurred in 2026 and 2027, as determined by the Company's auditors; |
| "Announcement" | the announcement dated 4 August 2026 of the Company in relation to, among other matters, the Proposed Acquisition; |
| "Base Date" | 30 June 2026, being the valuation reference date specified in the Sale and Purchase Agreement; |
| "Board" | the board of Directors; |
| "BVI" | the British Virgin Islands; |
| "Business Day" | a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for business in Hong Kong; |
| "CAD" | Canadian dollars, the lawful currency of Canada; |
| "Company" | XXF Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange; |
| "Completion Date" | the date of the Completion, being the fifth (5th) Business Day immediately following the day of fulfilment (or waiver, as applicable) of all the Conditions or on such other date as the Company and the Vendor may agree in writing; |

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| "Conditions" | the conditions precedent required for the completion of the Sale and Purchase Agreement as set out in the section headed "Conditions Precedent" in this circular; |
| "connected persons" | has the same meaning ascribed to it under the Listing Rules; |
| "Consideration" | HK$149,986,000, being the consideration payable by the Company for the Sale Share; |
| "Consideration Shares" | up to 380,000,000 new Shares to be allotted and issued by the Company to the Vendor at the Issue Price in satisfaction of the Consideration, comprising the Initial Consideration Shares and the Earn-out Shares; |
| "Dilution Effect" | the dilution effect on the shareholding interests of the public shareholders; |
| "Director(s)" | the director(s) of the Company; |
| "Earn-out Arrangement" | the earn-out arrangement in respect of the Earn-out Shares as set out in the section headed "Profit Guarantees and Earn-Out Arrangement" in this circular; |
| "Earn-out Shares" | up to 190,000,000 additional Consideration Shares to be allotted and issued upon satisfaction of the earn-out conditions set out in the section headed "Profit Guarantees and Earn-Out Arrangement"; |
| "EGM" or "Extraordinary General Meeting" | extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), the transactions contemplated thereunder and the Specific Mandate; |
| "Extended Long Stop Date" | 30 November 2026, or such other date as may be agreed in writing between the parties to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds); |
| "First Supplemental Deed" | the first supplemental deed to the Sale and Purchase Agreement entered into between the Company, the Vendor, the Target Company and Mr. He on 30 September 2026; |
| "Group" | the Company and its subsidiaries; |

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| "Guaranteed Profit" | the minimum Actual Net Profit guaranteed by the Vendor and Mr. He for the relevant Guarantee Period; |
| "Guarantee Period" | 2026 Guarantee Period and 2027 Guarantee Period; |
| "HK$" or "HKD" | Hong Kong dollars, the lawful currency of Hong Kong; |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China; |
| "Independent Third Party(ies)" | any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules; |
| "Independent Valuer" | Masterpiece Valuation Advisory Limited; |
| "Initial Consideration Shares" | the 190,000,000 Consideration Shares to be allotted and issued to the Vendor upon Completion; |
| "Issue Price" | HK$0.3947 per Consideration Share; |
| "Latest Practicable Date" | 9 November 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein; |
| "Listing Committee" | the listing sub-committee of the board of directors of the Stock Exchange; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time; |
| "MBO" | a management buy-out; |

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| "Material Adverse Effect" | means material adverse change or effect on the Target Group's overall business, assets, financial condition, operating results or prospects that has caused or could reasonably be expected to cause an impact exceeding RMB1 million, but excludes changes resulting from: (a) general changes in economic, political or market conditions (including but not limited to changes in interest rate, foreign exchange rate, commodity price and stock market index) unless the effect on the Target Group is disproportionately serious; (b) general changes in the industry in which the Target Group operates (including but not limited to demand fluctuation of the automobile aftermarket industry and uniform policy changes) unless such changes disproportionately and severely affect the Target Group; or (c) matters that have been disclosed in writing to the Company on the date of the Sale and Purchase Agreement; |
| "Mr. He" | 何成圳, the sole shareholder and ultimate beneficial owner of the Vendor; |
| "Nanjing Yizizhu" | Nanjing Yizizhu Network Technology Co., Ltd.* (南京易自助網絡科技有限公司); |
| "Net Profit" | audited consolidated net profit (excluding non-recurring gains and losses); |
| "Normal Market Price" | a fair and reasonable market price arrived at on normal commercial terms; |
| "NTS" | NTS Automobile Service Group Limited (Business Registration Number: 62503202), a limited liability company incorporated under the laws of Hong Kong; |
| "PAGAC Relay" or "Seller" | PAGAC Relay Holding I Limited (BVI company number: 1723399), a limited liability company incorporated under the laws of the BVI, being the seller under the Vendor SPA; |
| "PRC" | the People's Republic of China (other than Hong Kong, the Macau Special Administrative Region and Taiwan for the purposes of this circular); |
| "Profit Guarantees" | as defined in the section headed "Profit Guarantees and Earn-Out Arrangement" in this circular; |

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| "Proposed Acquisition" | the proposed acquisition of the Sale Share by the Company subject to and upon the terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds); |
| "Recent Acquisition" | the acquisition by the Vendor of (i) the entire issued share capital of the Target Company from PAGAC Relay under the Vendor SPA dated 15 July 2026 for a consideration of RMB35,000,000, and (ii) the Xinqite Shareholders Loans from the Seller's related parties (namely Shanghai Mingrun and Nanjing Yizizhu) for a cash consideration of RMB1; |
| "RMB" | Renminbi, the lawful currency of the PRC; |
| "Sale and Purchase Agreement" | the sale and purchase agreement entered into between the Company, the Vendor, the Target Company and Mr. He on 4 August 2026, as amended and supplemented by the Supplemental Deeds, and as amended, modified or supplemented from time to time; |
| "Sale Share" | 1 share, representing the entire issued share capital of the Target Company, which is legally and beneficially owned by the Vendor; |
| "Second Supplemental Deed" | the second supplemental deed to the Sale and Purchase Agreement entered into between the Company, the Vendor, the Target Company and Mr. He on 30 October 2026; |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time); |
| "Shanghai Mingrun" | Shanghai Mingrun Business Consulting Co., Ltd.* (上海鳴潤商務諮詢有限公司); |
| "Shanghai Yiru" or "LPA" | Shanghai Yiru Enterprise Consulting Partnership (Limited Partnership)* (上海易茹企業諮詢合夥企業(有限合夥)), a limited partnership established in the PRC, being the holder of 10% of the registered capital of Xinqite, which has undertaken to cooperate with Xinqite in completing the capital reduction for its unpaid registered capital; |
| "Share(s)" | ordinary share(s) of nominal value of one-third Hong Kong cent (approximately HK$0.003333333333) each in the shares of the Company; |
| "Shareholder(s)" | holder(s) of the Share(s) from time to time; |

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| "Specific Mandate" | a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules at the EGM to satisfy the allotment and issue of the Initial Consideration Shares upon Completion and the Earn-out Shares (up to an aggregate maximum of 380,000,000 Consideration Shares); |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Supplemental Deeds" | the First Supplemental Deed, the Second Supplemental Deed and the Third Supplemental Deed; |
| "Target Company" | PAGAC NTS Limited (Company No. 1843557), a limited liability company incorporated under the laws of the BVI; |
| "Target Group" | the Target Company, NTS, Xinqite and its subsidiaries; |
| "Third Supplemental Deed" | the third supplemental deed to the Sale and Purchase Agreement entered into between the Company, the Vendor, the Target Company and Mr. He on 30 October 2026; |
| "USD" | United States dollars, the lawful currency of the United States; |
| "Vendor" | Jiary Development (Hong Kong) Limited (Business Registration Number: 80778934), a limited liability company incorporated under the laws of Hong Kong; |
| "Vendor Acquisition Price" | the purchase price under the Recent Acquisition, being RMB35,000,000 for the entire issued share capital of the Target Company plus RMB1 for the Xinqite Shareholders Loans; |
| "Vendor SPA" | the share purchase agreement dated 15 July 2026 entered into between the Vendor and PAGAC Relay in relation to the Vendor's acquisition of the entire issued share capital of the Target Company; |
| "Xinqite" | Xinqite Automobile Service Company Limited* (新奇特車業服務股份有限公司)(Unified Social Credit Code: 913100007293870945), a limited liability company incorporated under the laws of the People's Republic of China; |

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| "Xinqite Group" | Xinqite and its subsidiaries; |
| "Xinqite Shareholders Loans" | the outstanding related-party loans owed by Xinqite to (i) Shanghai Mingrun (principal and accrued interest of approximately RMB166.53 million as at 30 June 2026); and (ii) Nanjing Yizizhu (principal and accrued interest of approximately RMB37.74 million as at 30 June 2026), in the aggregate amount of approximately RMB204.27 million as at 30 June 2026; and |
| "%" | per cent. |

* *For identification purposes only*

*For the purpose of this circular, the exchange rates of RMB1.00 = HK$1.16 has been used for currency conversion, where applicable. Such exchange rates are for illustrative purposes and do not constitute representations that any amount in HK$ or RMB have been, could have been or may be converted at such rates.*

*Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.*

# XXF GROUP HOLDINGS LIMITED
# 喜相逢集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2473)**

*Executive Directors:*
Mr. HUANG Wei
*(Chairman and chief executive officer)*
Mr. YE Fuwei

*Independent non-executive Directors:*
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo
Prof. WANG Lihong

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Central and Western
Hong Kong

11 November 2026

*To the Shareholders*

Dear Sir or Madam,

## (1) DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

### INTRODUCTION

The purpose of this circular is to provide the Shareholders with information regarding, among other things, (i) further details of the Proposed Acquisition and the issue of the Consideration Shares under the Specific Mandate; (ii) a notice of the EGM; and (iii) other information as required to be disclosed under the Listing Rules.

## THE PROPOSED ACQUISITION

Reference is made to the Announcement dated 4 August 2026 and the supplemental announcements dated 30 September 2026 and 30 October 2026 in relation to, among other matters, the Proposed Acquisition.

### The Sale and Purchase Agreement

On 4 August 2026 (after trading hours), the Company, as purchaser, the Vendor, the Target Company and Mr. He entered into the Sale and Purchase Agreement in respect of the Proposed Acquisition. The principal terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) are set out below:

#### *Date*

4 August 2026

#### *Parties*

| | |
|---|---|
| Vendor: | Jiary Development (Hong Kong) Limited |
| Purchaser: | the Company |
| Target Company: | PAGAC NTS Limited |
| Guarantor: | Mr. He |

Mr. He is the sole shareholder and ultimate beneficial owner of the Vendor. Under the Sale and Purchase Agreement, Mr. He has agreed to be jointly and severally liable with the Vendor for, among other matters, the Vendor's indemnification obligations, pre-Completion liabilities relating to Xinqite and other obligations of the Vendor under the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, Mr. He and their respective associates are Independent Third Parties. Mr. He is, however, the vice chairman and general manager of Xinqite and directly holds 1.5% of the equity interest in Xinqite as at the Latest Practicable Date.

#### *Subject matter*

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Sale Share, representing the entire issued share capital of the Target Company, at the consideration of HK$149,986,000.

The Sale Share will be transferred free from all encumbrances and together with all rights and benefits attaching to it at or after Completion.

***Consideration***

Pursuant to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), the total consideration for the Proposed Acquisition of HK$149,986,000 shall comprise:

(i) a fixed consideration of HK$74,993,000 (50%), to be satisfied by the allotment and issue of 190,000,000 Consideration Shares to the Vendor upon Completion, credited as fully paid at the Issue Price (the "**Initial Consideration Shares**"); and

(ii) an additional contingent consideration of up to HK$74,993,000 (50%), to be satisfied by the allotment and issue of up to 190,000,000 additional Consideration Shares, subject to the earn-out conditions set out below (the "**Earn-out Shares**"). The Earn-out Shares are divided into two tranches: (i) a maximum of 105,526,000 FY2026 Earn-out Shares and (ii) a maximum of 84,474,000 FY2027 Earn-out Shares, as further described in the sections headed "FY2026 Earn-out Shares" and "FY2027 Earn-out Shares" below.

Accordingly, the maximum aggregate consideration for the Proposed Acquisition shall be HK$149,986,000, to be satisfied by the allotment and issue of a maximum of 380,000,000 Consideration Shares.

Only the Initial Consideration Shares shall be allotted and issued upon Completion. The Earn-out Shares shall not be allotted or issued upon Completion and shall only be allotted and issued to the extent earned in accordance with the provisions set out in the section headed "Profit Guarantees and Earn-Out Arrangement" below. For the avoidance of doubt, any failure to meet the relevant earn-out targets shall result in a reduction in, or non-issuance of, the Earn-out Shares and, in the case of FY2026 only, shall also require the Vendor to pay the FY2026 Cash Compensation (as defined below) in the circumstances described in the section headed "Compensation for FY2026" below. The Vendor shall not be required to return any Initial Consideration Shares.

The total Consideration was determined after arm's length negotiations between the Company and the Vendor with reference to, among others, (i) the valuation of Xinqite prepared by the Independent Valuer as set out in the section headed "Valuation" in this circular; (ii) the business growth and prospects of the Target Group; (iii) the factors set out in the section headed "Reasons for and benefits of the Proposed Acquisition" in this circular; and (iv) the following factors relating to the disparity between the Consideration and the purchase price paid by the Vendor in the Recent Acquisition, Xinqite's net liabilities position as at 30 June 2026, and Xinqite's marginal profit for the year ended 31 December 2025.

**(a) Nature of the Recent Acquisition**

The Board is of the view that the Recent Acquisition was a management restructuring exercise whereby Mr. He (being the vice chairman and general manager of Xinqite since September 2005 and holds 1.5% equity interest in Xinqite), through the Vendor, acquired the entire issued share capital of the Target Company and the Xinqite Shareholders Loans from the Seller and its related parties (namely Shanghai Mingrun and Nanjing Yizizhu). The Xinqite Shareholders Loans are owed by Xinqite to Shanghai Mingrun and Nanjing Yizizhu, being entities associated with the then ultimate controlling shareholder group of Xinqite.

Based on the information and the representations provided by Mr. He and the Vendor, the Board notes that Mr. He was able to negotiate the Vendor Acquisition Price due to: (i) his intimate familiarity with the Seller, Xinqite's operations and risks; (ii) the absence of any conditions precedent to completion and the absence of any indemnity or warranty obligations from the Seller in connection with the historical, operational and financial situation of the Target Group (apart from a clause on no undisclosed liabilities), owing to the Seller's condition to exit its investment without any future liabilities or obligations after a prolonged period of losses; (iii) the absence of any performance guarantee; and (iv) the Seller's desire to exit its under-performing investment in the Xinqite Group imminently as the holding period has already passed the internal holding period policy. Accordingly, the Board is of the opinion that the Vendor Acquisition Price does not reflect the fair market value of the Target Group since all of the factors (i) to (iv) would result in a discount off the fair market value, and does not consider that the Vendor Acquisition Price serves as an appropriate benchmark for the terms of the Proposed Acquisition.

The Board does not believe it could accept the terms of the Recent Acquisition (save for the Vendor Acquisition Price), as they do not provide sufficient protection to the Group. The Board further considers the Company could not negotiate a purchase price similar to the Vendor Acquisition Price to successfully conclude a transaction with the Seller for the Target Group, as the Company would request indemnities, representations and warranties for the Target Group similar to those in comparable acquisitions, a lengthier negotiation and discussion process, as well as performance guarantees from the Seller, in order to protect the Group and the Shareholders from the potential risks of acquiring the Target Group. In addition, the Board believes it may not be able to keep the current management team of the Target Group intact, or may be required to incur additional costs to do so, if it were to purchase the Target Group directly from the Seller (as the Seller did not entertain any conditions or obligations). The Board considers management continuity to be critical for the Target Group to sustain its resurgence. The terms of the Proposed Acquisition locked down the management through Mr. He and removed a significant sustainability risk. As at the Latest Practicable Date, the Recent Acquisition has been completed.

The Board has given further consideration to the disparity between the Vendor Acquisition Price and the Consideration, having regard to the following factors as a whole:

(i) the Sale and Purchase Agreement contains comprehensive representations and warranties and indemnities from the Vendor, the Target Company and Mr. He covering, among others, title to the Sale Share, the Target Group's shareholding structure and paid-up capital, financial statements and management accounts, assets and liabilities, tax compliance, material contracts and licenses, intellectual property, compliance and litigation, and management and staff. Mr. He has also provided a personal, joint and several guarantee for all obligations of the Vendor under the Sale and Purchase Agreement for a period of six years;

(ii) the Sale and Purchase Agreement requires Mr. He to remain employed in the Target Group for at least 36 months and to procure that the core management team also remain for at least 36 months, together with three-year non-compete and non-solicitation undertakings. The Board considers this essential to the stability and continued improvement of the Target Group, and considers that the continued involvement of Mr. He and the core management team is important to the realisation of the benefits of the Proposed Acquisition. In this regard, Mr. He has already entered into a three-year service contract with the Target Group as at the Latest Practicable Date, and the core management team of the Target Group will enter into three-year service contracts with the Target Group prior to Completion, in each case on the same remuneration terms as their existing employment terms;

(iii) the Vendor and Mr. He have provided the Guaranteed Profit and the Earn-out Arrangement as disclosed in the section headed "Profit Guarantees and Earn-Out Arrangement" below. The Board considers that the Guaranteed Profit and the Earn-out Arrangement provide significant downside protection to the Company and the Shareholders, as the number of Earn-out Shares to be issued will be reduced, or no Earn-out Shares will be issued, if the audited consolidated profit after taxation of Xinqite falls below the Guaranteed Profit, and, in the case of FY2026, the Vendor will be required to pay the relevant FY2026 Cash Compensation. For example, if the audited consolidated profit after taxation of Xinqite for each of 2026 (adjusted for the Interest Savings (as defined below)) and 2027 is RMB4 million, no Earn-out Shares would be issued, the Vendor would be required to pay the FY2026 Cash Compensation of approximately HK$8.33 million (calculated as: (RMB4.5 million − RMB4 million) × 1.16 × 15.13 × 94.94% ≈ HK$8.33 million), and the Vendor would retain only the Initial Consideration Shares. Accordingly, the net consideration received by the Vendor would be approximately HK$66.7 million (calculated as HK$0.3947 per Consideration Share multiplied by the Initial Consideration Shares, less the FY2026 Cash Compensation of HK$8.33 million), representing a P/E of approximately 15.13 times, consistent with the acquisition P/E disclosed in the section headed "Acquisition P/E" below. If the audited consolidated profit after taxation of Xinqite for 2026 and 2027 meets the Guaranteed Profit, the Consideration will be the full amount of HK$149,986,000 and represents a P/E of no more than about 15.13 times based on the 2027 Guaranteed Profit of RMB9 million (based on an exchange rate of RMB1.00 = HK$1.16 (the "**Exchange Rate**")). These multiples are much lower than the adjusted median P/E multiple of 28.99x used in the valuation; and

(iv) the Vendor will acquire the Xinqite Shareholders Loans (in the aggregate amount of approximately RMB204.27 million as at 30 June 2026) for RMB1, and will waive those loans upon Completion. Under the Recent Acquisition, the Vendor acquired the Xinqite Shareholders Loans for RMB1, but the loans were not waived at that time. Xinqite continues to bear the repayment obligation of principal and interest so long as the loans remain outstanding. Under the Proposed Acquisition, the Vendor will waive those loans upon Completion. This removes significant interest-bearing liabilities from Xinqite and eliminates the related ongoing interest expense. However, the Board stresses that this is only one of the factors being considered.

The Board assessed the representations and warranties obtained under the Sale and Purchase Agreement as part of the overall package of the protective terms, which also includes the Profit Guarantees, the joint and several liability of the Vendor and Mr. He, the personal guarantee of Mr. He and the management retention arrangements. In determining the representations and warranties to be sought, the Board consulted the Company's legal and financial advisers and, having regard to their experience in comparable acquisition transactions and the protections customarily sought by a purchaser to protect its interests, requested that the relevant representations, warranties and indemnities be included in the Sale and Purchase Agreement. On that basis, the Board considers that the representations, warranties and indemnities are fair and reasonable and adequately protect the Company against the operational and financial risks associated with the acquisition of the Target Group.

The Board does not consider that the fairness and reasonableness of the Consideration can be assessed by reference to any single term in isolation. The Board therefore did not attribute a standalone monetary value to the representations and warranties or to any other individual protective term. The Board considered that the protections obtained, taken as a whole, were necessary for the Company to proceed with the Proposed Acquisition, and that the Company would not have entered into the Sale and Purchase Agreement in their absence, in particular, the representations, warranties and indemnities.

The Board is of the opinion that the Vendor Acquisition Price was not a Normal Market Price and is not comparable to the Consideration as the following factors would have resulted in discounts to a Normal Market Price (and for factor (iii) a discount of Normal Market Price to the acquisition price): (i) a MBO; (ii) the absence of representations, warranties or indemnities; (iii) the absence of a performance guarantee; and (iv) a private equity fund exiting an under-performing investment under pressure.

Based on market research, the primary reasons why an acquisition price is generally negotiated at a discount to a Normal Market Price (or a Normal Market Price being at a discount) are set out below.

***(i) MBO***

The purchase price of a MBO generally reflects a discount compared to a Normal Market Price because there are typically fewer representations, warranties and indemnities needed, much less due diligence required, lower transaction expenses (as less due diligence and representations, warranties and indemnities leading to easier document preparation and negotiation), a faster execution timeframe, and a higher deal certainty, which are favourable to the seller.

For an MBO, the discount is generally likely to be at the higher end where competition is weaker, the sale process is tilted or buyer-friendly, the management has superior knowledge of and importance to the target business, the management is a net buyer, outside bidders receive limited time and information, the board's sale process is weak, the management's cooperation with other bidders is lacking, the buyer has last-look rights, disinterested shareholder approval is absent, and the bidder has strong bargaining power and financial resources.

Conversely, the discount is generally likely to be at the lower end where competition is stronger, the sale process is fairer, the management is a net seller, outside bidders receive more time and information, the board conducts a robust sale process, the management cooperates with other bidders, there are no last-look rights, disinterested shareholders approve the transaction, and the bidder has weaker bargaining power and financial resources.

***(ii) No representations, warranties or indemnities***

The purchase price of a transaction without representations, warranties or indemnities generally reflects a discount over the Normal Market Price as all the post-closing risk is passed on to the buyer, which is favourable to the seller.

For the absence of representations, warranties or indemnities, the discount is generally likely to be at the higher end where the transaction is riskier, known liabilities exist, due diligence is limited, the transaction is larger and more complex, industry and regulatory risks are higher, and the target's financial condition is weaker.

Conversely, the discount is generally likely to be at the lower end where the transaction is cleaner, due diligence is more comprehensive, risk is lower, the transaction is smaller and simpler, industry and regulatory risks are lower, and the target's financial condition is stronger.

The financial adviser further advised that the absence or lack of sufficient representations, warranties and/or indemnities often leads to failed consummation of transactions. Accordingly, its importance to a buyer is more than just the economic value suggested by the discount factor.

***(iii) Absence of performance guarantee or equivalent downside protection***

The purchase price of a transaction without performance guarantee or equivalent downside protection generally reflects a discount to a transaction that has a performance guarantee, as the buyer receives downside risk protection. The economic value of a performance guarantee is transaction-specific and depends on multiple factors, including the length of the guarantee period, the level and achievability of the guaranteed profit targets, the magnitude of the vendor's potential compensation exposure, the effectiveness and enforceability of the compensation mechanism, and the extent to which the guarantee bridges information asymmetry between the purchaser and the vendor. A longer guarantee period, higher and achievable guaranteed profit targets, and a more substantive compensation mechanism would generally increase the economic value of the performance guarantee to the purchaser.

For the absence of a performance guarantee or equivalent downside protection, the discount is generally likely to be at the higher end where there is no guarantee or only a weak guarantee, the guarantee period is shorter, the guaranteed profit targets are lower or less achievable, the vendor's compensation exposure is limited, the compensation mechanism is weak or difficult to enforce, and the guarantee does little to bridge information asymmetry between the purchaser and the vendor.

Conversely, the discount is generally likely to be at the lower end where the guarantee period is longer, the guaranteed profit targets are higher and achievable, the compensation mechanism is substantive, effective and enforceable, and the guarantee meaningfully bridges information asymmetry.

***(iv) A private equity fund exiting an under-performing investment under pressure***

The purchase price of an exit of an under-performing asset by a private equity fund under pressure generally reflects a discount to a Normal Market Price as it is approaching or approached forced clearing under internal policies and unwillingness to invest further into the asset.

For a transaction where a private equity fund disposes of an under-performing investment under pressure, the discount is generally likely to be at the higher end where asset quality is poor, the asset is a legacy or tail-end investment, the seller is under urgency and has weak bargaining power, information asymmetry is significant, buyer competition is limited, buyers are powerful or financially constrained, macro volatility and exit uncertainty are high, the sale process is rushed or buyer-friendly, deferred or structured consideration is used, and distress, opacity and bargaining imbalance are more pronounced.

Conversely, the discount is generally likely to be at the lower end where asset quality is better, the asset is not a legacy or tail-end investment, the seller is not under urgency and has stronger bargaining power, information asymmetry is lower, buyer competition is greater, buyers are less powerful or less financially constrained, macro conditions are stable with a clear exit path, the process is orderly, consideration is paid fully in cash, and distress, opacity and bargaining imbalance are less pronounced. The Company also notes that a discount at the higher end for this factor may result in the private equity fund's realised return falling below its target internal rate of return.

The Company believes that the negotiation of a purchase price takes into account various factors and does not rely on precise discount percentages in the same way as in preparing a valuation model. The discount factors have been set out to support the Board's view that the Vendor Acquisition Price was not a Normal Market Price.

Taking all the above into account, the Board is of the view that the disparity between the Vendor Acquisition Price and the Consideration is justified, and that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The reference to "under-performing" in the context of the Seller's investment was from the perspective of the Seller (a private equity fund), as the investment had not generated any return meeting the Seller's internal investment return requirements during a long holding period despite substantial investments made by the Seller. It was not intended to suggest that the Target Group is not viable or lacks future prospects under different ownership and management. The Board considered the Proposed Acquisition on its own merits, having regard to the valuation prepared by the Independent Valuer, the reasons and benefits of the Proposed Acquisition, and the protections obtained under the Sale and Purchase Agreement (including the representations and warranties, indemnities, management retention and the Profit Guarantees). The Board believes that under the Company's ownership, with the benefit of synergies with the Group's existing automobile finance and retail businesses, the Target Group represents a promising investment for the Company.

**(b) Net liabilities position**

The Board understands that the net liabilities position of Xinqite as at 30 June 2026 was primarily the result of (a) short-term loans; (b) trade payables; (c) advance payments; and (d) other payables (which included the Xinqite Shareholders Loans). When considering the net liabilities position of Xinqite, the Board has taken into account the following:

- the short-term loans comprise bank loans which are unsecured, without guarantees by shareholders and mainly of one-year term. The Target Group has generally been able to extend these loans;

- the Target Group has been settling its trade payables in accordance with their terms in general and enjoys a good and stable relationship with its suppliers and landlords;

- the advance payments primarily relate to purchases of coupons and packages from customers for future services, and the Target Group has not experienced any repayment requests from customers that are material to its operations; and

- the balance of the other payables after deducting the Xinqite Shareholders Loans mainly relates to loan(s) owed to NTS, and other payables arising from daily operations.

The Board therefore believes that these items do not pose significant liability risks to the Target Group, and that the Target Group is operating on a going concern basis. Accordingly, the Board focused on the potential profit contribution from the Target Group when assessing its value.

From a capital perspective, the Board notes that Xinqite's adjusted unaudited net liabilities as at 30 June 2026 (being unaudited net liabilities of about RMB345.6 million and adding back about RMB204.3 million pursuant to the waiver of the Xinqite Shareholders Loans) were approximately RMB141 million. This position arose primarily from accumulated historical losses of approximately RMB573 million as at 30 June 2026, as the Target Group experienced a period of challenging circumstances from 2014 to 2024 following the change of its controlling shareholder.

According to Mr. He, such losses of the Target Group under the Seller's ownership were mainly as a result of the following:

(i) a major inventory write-down and the write-off of outstanding loans owed by the original majority shareholder, and the adverse operational impact arising from the departure of certain senior management members, resulting in a period of management instability, soon after the then controlling shareholder's acquisition in 2014;

(ii) the Target Group over-expanded in the first few years under the then controlling shareholder's ownership and absorbed stores in the same businesses from another operation within its group. Many stores underperformed and led to increased losses. The Target Group also incurred losses in the closure of underperforming stores;

(iii) the Target Group's operations were severely disrupted during the three-year pandemic period from 2020 to 2022, during which stores were required to be closed or operate at reduced capacity. In or around January 2023, following the lifting of pandemic restrictions in December 2022, none of the Target Group's stores was in operation and significant time was required to rebuild the operations involving substantial costs; and

(iv) the Target Group incurred the Xinqite Shareholders Loans to continue its operations, incurring substantial interest expenses.

The Board notes that the Target Group has transitioned from a net loss of approximately RMB3.30 million in FY2024 to a breakeven position in FY2025, and further to a net profit of approximately RMB0.74 million for the six months ended 30 June 2026 (or approximately RMB2.13 million on an adjusted basis, assuming waiver of the Xinqite Shareholders Loans and the consequential elimination of the entire relevant interest expense). Had the Xinqite Shareholders Loans been waived at the beginning of these periods, the interest saved would have been approximately RMB5.28 million, RMB4.00 million and RMB1.39 million for FY2024, FY2025 and the six months ended 30 June 2026 respectively, and the adjusted unaudited profit after taxation of Xinqite would have been approximately RMB1.98 million, RMB4.00 million and RMB2.13 million respectively. Based on the Board's understanding from the management of Xinqite, the turnaround resulted from various measures being implemented as disclosed below:

(a) the Xinqite Group has completed the rationalisation of its store network, reducing the number of stores from approximately 40 to 50 stores to the 23 stores currently in operation. The stores closed were principally underperforming or loss-making stores, and the remaining stores are those with positive contribution. The Board considers that the non-recurring losses and ongoing cash outflow associated with the closed stores have been substantially eliminated;

(b) amidst improving performances of the stores, the Xinqite Group has piloted a refined operating model since the second half of 2025 to further enhance efficiencies and reoriented its service offering at one of its stores to focus on services common to both new energy vehicles and internal combustion engine vehicles (including improving the efficiency of key operating processes and promoting services with strong cash inflow, such as standard maintenance and car beauty services). That store has since exceeded its performance targets for more than a year. The Xinqite Group is now rolling out the refined operating model to its other stores;

(c) the Xinqite Group is attracting customer traffic through offline and online channels, including local promotions, rebuilding its membership programme and digital marketing; and

(d) the Xinqite Group is upgrading its customer relationship management system to enhance member management, customer tagging and repeat-purchase reminders, with a view to improving customer retention and customer lifetime value.

The Board considers that there is a reasonable basis to expect that the profitability of the Xinqite Group will further improve as the business efficiency and performance continue to be enhanced based on the above factors.

The Board further considers that the net liabilities position of the Xinqite Group will further improve after discussion with the management of Xinqite, based on the following factors:

(a) the elimination of the ongoing cash outflow associated with the closed stores (for example, losses and redundancy payments) referred to above has improved the Xinqite Group's profitability and cash flow position;

(b) the improvements to store efficiency and cash inflow under the refined operating model referred to above will result in improvements in both profitability and cash flow at the store level, and the model will be replicated across the Xinqite Group's other stores. This will improve the Xinqite Group's working capital metrics, including receivables turnover, inventory turnover and supplier payment terms, and a corresponding reduction in working capital requirements;

(c) the recovery of customer traffic and the increase in store-level revenue referred to above will strengthen and improve the liquidity of the Xinqite Group;

(d) a substantial portion of the historical net liabilities arose from non-recurring restructuring expenditure, including closure costs, asset impairments, severance payments and expenditure incurred in the past which is not expected to occur again under the current streamlined network and under the control and monitoring of the Company; and

(e) as disclosed in this circular, the Xinqite Shareholders Loans in the aggregate amount of approximately RMB204.27 million as at 30 June 2026 will be waived by the Vendor upon Completion. This will remove significant interest-bearing liabilities from the Xinqite Group and eliminate the related ongoing interest expense. This improvement arises from a contractual arrangement and does not depend on the future profitability of the Xinqite Group.

The Board therefore believes that the net liabilities position of the Xinqite Group resulted from legacy issues and that the position will continue to improve. Following the waiver of the Xinqite Shareholders Loans, Xinqite will not need to obtain alternative debt financing to replace the loans, as the waiver removes the repayment obligation and the related interest expense, which improves Xinqite's financial position. Xinqite has maintained its banking relationships and has generally been able to roll over its short-term bank loans, and its trade payables are being settled in accordance with their terms. The waiver of the Xinqite Shareholders Loans will also reduce Xinqite's financing costs, as the related interest expense (approximately RMB36 million historically) will no longer be incurred. Accordingly, the Group believes that the Xinqite Group will be self-sustaining financially and does not intend to invest additional capital in Xinqite.

Shareholders and potential investors should, however, note that the Board's views set out above are not guarantees of future performance and should not place undue reliance on such statements.

Accordingly, having considered all the above factors (including the disparity between the Consideration and the Vendor Acquisition Price, and Xinqite's net liabilities position as at 30 June 2026), the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

***Waiver of the Xinqite Shareholders Loans***

The waiver of the Xinqite Shareholders Loans is a condition precedent to Completion under the Sale and Purchase Agreement. Mr. He has agreed to procure the waiver of the Xinqite Shareholders Loans in full, with no recourse or conditions. For the avoidance of doubt, the Xinqite Shareholders Loans will not be capitalised or converted into equity or capital reserve of any member of the Target Group, nor shall they be dealt with in any other manner.

**VALUATION**

The Company engaged Masterpiece Valuation Advisory Limited (the Independent Valuer) to conduct an independent valuation of Xinqite as at 30 June 2026 (the Base Date).

**Qualification and Independence of the Independent Valuer**

The Board has reviewed and enquired into the qualifications and experience of the Independent Valuer.

The responsible persons of the Independent Valuer are Mr. Oswald Au, Mr. Paul Hau and Ms. Amanda Liu. Mr. Oswald Au is the Managing Director of the Independent Valuer. He is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years' experience in financial valuation, property valuation and business consulting in Hong Kong and the PRC. He has advised clients in a range of industries, including automobile, pharmaceutical, biotech, technology and healthcare service, etc. Mr. Paul Hau is a Director of the Independent Valuer. He is a member of Hong Kong Institute of Certified Public Accountants. He has over 10 years' experience in business valuation, merger & acquisition projects and business consulting in Hong Kong and the PRC. He has advised clients in a range of industries, including automobile, financial, biotech, artificial intelligence, technology and energy, etc. Ms. Amanda Liu is a Director of the Independent Valuer. She is a Certified Public Valuer. She has over 8 years' professional experience in valuation service and financial advisory service. She has advised clients in a range of industries, including automobile, financial, technology and resources, etc.

Taking into account the above qualifications and experience of Mr. Au, Mr. Hau and Ms. Liu, the Board considers the Independent Valuer as a competent expert in performing the valuation.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, the Independent Valuer is independent of the Group, the Vendor, Mr. He, the Target Group and their respective associates.

**Valuation Approach and Methodology**

In arriving at the appraised value of Xinqite, the Independent Valuer applied the market approach, specifically the comparable company method, to determine the fair value of the equity interest as at the Base Date. In selecting the valuation methodology, the Independent Valuer considered the three generally accepted valuation approaches, namely the income approach, the cost approach, and the market approach.

The cost approach was deemed inappropriate as it assumes separable assets and liabilities, which is more suited to industries with highly liquid assets such as real estate developers or financial institutions.

The income approach was also considered inappropriate due to the reliance on financial projections and assumptions that may reflect management bias, future uncertainties, and lack objective supporting data, which could significantly distort the fair value.

The market approach was the most appropriate methodology, given the availability of actively traded, substantially similar equities in the public markets and observable transaction data for comparable companies. This method relies on market-derived multiples from publicly listed companies engaged in businesses similar to that of Xinqite.

The Board has reviewed the Independent Valuer's methodology and, having discussed with the Independent Valuer, is satisfied that the P/E multiple is the most appropriate benchmark for the reasons set out below.

The P/E multiple was selected as the most appropriate valuation benchmark because (i) it directly reflects market expectations of a company's earnings capacity and future financial performance, and is the most widely accepted and commonly used valuation metric for peer comparison in the automotive service industry; (ii) the P/S (price-to-sales) multiple was considered but rejected because it ignores differences in cost structures and profitability among companies and, given that Xinqite has undergone significant restructuring and its profitability has now stabilised, a valuation metric based on earnings (rather than revenue) is more appropriate; and (iii) the P/B (price-to-book) multiple was also considered but rejected because it captures only tangible assets while omitting Xinqite's intangible strengths and competitive advantages, such as its established brand value, customer base, and management expertise.

The valuation is based on Xinqite's Latest Twelve Months ("**LTM**") earnings up to 30 June 2026, which reflects Xinqite's stabilised profitability following the restructuring and store portfolio optimisation described above. The LTM earnings period ending 30 June 2026 was utilised to accurately reflect Xinqite's current business value and profitability following its recent operational stabilisation. The LTM earnings contain no material non-recurring items and are therefore considered a reasonable and appropriate base for the P/E-based valuation. Furthermore, the transaction incorporates a profit guarantee mechanism to safeguard the performance and ensure sustainable earnings growth of the Target Group over the coming two fiscal years.

Xinqite's LTM net profit margin of approximately 2.8% (on an adjusted basis) falls within the range of the profitable comparable companies (which range from approximately 0.2% to 5.0%), thereby confirming that Xinqite's profitability has stabilised and that the P/E-based approach is reasonable and appropriate. In determining the LTM net profit, adjustments were made to reflect the full waiver of the Xinqite Shareholders Loans and the consequential elimination of related interest expenses, thereby aligning with the ongoing capital and post-transaction financial structure of the Target Group.

The Independent Valuer also reviewed alternative valuation methodologies, including the cost approach and the income approach, as potential cross-checks. The cost approach was disregarded because it assumes individual assets and liabilities can be separately valued, which is inappropriate for an operating company such as Xinqite. The income approach was rejected due to its heavy reliance on subjective management assumptions and financial forecasts that could distort the fair value assessment. Accordingly, the market approach using the P/E multiple was considered the only appropriate and reliable methodology for the valuation.

**Selection criteria for comparable companies**

Under the comparable company method, the Independent Valuer identified a set of comparable publicly listed companies and calculated the price to earnings (P/E) multiple for each. The median P/E multiple was then applied to Xinqite's latest twelve months earnings up to 30 June 2026. Further adjustments were made for size differentials. A lack of marketability discount and a control premium were also applied to reflect the privately held nature of Xinqite and the controlling interest being valued.

The comparable public companies were selected based on the following criteria:

(i) the primary businesses of the comparable public companies are automotive service and repair and related products, with over 50% of their revenues derived from these activities;

(ii) the comparable public companies are listed on major stock exchanges with the largest market capitalisation, namely the Hong Kong Stock Exchange, the stock exchanges in the PRC, the United States and Canada;

(iii) the financial information of the comparable public companies is publicly available; and

(iv) the comparable public companies have positive LTM earnings.

The Board considers the selection criteria to be appropriate. The stock exchanges of Hong Kong, the PRC, the United States and Canada are the largest major exchanges offering high liquidity, robust regulation, and the most comparable automotive service peers. The Independent Valuer has also confirmed that although major international exchanges including the Tokyo Stock Exchange (JPX) and the London Stock Exchange (LSE) were considered, no listed entities on these two exchanges met all of the strict selection criteria established by the Independent Valuer. The exclusion of loss-making companies is appropriate because positive LTM earnings is a prerequisite for meaningful P/E comparisons, particularly given Xinqite's own profitable status in the LTM period.

Based on the above criteria, an exhaustive set of four comparable companies was identified. No other companies meeting the selection criteria were excluded from the analysis. Details of the four comparable companies are set out below:

| No. | Company Name | Ticker | Principal places | Business Description | Business Segment | Currency | Market capitalization as of Valuation Date [1] | Latest Twelve Months Revenue [1] | Latest Twelve Months Earnings [1] | Net Asset Value [1] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | TUHU Car Inc. Class A | 9690-HK | China | TUHU Car, Inc. engages in the provision of online and offline platforms for automotive service. It offers automotive service demands ranging from tires and chassis parts replacement to auto maintenance, repair, and detailing. | – Tires & Chassis Parts: 42%<br>– Auto Maintenance: 37%<br>– Other: 21% | HKD'million | 9,649 | 17,859 | 454 | 5,629 |
| 2 | Boyd Group Services Inc | BYD-CA | Canada | Boyd Group Services, Inc. provides automotive collision and glass repair services. Its services include collision repair, glass replacement, and related automotive services. | – Automotive Collision Repair & Related Services: 100% | CAD'million | 3,737 | 4,643 | 18 | 2,409 |
| 3 | Valvoline, Inc. | VVV-US | United States and Canada | Valvoline, Inc. is a pure-play service provider focusing on preventive automotive maintenance. Under its core brand VIOC (Valvoline Instant Oil Change), the Company operates approximately 2,400 company-owned and franchised physical maintenance service centers across the United States and Canada. | – Oil Changes & Related Fees: 73%<br>– Others: 27% | USD'million | 5,043 | 1,858 | 94 | 353 |

| No. | Company Name | Ticker | Principal places | Business Description | Business Segment | Currency | Market capitalization as of Valuation Date [1] | Latest Twelve Months Revenue [1] | Latest Twelve Months Earnings [1] | Net Asset Value [1] |
|---|---|---|---|---|---|---|---|---|---|---|
| 4 | Monro, Inc. | MNRO-US | United States | Monro, Inc. engages in the operation of chain stores that provide automotive undercar repair and tire services. It also offers services for brakes, mufflers and exhaust systems, and steering, drive train, suspension and wheel alignment. It operates under the brand names Monro Auto Service and Tire Centers, Tire Choice Auto Service Centers, Mr. Tire Auto Service Centers, Car-X Tire & Auto, Tire Warehouse Tires for Less, Ken Towery's Tire & Auto Care, Tire Barn Warehouse, and Free Service Tire and Auto Centers. | – Tires: 48%<br>– Maintenance: 27%<br>– Others: 25% | USD'million | 535 | 1,157 | 2 | 592 |

(1) Data sourced from FactSet and annual reports of comparable companies. The market capitalisation of the comparable companies is stated in their local currencies and computed based on the equity value of the companies as at 30 June 2026.

Source: FactSet and annual reports of comparable companies.

The Board considers that the comparable companies are genuinely comparable to Xinqite because, like Xinqite, they derive over 50% of their revenue from automotive service and repair, thereby sharing similar industry risks and return characteristics. The remaining differences in market capitalisation, operational scale, and financial performance are explicitly adjusted for within the valuation model through the size adjustment, marketability discount and control premium (as described further below). No other companies meeting the selection criteria were excluded from the analysis by the Independent Valuer.

The median P/E multiple was adopted because the median, as a measure of central tendency, is not affected by extreme values and is regarded as a better mid-point measure for skewed number distributions. The Board notes that Xinqite's LTM net profit margin is closely aligned with the range of the comparable companies' margin range, further reinforcing that the median is a fair and appropriate selection.

The P/E multiples, along with the market capitalization of the comparable companies as of the Base Date, are listed in the table below:

| No | Company Name | Currency | Market capitalization as of Base Date [1], [3] | Latest Twelve Months Earnings [2], [3] | Unadjusted P/E | Size-adjusted P/E [3] |
|---|---|---|---|---|---|---|
| 1 | TUHU Car Inc. | HKD'million | 9,649 | 454 | 21.25x | 15.64x |
| 2 | Boyd Group Services Inc | CAD'million | 3,737 | 18 | 205.35x | 45.94x |
| 3 | Valvoline, Inc. | USD'million | 5,043 | 94 | 53.93x | 24.85x |
| 4 | Monro, Inc. | USD'million | 535 | 2 | 246.04x | 246.04x (outlier)[6] |
| | **Median excluding outlier Before LoMD and CP** [4], [5] | | | | | **24.85x** |
| | Lack of Marketability Discount ("**LoMD**") [5] | | | | | 15.70% |
| | Control Premium ("**CP**") [5] | | | | | 38.40% |
| | **Median excluding outlier After LoMD and CP** | | | | | **28.99x** |

*Notes:*

(1) Data sourced from FactSet and annual reports of comparable companies. The market capitalization of the comparable companies is stated in their local currencies and computed based on the equity value of the companies as of 30 June 2026.

(2) Data sourced from FactSet. LTM Earnings of the comparable companies is based on the trailing twelve months financial data of the comparable companies available as of Base Date.

(3) Size Adjustments on Valuation Multiple

Historical returns on marketable securities indicate that small companies are riskier than larger companies. The multiple used in the guideline public company method is an inverse of a capitalization rate. A higher capitalization rate represents higher risk and consequently a lower multiple. Using multiples of guideline public companies might lead to the overstatement of a subject company's value. Adjustments might be made for such size differences. In the Valuation, the valuation multiples are adjusted with reference to "Adjusting Guideline Multiples for Size" by Mattson, Shannon and Drysdale published in September/October 2001 Valuation Strategies, which is a methodology accepted and applied in valuation profession.

The following formula is adopted in deriving the size adjustment:

$$Adjusted\ Multiple = \frac{1}{\frac{1}{Multiple} + \theta}$$

Where:

- θ is the size differential of which the underlying size premium data are taken with reference to Center for Research in Security Prices ("**CRSP**") Deciles Size Premia as of 31 December 2025, by Kroll — Cost of Capital Navigator. The applicable size premia extracted from the CRSP Deciles Size Premia are set out below:

| | **Market Value of Common Equity Breakpoint (USD Million)** | | |
|---|---|---|---|
| **Company Rank/Decile** | **Breakpoint (Lower)** | **Breakpoint (Upper)** | **Size Premium** |
| Mid Cap (3-5) | 4,237.16 | 20,493.88 | 0.42% |
| Low Cap (6-8) | 782.51 | 4,232.27 | 0.90% |
| Micro Cap (9-10) | 3.75 | 782.17 | 2.59% |

Based on Xinqite's market capitalisation, Xinqite falls within the Micro Cap (9-10) decile, corresponding to a target size premium of 2.59%. The size premium of 2.59% was determined with reference to Kroll's CRSP Deciles Size Premia as at 31 December 2025, under which Xinqite's implied market capitalisation places it within the Micro Cap (Deciles 9-10) category. The relevant CRSP decile categories and their corresponding USD market capitalisation thresholds and size premia are set out in the table above, namely:

- Mid Cap (Deciles 3-5): USD4,237.16 million to USD20,493.88 million, with an applicable size premium of 0.42%;

- Low Cap (Deciles 6-8): USD782.51 million to USD4,232.27 million, with an applicable size premium of 0.90%; and

- Micro Cap (Deciles 9-10): USD3.75 million to USD782.17 million, with an applicable size premium of 2.59%.

These categories reflect the market capitalisation segments defined by the CRSP decile ranking system. Mid Cap refers to mid-sized listed companies, Low Cap refers to smaller listed companies with lower market capitalisation, and Micro Cap refers to the smallest listed companies. Companies in the Micro Cap segment are generally considered to have higher investment risk and therefore attract a higher size premium, which is applied to adjust the valuation multiples derived from larger comparable companies to reflect Xinqite's business size and market profile.

The comparable companies' size premia are determined by reference to their respective market capitalisations as at the valuation date. The calculations for each comparable company are set out below:

| No | Comparable Companies | Stock Code | Currency | Market Capitalization [1,2] | Market Capitalization (USD'million) [1,2] | P/E (a) | Target Size Premium (b) | Comparable Size Premium (c) | Size Differential (θ = b – c) | Size Adjusted P/E |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | TUHU Car Inc. Class A | 9690-HK | HKD'million | 9,649 | 1,230 | 21.25x | 2.59% | 0.90% | 1.69% | 15.64x |
| 2 | Boyd Group Services Inc | BYD-CA | CAD'million | 3,737 | 2,634 | 205.35x | 2.59% | 0.90% | 1.69% | 45.94x |
| 3 | Valvoline, Inc. | VVV-US | USD'million | 5,043 | 5,043 | 53.93x | 2.59% | 0.42% | 2.17% | 24.85x |
| 4 | Monro, Inc. | MNRO-US | USD'million | 535 | 535 | 246.04x | 2.59% | 2.59% | 0.00% | 246.04x |

*Size Adjusted PE = 1/(1/a + θ)*

Monro, Inc. (MNRO-US) is treated as a statistical outlier and excluded from the calculation of the median P/E multiple, as its P/E multiple (246.04x) significantly deviates and exceeds the range of the other comparable companies (approximately 15.64x to 45.94x) and was deemed non-representative of fair market pricing and for valuation purposes. The median size-adjusted P/E excluding Monro, Inc. is 24.85x. The net profit margin of Xinqite falls within the market range of the comparable companies, confirming that the median P/E multiple provides a fair and representative indicator of central tendency by preventing extreme values from distorting the valuation outcome.

The 28.99x multiple was derived by taking the size-adjusted median P/E multiple of comparable companies (24.85x) and adjusting it for the lack of marketability and the control premium. After applying the LoMD of 15.7% and control premium of 38.4%, the adjusted median P/E multiple is 28.99x. Applying this multiple to Xinqite's LTM earnings of approximately RMB4.77 million yields an estimated 100% equity value of approximately RMB138.26 million (equivalent to approximately HK$160 million) and a 94.94% equity value of approximately HK$152 million.

(4) Median and average share the same role in understanding the central tendency of a set of numbers. Median, which would not be affected by extreme values, is regarded as a better mid-point measure for skewed number distributions. Hence, median is adopted to derive the result, which the Independent Valuer considers to be a more reasonable approach to prevent the outliers from distorting the result.

(5) Marketability Discount and Control Premium

Lack of Marketability Discount ("**LoMD**") reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held Company are typically not readily marketable compared to similar interests in publicly listed Company. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The P/E multiple adopted in the valuation was calculated from public listed Company, which represents marketable ownership interest. Fair value calculated using such P/E multiple, therefore, represents the marketable interest. Thus, LoMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report "Stout Restricted Stock Study Companion Guide (2025 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested an median marketability discount for the 783 transactions is about 15.7%. A marketability discount of 15.7% is considered appropriate and suitable for this valuation as the Independent Valuer understands that Xinqite is a privately held company. The Board, having discussed with the Independent Valuer, considers a LoMD of 15.7% to be appropriate and suitable for the valuation, given Xinqite's status as a privately held company with no ready market for its shares and the size and nature of its operations.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

*Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1 – LoMD)*

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The P/E multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; market value calculated using such multiple, therefore, represents the minority interest. A control premium was accordingly applied to adjust the minority interest value to a controlling interest value.

Adjustment for control is made by the application of a control premium to the value of Xinqite's shares. The report "*Control Premium Study: 1st Quarter 2026*" by FactSet Mergerstat, LLC, a reputable research company, suggested a median equity control premium for about 38.4%. The Board, having discussed with the Independent Valuer, considers a control premium of 38.4% to be appropriate and suitable for the valuation, given that the Company intends to acquire a controlling stake in Xinqite enabling strategic decisions, operational improvements, and synergies with the Group's existing businesses.

The value of controlling interest can be calculated from minority interest using the following formula:

*Fair Value of Controlling Interest = Fair Value of Minority Interest x (1 + Control Premium)*

Combining the adjustments on LoMD and control premium:

*Adjusted adopted multiple = adopted multiple x (1 – LoMD) x (1 + Control Premium)*

## Valuation Result

| | |
|---|---|
| LTM Earnings of Xinqite (RMB'000) [(1)] | 4,769 |
| Adjusted Median P/E Multiple [(2)] | 28.99x |
| **Estimated 100% Equity Value of Xinqite (RMB'000) [(3)]** | **138,256** |
| **Estimated 100% Equity Value of Xinqite (HKD'000) [(3)]** | **160,000** |
| **94.94% Equity Value of Xinqite (HKD'000) Rounded [(3)]** | **152,000** |

*Notes:*

(1) LTM earnings based on the latest twelve months ending 30 June 2026 unaudited financial statement of Xinqite.

(2) Selected P/E Multiple is based on the median P/E multiple computed through Guideline Company Method.

(3) The figures may not exactly add up or cross-foot due to rounding.

(4) The exchange rate of RMB to HKD is approximately 1.16.

**Whether the Vendor Acquisition Price was taken into account by the Independent Valuer**

The Board has considered whether the Vendor Acquisition Price should be taken into account in the valuation. The Board notes that the Independent Valuer has considered the Recent Acquisition but determined that the price paid therein does not represent a fair market value and therefore cannot serve as a reliable benchmark for the valuation. The Board has discussed this with the Independent Valuer and concurs with its view for the following reasons:

(i) the Recent Acquisition was a management restructuring exercise rather than an arm's length transaction concluded in the open market. The Vendor (through Mr. He) was the existing management of Xinqite and was able to negotiate a lower purchase price for the reasons disclosed above;

(ii) the Vendor Acquisition Price was determined with reference to the Seller's historical investment cost and the financial position of Xinqite at the time; and

(iii) in contrast, the Consideration under the Proposed Acquisition was negotiated on an arm's length basis between the Company and the Vendor, with the Vendor providing comprehensive warranties, indemnities and the Profit Guarantees to the Company, and the Company having conducted independent due diligence and obtained an independent valuation.

The Independent Valuer has further confirmed that, in accordance with the International Valuation Standards, fair value is defined as the price that would be received in an orderly, arm's-length transaction between market participants under current market conditions. The Independent Valuer explicitly evaluated the Recent Acquisition and determined that the consideration paid thereunder did not meet the criteria for an orderly transaction and was not a reliable valuation benchmark. In particular, the reasons include the fact that the Recent Acquisition was conducted as an internal management restructuring exercise involving Mr. He and the Vendor, was not an open-market transaction between independent third parties, and was executed in circumstances where the Seller had an urgent desire to exit following a prolonged period of operational losses. The low Vendor Acquisition Price was negotiated under exceptional circumstances, including Mr. He's intimate operational familiarity with the business, the absence of conditions precedent, seller indemnities, warranties and profit guarantees, and the buyer's assumption of all operational risks. Consequently, in line with recognized accounting and valuation principles on non-orderly transactions, the Independent Valuer concluded that the market comparison approach using adjusted peer P/E multiples represents the only objective, fair and compliant methodology to establish true fair market value.

Accordingly, the Board is of the view that the exclusion of the Recent Acquisition from the valuation is reasonable and that the valuation provides an objective and independent assessment of the fair value of Xinqite.

**Key Assumptions**

The Independent Valuer has adopted the following key assumptions in its valuation:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the business of Xinqite;
- there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values;
- Xinqite operates continuously as a going concern;
- there is no material change to the national macro-economic, industrial and regulatory development policies;
- there is no material change to the relevant tax base and tax rates after the Base Date;
- the management of Xinqite is responsible and stable, and is capable of its undertakings after the Base Date;
- Xinqite fully complies with all relevant laws and regulations; and
- there is no force majeure which has material adverse effects on Xinqite.

**The Board's View on the valuation**

The Board (including the independent non-executive Directors) has reviewed the valuation report and discussed the methodology, bases and assumptions with the Independent Valuer. The Board concurs with the Independent Valuer's view that the market approach (comparable company method) is the most appropriate methodology to determine the value of Xinqite.

The Board has also considered the key assumptions set out in the valuation report and is satisfied that they are reasonable in the circumstances.

Having reviewed the valuation report, the underlying methodologies, the key assumptions, the size adjustments, the selection of comparable companies, the exclusion of Monro, Inc. as a statistical outlier and the derivation of the adjusted P/E multiple, and having held detailed discussions with the Independent Valuer, the Directors confirm that the valuation methodology is appropriate and provides a reasonable basis for the valuation. The Directors also consider that the valuation has adequately taken into account Xinqite's current financial position, earnings stabilisation, and the post-transaction capital structure (including the waiver of the Xinqite Shareholders Loans).

Taking into account the above, the Directors (including the independent non-executive Directors) are of the view that the independent valuation provides a fair and reasonable basis for determining the Consideration, and that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

**CONSIDERATION SHARES**

The Consideration Shares comprise up to 380,000,000 new Shares under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), to be allotted and issued at the Issue Price of HK$0.3947 per Consideration Share, credited as fully paid. Of these, 190,000,000 Initial Consideration Shares will be allotted and issued upon Completion, and up to 190,000,000 Earn-out Shares will be allotted and issued subject to the earn-out conditions set out in the section headed "Profit Guarantees and Earn-Out Arrangement" below.

**The Issue Price represents:**

(i) a discount of approximately 21.8% to the closing price of HK$0.505 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a discount of approximately 14.0% to the average closing price of approximately HK$0.459 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;

(iii) a discount of approximately 14.8% to the average closing price of approximately HK$0.463 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;

(iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 3.7%, based on the theoretical diluted price of approximately HK$0.486 per Share to the benchmark price of approximately HK$0.505 per Share, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Sale and Purchase Agreement; and

(v) a premium of approximately 54.8% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on 9 November 2026, being the Latest Practicable Date.

The aggregate nominal value of the Consideration Shares is HK$1,266,666.67.

**The Issue Price**

The Board is of the opinion that the Issue Price and the Dilution Effect should be considered together with the terms and merits of the Proposed Acquisition as a whole. Additional factors considered by the Board in respect of the discount of the Issue Price to the market price and the benchmark price, as well as the Dilution Effect, are set out below.

The Issue Price of HK$0.3947 per Consideration Share was determined after arm's length negotiations between the Company and the Vendor, taking into account:

- the high volatility of the Shares, which started the year at HK$7.81, recorded a high of HK$15.96 and a low of HK$0.44, and closed at HK$0.505 as at the date of the Sale and Purchase Agreement, and experienced a continuous downward trend, representing a high investment risk;

- the closing price of the Shares was below HK$0.5 up to 3 August 2026, the trading day before the date of the Sale and Purchase Agreement;

- the Issue Price was negotiated between the Company and the Vendor during the last week of July 2026. During the period from 27 July 2026 to 31 July 2026, being the period during which the Issue Price was substantially negotiated, the average closing price of the Shares was approximately HK$0.451 per Share. Accordingly, the Issue Price of HK$0.3947 per Consideration Share represented a discount of approximately 12.5% to such average closing price, which was less significant than the discount of approximately 21.8% to the closing price on the date of the Sale and Purchase Agreement. The Board considered that the average closing price during the period in which the Issue Price was negotiated provided a relevant reference point in assessing the fairness and reasonableness of the Issue Price; and

- although the Issue Price represented a discount of approximately 21.8% to the closing price of HK$0.505 per Share as quoted on the Stock Exchange on 4 August 2026, being the date of the Sale and Purchase Agreement, the Board noted that there was an increase in the price of the Shares immediately prior to the signing of the Sale and Purchase Agreement. In particular, the closing price of the Shares increased from HK$0.460 per Share on 31 July 2026 to HK$0.505 per Share on 4 August 2026. As such, the discount represented by the Issue Price to the closing price on the date of the Sale and Purchase Agreement was calculated by reference to a closing price following such short-term increase.

**The Dilution Effect**

The Board has taken the following factors into account when considering the Dilution Effect arising from the allotment and issue of the Consideration Shares.

The Consideration Shares in aggregate represent up to (i) approximately 20.47% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 16.99% of the issued Shares as enlarged by the allotment and issue of the maximum 380,000,000 Consideration Shares, assuming that there will be no other change in the issued share capital of the Company from the Latest Practicable Date to Completion.

If only the Initial Consideration Shares (i.e., 190,000,000 Shares) are issued at Completion, they represent approximately 10.24% of the issued share capital of the Company as at the Latest Practicable Date and approximately 9.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Initial Consideration Shares.

If all the Earn-out Shares are subsequently issued, the issued share capital of the Company will increase by a further 190,000,000 Shares, and the Vendor's shareholding will increase to approximately 16.99% of the enlarged issued share capital.

The public Shareholders' shareholding will be reduced from approximately 84.63% as at the date of the Sale and Purchase Agreement to approximately 76.77% immediately after Completion (assuming only the Initial Consideration Shares are issued), and to approximately 70.25% if all the Earn-out Shares are subsequently issued. The Company will continue to maintain the minimum public float as required under Rule 13.32B of the Listing Rules.

If the Vendor did not accept full payment in the form of the Consideration Shares, the Company would have to conduct one or more placing(s) of new Shares to raise the funding required to satisfy the Consideration, as a large portion of the Company's existing cash was raised under previous fundraising exercises and has already been earmarked for other purposes.

The discounts of the placings of new Shares conducted by the Company in April 2026 and May 2026 were approximately 16% and 2.38%, respectively. The Board believes that a significant discount would be required for a placing undertaken to raise funds for the purpose of funding the Proposed Acquisition, which would result in similar dilution effect on the existing shareholders, primarily for the following reasons:

- the previous placements were conducted on a top-up basis, and the discount for such top-up placings is generally lower than that for a direct placing of new Shares, owing to the longer period to completion which exposes investors to greater market risks. The Company could not conduct a top-up placing on this occasion, as there is no closely related shareholder holding a sufficient number of Shares to facilitate such an arrangement;

- the high volatility and downward trend of the Shares;
- the size of the placing in terms of number of Shares required to satisfy the Consideration would be substantially larger than each of the previous two placements;
- the Share price has continued to decline following each of the previous two placements, and there is no certainty that a placing can be successfully completed, thereby increasing the risk of Completion of the Proposed Acquisition; and
- such placing will also have a dilution effect on the existing Shareholders.

The theoretical dilution effect of the issue of the Consideration Shares, as calculated in accordance with Rule 7.27B of the Listing Rules, is approximately 3.7%. The theoretical dilution effect of issuing Shares under a placing of 380,000,000 Shares with a discount of 10%, 15% and 20% to the benchmark price, calculated on the same basis, would be approximately 1.7%, 2.6% and 3.4%, respectively, which are not materially different from 3.7% in the grand scheme of things.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Shareholders at the EGM.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

No listing of the Consideration Shares will be sought on any other stock exchanges.

Having considered the above factors, the Directors, including the independent non-executive Directors, consider that the Issue Price, which was determined after arm's length negotiation between the Group and the Vendor, to be fair and reasonable having considered, among other things, (i) that the issue of Consideration Shares as consideration would enable the Company to acquire the controlling interest in the Target Group without causing an undue burden on the Company's cash flow; (ii) the reasons for and benefits of the Proposed Acquisition as described in the paragraph headed "Reasons for and benefits of the Proposed Acquisition" in this circular; and (iii) the Profit Guarantees made by the Vendor and Mr. He, and that the allotment and issue of the Consideration Shares at the Issue Price are in the interests of the Company and the Shareholders as a whole.

**CONDITIONS PRECEDENT**

The Company's obligation to effect Completion under the Sale and Purchase Agreement is subject to the fulfilment on or before the Extended Long Stop Date (or waiver in writing by the Company) of each of the following conditions (the "**Vendor CPs**"):

(a) the Company having completed its business, financial and legal due diligence on the Target Group and the results of such due diligence be satisfactory to the Company in its absolute discretion;

(b) all representations and warranties made by the Vendor and the Target Company in the Sale and Purchase Agreement remaining true and accurate in all material respects as at the Completion Date and do not contain any material omission or misleading statement, as if re-made on the Completion Date;

(c) the Vendor, Mr. He and the Target Company having performed and complied with all covenants and obligations required to be performed or complied with by them in the Sale and Purchase Agreement on or before the Completion Date;

(d) no Material Adverse Effect having occurred in respect of the Target Group since the Base Date;

(e) the Company has obtained all governmental, regulatory and internal approvals, consents, licences or filings necessary to effect the transactions contemplated by the Sale and Purchase Agreement including but not limited to (i) approval granted by the Listing Committee of the Stock Exchange for the listing and dealing of the Consideration Shares, which approval shall remain in full force and effect as at the Completion Date and shall not have been revoked, withdrawn or made subject to any conditions or restrictions; (ii) the Shareholders' approval of the transaction contemplated by the Sale and Purchase Agreement; and (iii) all approvals required under the Company's memorandum and articles of association and applicable laws in respect of the execution, performance and completion of the Sale and Purchase Agreement;

(f) the Target Group having obtained all third-party consents or waivers required for the transactions contemplated by the Sale and Purchase Agreement;

(g) no investigation, enforcement action, penalty proceeding or litigation by any governmental authority against the Target Group (including Xinqite and its subsidiaries) that could reasonably be expected to have a Material Adverse Effect on the Target Group;

(h) the Xinqite Shareholders Loans having been acquired by the Vendor (or its designated PRC entity) under the Vendor SPA and subsequently waived or capitalised in a manner acceptable to the Company, with supporting documentation provided to the Company;

(i) the equity interests and assets of each member company of the Target Group being free from any encumbrance (other than those disclosed in the disclosure letter and discharged prior to Completion); and

(j) save for those that have been waived or converted into capital in accordance with the scheme approved by the Company under paragraph (h) above, no member company of the Target Group has any outstanding shareholder loans or Xinqite Shareholders Loans (other than those waived or converted into capital).

Save for conditions (e) and (f) of the Vendor CPs, the Vendor's obligation to effect Completion is subject to the fulfilment on or before the Extended Long Stop Date (or waiver in writing by the Vendor) of each of the following conditions (the "**Company CPs**"):

(a) all representations and warranties made by the Company in the Sale and Purchase Agreement remaining true and accurate in all material respects as at the Completion Date and shall not contain any material omission or misleading statement;

(b) the Company having performed and complied with all covenants and obligations required to be performed or complied with by it under the Sale and Purchase Agreement on or before the Completion Date; and

(c) the Shareholders having approved the Sale and Purchase Agreement, the transactions contemplated thereunder and the Specific Mandate, and the Listing Committee having approved the listing of, and permission to deal in, the Consideration Shares.

The Company may at any time waive in whole or in part and conditionally or unconditionally any of the Vendor CPs. The Vendor may at any time waive in whole or in part and conditionally or unconditionally any of the Company CPs.

The conditions relating to Shareholders' approval, approval for the listing of and permission to deal in the Consideration Shares, and any other regulatory approval required by law or the Listing Rules are not capable of waiver.

As at the Latest Practicable Date, Conditions (a), (f), (i) and (j) of the Vendor CPs have been fulfilled, and none of the Company CPs has been fulfilled or waived.

The Vendor and the Company have undertaken to use their best endeavours to procure that their respective Conditions are satisfied on or before the Extended Long Stop Date.

If any Condition remains unsatisfied on the Extended Long Stop Date and the parties have not reached a written agreement to waive that condition or to extend the Extended Long Stop Date, any party not in breach may, by written notice to the other party, terminate the Sale and Purchase Agreement. Upon termination of the Sale and Purchase Agreement, except as otherwise provided in the Sale and Purchase Agreement, the parties' rights and obligations under the Sale and Purchase Agreement shall cease, provided that any rights and obligations accrued prior to termination shall remain unaffected.

**BREAK FEE**

If the Sale and Purchase Agreement is terminated because any of the Vendor CPs (other than those waived by the Company, if any) has not been fulfilled or waived on or before the Extended Long Stop Date, the Vendor and Mr. He shall, jointly and severally, pay a fixed termination fee of HK$1,500,000 in cash to the Company within ten Business Days after the Company's written demand, as reimbursement for the costs and expenses incurred by the Company in connection with the Proposed Acquisition. The payment of such amount shall be without prejudice to any other rights or remedies the Company may have against the Vendor or Mr. He under the Sale and Purchase Agreement or at law.

**PROFIT GUARANTEES AND EARN-OUT ARRANGEMENT**

Pursuant to the Sale and Purchase Agreement, the Vendor and Mr. He jointly and severally, and irrevocably, guarantee to the Company that the Actual Net Profit of the Xinqite Group for each Guarantee Period will not be less than the corresponding Guaranteed Profit set out below ("**Profit Guarantees**"):

| **Guarantee Period** | **Guaranteed Profit** |
|---|---|
| 2026 Guarantee Period | RMB7,000,000 |
| 2027 Guarantee Period | RMB9,000,000 |

The calculation of Actual Net Profit for each Guarantee Period assumes that the Xinqite Shareholders Loans have been waived and that no related interest expenses are incurred in 2026 and 2027.

***Basis for determining the Guaranteed Profit***

The Guaranteed Profit was determined after arm's length negotiations between the Company and the Vendor based on the profit of the Target Group in 2025 and the first six months of 2026, adjusted as if no interest payable under the Xinqite Shareholders Loans existed (the "**Interest Savings**"). The Board has taken into account the following factors when considering whether the 2026 Guaranteed Profit is achievable:

- the 2026 Guaranteed Profit of RMB7 million represents a growth of approximately 75% over the adjusted profit of the Xinqite Group for 2025, which was approximately RMB4 million, calculated as (RMB7.0 million – RMB4.0 million) ÷ RMB4.0 million × 100% = 75.0%;

- the adjusted profit of the Xinqite Group for the six months ended 30 June 2026 was approximately RMB2.13 million, representing a period-to-period growth of approximately 56.8% as compared with the adjusted profit of the Xinqite Group for the six months ended 30 June 2025 of approximately RMB1.36 million, calculated as (RMB2.13 million – RMB1.36 million) ÷ RMB1.36 million × 100% ≈ 56.8%;

- based on the unaudited management accounts of the Xinqite Group for the nine months ended 30 September 2026, and after adjusting for the Xinqite Shareholders Loans and the related interest, the Xinqite Group recorded a net profit after tax of approximately RMB5.0 million for the period; and

- the Board's assessment, based on the factors set out above, that the Xinqite Group's profitability will continue to improve. In particular, the Board has taken into account: (i) the Xinqite Group's transition from a net loss of approximately RMB3.30 million in FY2024 to a breakeven position in FY2025 and a net profit of approximately RMB0.74 million for the six months ended 30 June 2026 (or approximately RMB2.13 million on an adjusted basis, assuming waiver of the Xinqite Shareholders Loans and the consequential elimination of the entire relevant interest expense); (ii) the substantial elimination of legacy burdens following the completion of the store network rationalisation, with the remaining 23 directly-operated stores being those with positive contribution; (iii) the expected improvement in the Xinqite Group's net liabilities position as the Xinqite Shareholders Loans (approximately RMB204.27 million) will be waived upon Completion, thereby removing significant interest-bearing liabilities; and (iv) the unaudited management accounts for the nine months ended 30 September 2026, which recorded a net profit after tax of approximately RMB5.0 million (after adjusting for the Xinqite Shareholders Loans and related interest), demonstrating that the turnaround has continued and stabilised.

If the FY2026 Guaranteed Profit of RMB7 million is achieved, the Xinqite Group would require profit growth of approximately 28.6% to achieve the FY2027 Guaranteed Profit of RMB9 million, which is significantly lower than the approximately 75.0% growth required to achieve the FY2026 Guaranteed Profit over the FY2025 adjusted profit of approximately RMB4 million. The Board also considered the Xinqite Group's historical adjusted profit growth. The adjusted profit increased from approximately RMB1.98 million in FY2024 to approximately RMB4.00 million in FY2025, representing growth of approximately 102%, and adjusted profit for the six months ended 30 June 2026 was approximately RMB2.13 million, compared with approximately RMB1.36 million for the corresponding period of FY2025, representing growth of approximately 56.8%. These adjusted profits are calculated on a consistent basis assuming the waiver of the Xinqite Shareholders Loans and the elimination of the related interest expense.

In assessing the FY2027 Guaranteed Profit, the Board has taken into account the Target Group's business plan, which focuses on rolling out the refined operating model to the remaining stores, improving store-level efficiency and cash inflow, rebuilding the membership programme and digital marketing, and upgrading the customer relationship management system, and which does not assume any material increase in the number of stores in operation (being 23 directly-managed stores as at the Latest Practicable Date). Having regard to these growth rates, the operational improvements and the continuing recovery of the Xinqite Group described above, the Board considers that achieving profit of RMB9 million in FY2027 is a reasonable target, as it requires a slower rate of growth from the FY2026 guaranteed earnings base than the historical growth rates above and rather than requiring a continuation of the higher growth rate achieved in FY2026.

Furthermore, the Board considers the Guaranteed Profit to be achievable having regard to the following:

(i) the Xinqite Group's historical losses were primarily attributable to non-recurring or exceptional factors as disclosed in the section headed "Net liabilities position" above (including management transition, pandemic disruptions, expansion impact and interest expenses on related-party loans); and

(ii) the Xinqite Group's core business operations have stabilised and are showing encouraging signs of improvement.

***Acquisition P/E***

The Company will acquire the Target Group at a maximum P/E of 15.13 times, calculated as follows:

Acquisition P/E = HK$149,986,000 ÷ (RMB9,000,000 × 1.16 × 94.94%) = 15.13

The acquisition P/E is calculated by reference to the Company's effective economic interest in Xinqite of 94.94%, being the indirect interest acquired through the Target Group.

The acquisition P/E of 15.13 is calculated by reference to the FY2027 Guaranteed Profit because FY2027 is the first full financial year following the expected Completion, and the FY2027 Guaranteed Profit reflects the Target Group's stabilised, forward-looking earnings. Using the FY2027 Guaranteed Profit, which is the higher of the two Guaranteed Profits, produces the lower and more conservative acquisition P/E. If the FY2026 Guaranteed Profit were used, the acquisition P/E would be approximately 19.46. The same acquisition P/E of 15.13 is applied to both the FY2026 and FY2027 Earn-out Shares because the acquisition P/E is a single valuation metric reflecting the price the Company is paying for the Xinqite Group as a whole. The tranche sizes are determined by reference to the profit range for each year, using the same acquisition P/E.

The Directors consider that the acquisition of the Xinqite Group at a maximum P/E of 15.13 times is fair and reasonable, having regard to (i) the Company having passed the uncertain period and now heading towards stability; (ii) the industry prospects of the automotive aftermarket sector in the PRC; (iii) the synergies with the Group's existing automobile finance and retail businesses; and (iv) the earn-out structure, which ensures that the Vendor only receives the full Consideration if the Guaranteed Profits are met.

Set out below is a summary of the Xinqite Group's unaudited consolidated profit after taxation (the "**Unadjusted Profit**") and such profit adjusted for the impact of the Interest Savings (the "**Adjusted Profit**") for the six months ended 31 December 2025, the six months ended 30 June 2026 and the last twelve months' profits up to 30 June 2026:

| | **For the six months ended 31 Dec 2025** | **For the six months ended 30 Jun 2026** | **For the twelve months ended 30 Jun 2026** |
|---|---|---|---|
| Unadjusted Profit | RMB(207,000) | RMB737,000 | RMB530,000 |
| Adjusted Profit | RMB2,641,000 | RMB2,128,000 | RMB4,769,000 |

***FY2026 Earn-out Shares and their basis***

A maximum of 105,526,000 Earn-out Shares shall be allotted and issued to the Vendor by reference to the Actual Net Profit for FY2026 (the "**FY2026 Audited NPAT**"), as follows:

(i) if the FY2026 Audited NPAT is not less than RMB7,000,000, all 105,526,000 FY2026 Earn-out Shares shall be allotted and issued to the Vendor;

(ii) if the FY2026 Audited NPAT is more than RMB4,500,000 but less than RMB7,000,000, the number of FY2026 Earn-out Shares shall be calculated as follows, rounded down to the nearest whole Share:

((FY2026 Audited NPAT – RMB4,500,000) × 1.16 × 15.13) ÷ 0.3947

Subject to a maximum of 105,526,000 FY2026 Earn-out Shares.

(iii) if the FY2026 Audited NPAT is RMB4,500,000 or below, no FY2026 Earn-out Shares shall be allotted or issued.

The FY2026 Earn-out Shares, if any, shall be allotted and issued as soon as practicable after the FY2026 Audited NPAT has been finally determined in accordance with the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds).

For illustration:

| **FY2026 Audited NPAT (RMB)** | **FY2026 Earn-out Shares** |
|---|---|
| 7,000,000 or above | 105,526,000 |
| 6,000,000 | 66,699,265 |
| 5,000,000 | 22,233,088 |
| 4,500,000 or below | 0 |

The notional floor of RMB4,500,000 was determined through arm's length negotiations between the Company and the Vendor, having regard to, among other things, (i) the Xinqite Group's adjusted profit for the last twelve months ended 30 June 2026 of approximately RMB4.77 million; (ii) the unaudited management accounts of the Xinqite Group for the period ended 30 September 2026; and (iii) the value of the 190,000,000 Initial Consideration Shares at the Issue Price (i.e. HK$74,993,000), divided by the acquisition P/E of 15.13, the Exchange Rate and the effective economic and voting interest in Xinqite of 94.94%, which produces approximately RMB4,273,000.

The RMB4,500,000 threshold is used both as the lower threshold for determining the FY2026 Earn-out Shares and as the reference amount for calculating the FY2026 Cash Compensation. It is not a contractual floor.

The maximum number of FY2026 Earn-out Shares of 105,526,000 is derived as follows:

(i) take the FY2026 profit range, being the FY2026 Guaranteed Profit of RMB7,000,000 less the notional floor of RMB4,500,000, which equals RMB2,500,000;

(ii) convert it into HK$ at the Exchange Rate, giving HK$2,900,000;

(iii) multiply by the acquisition P/E of 15.13, giving HK$43,877,000;

(iv) divide by the Issue Price of HK$0.3947 per Consideration Share, giving approximately 111,165,442 Shares; and

(v) multiply by the effective economic and voting interest in Xinqite of 94.94%, giving approximately 105,540,470 Shares, further rounded down to 105,526,000 Shares.

**Compensation for FY2026**

If the FY2026 Audited NPAT is RMB4,500,000 or below, no FY2026 Earn-out Shares shall be issued, and the Vendor shall pay to the Company cash compensation within 30 Business Days after the FY2026 Audited NPAT is finally determined, calculated as follows ("**FY2026 Cash Compensation**"):

(RMB4,500,000 – FY2026 Audited NPAT) × 1.16 × 15.13 × 94.94%

(where (i) 1.16 is the Exchange Rate; (ii) 15.13 is the acquisition P/E; and (iii) 94.94% is the effective economic and voting interest in Xinqite)

Where the FY2026 Audited NPAT is the Actual Net Profit for FY2026, whether positive, zero or negative.

For the avoidance of doubt, if the Xinqite Group records a loss for FY2026, the FY2026 Audited NPAT shall be deemed to be zero (0) for the purpose of calculating the FY2026 Earn-out Shares and the FY2026 Cash Compensation. Accordingly, the following formulae shall apply:

- FY2026 Earn-out Shares: As the FY2026 Audited NPAT is deemed to be zero (0), no FY2026 Earn-out Shares will be issued; and

- FY2026 Cash Compensation: The FY2026 Cash Compensation shall be calculated based on a deemed FY2026 Audited NPAT of zero (0), pursuant to the formula (RMB4,500,000 – RMB0) × 1.16 × 15.13 × 94.94%, resulting in a maximum FY2026 Cash Compensation of approximately HK$74,980,000, which the Vendor will be required to pay to the Company.

***FY2027 Earn-out Shares and their basis***

A maximum of 84,474,000 Earn-out Shares shall be allotted and issued to the Vendor by reference to the Actual Net Profit for FY2027 (the "**FY2027 Audited NPAT**"), as follows:

(i) if the FY2027 Audited NPAT is not less than RMB9,000,000, all 84,474,000 FY2027 Earn-out Shares shall be allotted and issued to the Vendor;

(ii) if the FY2027 Audited NPAT is more than RMB7,000,000 but less than RMB9,000,000, the number of FY2027 Earn-out Shares shall be calculated as follows, rounded down to the nearest whole Share:

((FY2027 Audited NPAT – RMB7,000,000) × 1.16 × 15.13) ÷ 0.3947

Subject to a maximum of 84,474,000 FY2027 Earn-out Shares.

(iii) if the FY2027 Audited NPAT is RMB7,000,000 or below, no FY2027 Earn-out Shares shall be allotted or issued.

The FY2027 Earn-out Shares, if any, shall be allotted and issued as soon as practicable after the FY2027 Audited NPAT has been finally determined in accordance with the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds).

For illustration:

| **FY2027 Audited NPAT (RMB)** | **FY2027 Earn-out Shares** |
|---|---|
| 9,000,000 or above | 84,474,000 |
| 8,000,000 | 44,466,176 |
| 7,000,000 or below | 0 |

No cash compensation is payable in respect of FY2027.

The Board has considered the structure of the compensation mechanisms and is of the view that the inclusion of a cash compensation mechanism for FY2026 and the absence of a similar mechanism for FY2027 are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, for the following reasons:

(i) the FY2026 Cash Compensation mechanism serves as an efficient financial safeguard during the first full financial year following the completion of the Proposed Acquisition, which is a period of operational transition and business integration for the Xinqite Group. By requiring the Vendor to compensate the Company in cash for any shortfall against the FY2026 target, the Company is provided with immediate financial protection;

(ii) the absence of a cash compensation mechanism for FY2027 is because the Company has already obtained a cash safeguard for the first full financial year through the FY2026 Cash Compensation mechanism. For FY2027, the compensation structure is purely equity-based and is triggered only if the FY2027 Audited NPAT exceeds RMB7,000,000; and

(iii) the Board has specifically considered the overall economic benefits of this structure to the Company. In particular, the Board notes the following: (a) any FY2026 profit exceeding RMB7,000,000 does not require the Company to issue any additional shares or pay any additional consideration to the Vendor; (b) if the FY2026 Audited NPAT falls below RMB7,000,000, but the FY2027 Audited NPAT exceeds the FY2026 actual profit while remaining below RMB7,000,000, no additional consideration will be payable for this catch-up portion; and (c) any FY2027 profit exceeding RMB9,000,000 does not require the Company to issue any additional Earn-out Shares or pay any additional consideration to the Vendor.

Taking into account the above, the Board considers that the differing compensation mechanisms for FY2026 and FY2027 appropriately balance the Company's need for short-term financial protection with the long-term objective of aligning the Vendor's interests with those of the Shareholders, while providing clear economic benefits and cost savings to the Company. Accordingly, the Board considers that the arrangements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

***General provisions***

The FY2026 and FY2027 earn-out entitlements shall be determined separately. Any Earn-out Shares not earned for the relevant financial year shall lapse and shall not be carried forward to, or recovered by reference to the performance of, any other financial year. The aggregate number of Earn-out Shares shall not exceed 190,000,000 Shares.

Before the relevant Earn-out Shares are allotted and issued, the Vendor shall have no voting, dividend or other shareholder rights in respect of such unissued Shares. Upon allotment and issue, the Earn-out Shares shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment, and the right to vote at any general meeting of the Company held on or after the date of allotment.

Accordingly, the Directors consider that the Earn-out Arrangement, including the FY2026 Cash Compensation, is fair and reasonable, commercially justifiable, and in the interests of the Company and the Shareholders as a whole.

***Credit assessment of the Vendor and Mr. He***

The Board has assessed the financial resources of the Vendor and Mr. He, including the Consideration Shares. In making this assessment, the Board has reviewed the financial resources available to the Vendor and Mr. He, including (i) the current asset portfolio of the Vendor and Mr. He and the future asset portfolio to be retained by the Vendor following Completion, (ii) the personal financial standing of Mr. He, having regard to his long-standing role as the vice chairman and general manager of Xinqite and his direct shareholding in Xinqite, and (iii) the other protections available to the Company under the Sale and Purchase Agreement. On the basis of the above, the Board considers that the Vendor and Mr. He have sufficient financial resources to satisfy the FY2026 Cash Compensation obligations in the event that the FY2026 Audited NPAT falls below the notional floor.

***Recovery of the FY2026 Cash Compensation***

The Vendor and Mr. He are jointly and severally liable for the compensation payable under the Sale and Purchase Agreement, and Mr. He has provided a personal guarantee. The Vendor and Mr. He will also remain jointly and severally liable to make up any shortfall until fully discharged.

Having regard to the joint and several liability of the Vendor and Mr. He, the personal guarantee of Mr. He, and the representations, warranties and indemnities contained in the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), the Board considers that adequate protection is available to the Company for the recovery of the FY2026 Cash Compensation. The Company will monitor the Vendor's and Mr. He's compliance with their obligations under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and will enforce its rights if and when required.

***Board's assessment of the value of the Profit Guarantees***

The Board has taken into account the Profit Guarantees, the Earn-out Arrangement and the FY2026 Cash Compensation as part of the overall assessment of the Consideration. In particular, the Board has reviewed (i) the valuation and its basis; (ii) the basis for the Guaranteed Profit; (iii) the basis for the acquisition P/E of 15.13 times; (iv) the basis for the FY2026 and FY2027 Earn-out Shares and the FY2026 Cash Compensation; and (v) the other protections available to the Company under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds).

The Board considers that the Earn-out Arrangement is more advantageous to the Company and its Shareholders than the previous cash Compensation mechanism as disclosed in the Announcement for the following reasons:

(i) under the Earn-out Arrangement, the Earn-out Shares are not issued at Completion. This avoids immediate dilution to the existing Shareholders before the Xinqite Group has demonstrated the performance contemplated by the Guaranteed Profits. Dilution only occurs to the extent the relevant Guaranteed Profits are actually met and the Earn-out Shares are issued;

(ii) because the Earn-out Shares are issued only if and to the extent the Guaranteed Profits are met, the Company ensures that the effective acquisition P/E for the Xinqite Group will not exceed 15.13 times. If the Xinqite Group underperforms, the Vendor receives fewer or no Earn-out Shares, thereby adjusting the effective consideration paid by the Company to reflect the actual financial performance; and

(iii) the Earn-out Arrangement substantially reduces the credit risk associated with recovering cash compensation from the Vendor and Mr. He. By retaining the Earn-out Shares in an unissued state until the Guaranteed Profits are met, the Company does not need to initiate enforcement action or rely on the Vendor's financial capacity to satisfy any shortfall, save for the FY2026 Cash Compensation in relation to the specific below-floor scenario.

The Board considers that the Guaranteed Profit, the Earn-out Arrangement and the FY2026 Cash Compensation as a whole provide meaningful protection to the Company and the Shareholders by (i) aligning the interests of the Vendor and Mr. He with the financial performance of the Xinqite Group following Completion; (ii) ensuring that the Vendor will not receive the full Consideration unless the Guaranteed Profits are met; and (iii) providing a cash remedy to the Company if the FY2026 Audited NPAT falls below the notional floor.

## COMPLETION

Completion of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) shall take place on the fifth (5th) Business Day immediately following the day of the fulfilment (or waiver, as applicable) of all the Conditions above or on such other date as the parties may agree in writing.

Only the Initial Consideration Shares will be allotted and issued at Completion. The Earn-out Shares will not be allotted or issued at Completion and will be allotted and issued only if, to the extent and when the relevant earn-out conditions are satisfied following Completion, in accordance with the section headed "Profit Guarantees and Earn-Out Arrangement" above.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. The Target Company holds 100% of NTS, which in turn holds approximately 85.45% (currently representing an effective 94.94% economic and voting interest) of Xinqite as at the Latest Practicable Date. Subject to completion of the pre-Completion restructuring (including the capital reduction by Shanghai Yiru), the effective shareholding of NTS in Xinqite will increase to approximately 94.94%, and Xinqite will become an indirect non-wholly-owned subsidiary of the Company.

## INFORMATION ON THE PARTIES INVOLVED

### Information of the Company

The Company is a company incorporated in the Cayman Islands with limited liability and is an established automobile retailer providing automobile finance lease service primarily through its self-operated sales outlets in the PRC.

The Group's principal businesses comprise:

(i) Automobile retail and finance – under which the Group sells non-luxury automobiles mostly on direct finance lease. For the six months ended 30 June 2026, this segment generated revenue of approximately RMB527.1 million, representing approximately 69.2% of the Group's total revenue;

(ii) Automobile-related businesses – under which the Group primarily offers automobile operating lease service (including long-term and short-term leasing, and e-hailing vehicles) and other automobile-related services. For the six months ended 30 June 2026, this segment generated revenue of approximately RMB137.6 million, representing approximately 18.1% of the Group's total revenue; and

(iii) Outright car sales business – under which the Group sells cars on a one-off basis, primarily through vehicle exports, including via its Hong Kong subsidiary. For the six months ended 30 June 2026, this segment generated revenue of approximately RMB96.5 million, representing approximately 12.7% of the Group's total revenue.

As at 30 June 2026, the Group operated 111 self-operated sales and service outlets covering 26 provincial-level administrative regions across the PRC. The Group has also expanded its international footprint, with a presence in Central Asia (Tashkent and Almaty) and an export business operated through its Hong Kong subsidiary.

**Information of the Vendor**

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

On 15 July 2026, the Vendor entered into the Vendor SPA to acquire the entire issued share capital of the Target Company for a total consideration of RMB35,000,000 (or equivalent in HK$), of which (i) RMB5,000,000 was payable on or before 3 August 2026 (upon which completion of the Vendor SPA would take place ("**Vendor SPA Completion**")), and (ii) the balance of RMB30,000,000 shall be payable within 14 days after the Vendor SPA Completion. Under the Vendor SPA, the Vendor will enter into a debt transfer agreement with Shanghai Mingrun and Nanjing Yizizhu to acquire the Xinqite Shareholders Loans for a cash consideration of RMB1 within 14 days of the Vendor SPA Completion, such transfer to take effect immediately upon full payment of the total consideration disclosed above. As at the Latest Practicable Date, the Vendor SPA Completion has occurred and the Vendor is the sole legal and beneficial owner of the Sale Share, representing the entire issued share capital of the Target Company.

As at the Latest Practicable Date, the initial payment of RMB5 million and the balance payment of RMB30 million under the Vendor SPA have been paid by the Vendor in accordance with its terms. The Vendor has completed the Vendor SPA and the shareholder registration formalities with the BVI registered agent of the Target Company have been completed. The Vendor is the sole legal and beneficial owner of the entire issued share capital of the Target Company. Furthermore, the Vendor has completed the acquisition of the Xinqite Shareholders Loans on 17 August 2026, and the Vendor will waive such loans upon Completion.

**Information of Mr. He**

Mr. He is a PRC citizen and is currently the vice chairman and general manager of Xinqite, a position he has held since September 2005. He directly holds 1.5% of the equity interest in Xinqite as at the Latest Practicable Date. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, Mr. He, and their respective associates are Independent Third Parties. Mr. He does not fall within the definition of "connected person" under Chapter 14A of the Listing Rules as at the Latest Practicable Date.

Mr. He is the sole shareholder and ultimate beneficial owner of the Vendor. The Vendor is the sole legal and beneficial owner of the Target Company, and Mr. He, through the Vendor, is the ultimate beneficial owner of the Target Company.

**INFORMATION ON THE TARGET GROUP**

**Industry Overview**

China has become the world's largest automotive market. According to the latest data from the Ministry of Public Security, as of 2025, the total number of motor vehicles nationwide reached 469 million, with passenger vehicles accounting for approximately 90% of the total automobile fleet. However, passenger vehicle ownership stands at only about 234 units per 1,000 people – lower than in developed regions such as the United States (855 units per 1,000 people) and EU member states (582 units per 1,000 people) – indicating significant room for growth. China has ranked first globally in new vehicle sales for ten consecutive years. Passenger vehicle ownership in China is projected to maintain its growth momentum, reaching 374 million units by 2027.

As the total number of passenger vehicles in China steadily rises, the age structure of the fleet is gradually shifting. The average age of passenger vehicles in China increased from 4.9 years in 2018 to 7.3 years in 2025 and is projected to reach 8.0 years by 2027. The expanding fleet size and rising average vehicle age in China drive a corresponding increase in the demand for automotive services.

Currently, under the "Regulations on the Mandatory Scrapping Standards for Motor Vehicles", there is no mandatory scrapping age for private cars (including internal combustion engine vehicles). Private cars exceeding 15 years of age but with a total mileage of less than 600,000 kilometers may remain on the road, provided they are in good condition and pass the annual vehicle inspection. Furthermore, the Notice on Measures to Revitalize Automobile Circulation and Expand Automobile Consumption, issued in July 2022, indicates the government's commitment to boosting the vitality of the used-car market and further supporting the appropriate circulation and use of older vehicles.

Automotive services, including repair and maintenance, cleaning and detailing, and the installation of accessories – represent a critical component of user needs throughout the vehicle lifecycle. China's automotive services market encompasses services provided for all registered passenger vehicles on the road; the total market demand is directly correlated with factors such as the total number of passenger vehicles in operation and the average age of the vehicle fleet.

Driven by a massive and steadily expanding vehicle parc and the increasing average age of vehicles, China's automotive service market has become one of the fastest-growing in the world. According to a report by China Insights Consultancy, the market size of China's automotive service market, measured by Gross Merchandise Value, is projected to reach RMB1,931.9 billion by 2027.

**The Target Company**

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

As at the Latest Practicable Date, the Target Company is legally and beneficially owned by the Vendor. The Target Company directly holds 100% of the issued share capital of NTS.

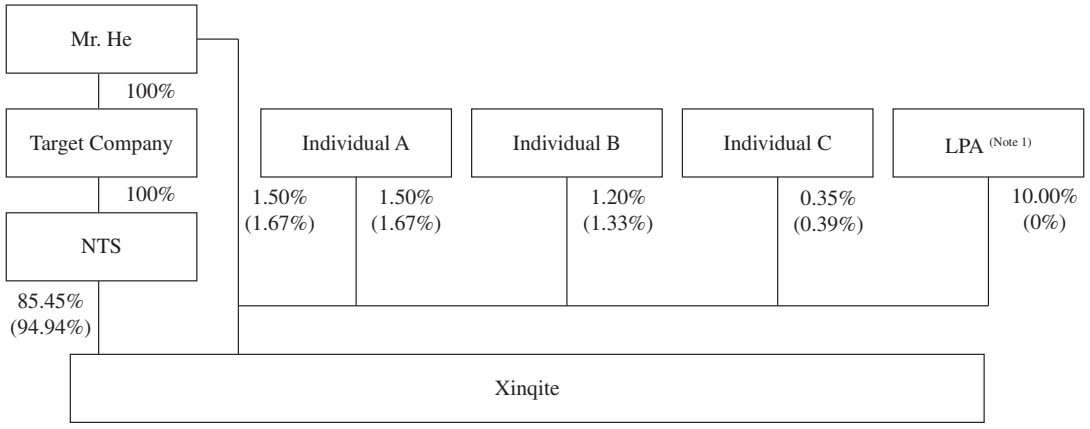
**NTS**

NTS is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, NTS directly holds approximately 85.45% (currently representing an effective 94.94% economic and voting interest) of the equity interest in Xinqite. Subject to completion of the Vendor SPA (in particular, the capital reduction by Shanghai Yiru), the effective shareholding of NTS in Xinqite will increase to approximately 94.94%.

**Xinqite**

Xinqite is a foreign-invested joint stock limited company established in the PRC. Xinqite is principally engaged in integrated automotive aftermarket services in the PRC. Its business operations cover the full spectrum of vehicle-related needs, including maintenance and repair, detailing and customization, tires and wheels, and automotive insurance. Xinqite is headquartered in Shanghai. As of 31 May 2026, Xinqite operates 23 stores nationwide, all of which are directly managed, comprising 7 stores in Shanghai, 9 in Fujian, 5 in Nanjing, and 2 in Suzhou.

The shareholding structure of the Target Group as at the Latest Practicable Date (Note 2) is as follows:




*Notes:*

1. LPA is Shanghai Yiru, a limited partnership established in the PRC. Shanghai Yiru is held as to 90% by Shanghai Xinqite Guanglai Automobile Service Co., Ltd.* (上海新奇特廣淶車業服務有限公司) and 10% by Shanghai Xinqite Lianhua Automobile Service Co., Ltd.* (上海新奇特蓮樺汽車服務有限公司), both of which are indirect wholly-owned subsidiaries of Xinqite. Shanghai Yiru has not contributed its registered capital of RMB10 million (representing 10% of Xinqite's registered capital) and has issued an irrevocable undertaking on 15 July 2026 to (i) waive all shareholder rights attaching to such unpaid capital, (ii) undertake not to contribute such capital, and (iii) cooperate with Xinqite in completing the capital reduction for such capital. To the best of the Directors' knowledge and belief, the capital reduction by Shanghai Yiru is expected to be completed within six (6) months following Completion.

2. The percentage shareholding in parenthesis illustrates the effective shareholding based on the irrevocable undertaking of Shanghai Yiru referred to in Note 1 above.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Seller, Shanghai Mingrun, Nanjing Yizizhu, Individual A, Individual B, Individual C and Shanghai Yiru is an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. He's role and shareholding in Xinqite and the Vendor SPA:

(i) the Vendor, Mr. He and/or their respective associates have no past or present relationship, arrangement or understanding (other than those arising from the Vendor SPA and the transactions contemplated thereunder) with the parties that transferred the entire equity interest in Xinqite and the Xinqite Shareholders Loans to the Vendor (including the Seller, Shanghai Mingrun and Nanjing Yizizhu); and

(ii) Shanghai Mingrun, Nanjing Yizizhu and the Vendor have no past or present relationship, arrangement, understanding or connection (whether business, contractual, financial, ownership or otherwise).

Xinqite's principal business activities are summarised as follows:

(1) **Car Repair & Oil Change/Maintenance**: Automotive repair is Xinqite's primary business. Specific services include routine maintenance, mechanical repairs, chassis and suspension repairs, and electrical/electronic control system repairs. Oil change services are performed based on mileage or time intervals (typically 5,000-10,000 km or 6-12 months, whichever comes first). Xinqite charges service fees and fees for parts (being a mark-up on costs) for general repairs, and charges for oil and filter changing services (being a margin over costs).

(2) **Auto Detailing & Car Wash**: Auto detailing serves as a key driver for attracting customers and generating revenue. Specific services include exterior washing, deep interior cleaning, engine bay cleaning, and A/C system cleaning. Through membership programs, Xinqite converts this traffic into other services such as repairs and bodywork/ painting.

(3) **Tire Sales & Mounting/Replacement**: Xinqite conducts tire mounting/replacement and also wholesales tires to third party retailers. Revenue is generated from tire sales (margin over costs) and service fees for mounting and dismounting.

(4) **Bodywork and Painting**: Xinqite provides automotive body and paint services – comprising sheet metal repair, color matching, painting, and sanding, primarily for body repair and paint restoration following collision accidents.

Xinqite's customers are primarily: (a) individual retail customers for basic services such as car repair, car washing, and detailing; (b) insurance companies for auto body and paint repair services; and (c) corporate clients for vehicle maintenance services.

**FINANCIAL INFORMATION OF XINQITE**

As the Target Company is an investment holding company, the financial information set out below relates to Xinqite, being the principal operating company and underlying asset of the Target Group.

The financial information of Xinqite set out below has not been audited. The figures are based on Xinqite's internal management accounts and prepared in accordance with the PRC Accounting Standards for Business Enterprises.

Set out below is a summary of the financial information of Xinqite for the two years ended 31 December 2024 and 31 December 2025, and the six months ended 30 June 2026:

| | For the year ended 31 Dec 2024 | For the year ended 31 Dec 2025 | For the six months ended 30 Jun 2026 |
|---|---|---|---|
| Revenue | RMB162,119,183.77 | RMB159,747,530.96 | RMB80,667,178.59 |
| Profit/(loss) before taxation | RMB(3,178,356.29) | RMB15,227.52 | RMB777,095.25 |
| Profit/(loss) after taxation | RMB(3,303,143.94) | RMB2,298.01 | RMB736,909.77 |

The profit after taxation of Xinqite for the two years ended 31 December 2024 and 31 December 2025 and the six months ended 30 June 2026, adjusted to reflect the interest savings assuming the Xinqite Shareholders Loans had been waived before 1 January 2024 and no related interest expenses were incurred during those periods, amounts to approximately RMB1,978,246.12, RMB3,997,951.46 and RMB2,128,081.23 respectively.

As at 30 June 2026, Xinqite had total assets of approximately RMB38,989,379.38, total liabilities of approximately RMB384,612,950.00 and net liabilities of approximately RMB345,623,570.62, being RMB141,352,151.81 if adjusted for the waiver of the Xinqite Shareholders Loans.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after Completion, assuming that only the Initial Consideration Shares are allotted and issued; and (iii) assuming that all the Earn-out Shares are subsequently allotted and issued in full:

| | As at the Latest Practicable Date | | Immediately after Completion (After issuance of the Initial Consideration Shares only) | | After issuance of all Earn-out Shares | |
|---|---|---|---|---|---|---|
| **Shareholders of the Company** | *Number of Shares held* | *Approx. %* | *Number of Shares held* | *Approx. %* | *Number of Shares held* | *Approx. %* |
| The Vendor | 0 | 0 | 190,000,000 | 9.29 | 380,000,000 | 16.99 |
| Glorypearl Capital Resources Company Limited [(1)] | 190,629,882 | 10.27 | 190,629,882 | 9.32 | 190,629,882 | 8.52 |
| Other entities controlled by Mr. Huang Wei [(2)] | 88,726,180 | 4.78 | 88,726,180 | 4.34 | 88,726,180 | 3.97 |
| Mr. Huang Wei | 3,000,000 | 0.16 | 3,000,000 | 0.15 | 3,000,000 | 0.13 |
| **Sub-total (Mr. Huang Wei)** | **282,356,062** | **15.21** | **282,356,062** | **13.80** | **282,356,062** | **12.63** |

| Shareholders of the Company | As at the Latest Practicable Date | | Immediately after Completion (After issuance of the Initial Consideration Shares only) | | After issuance of all Earn-out Shares | |
|---|---|---|---|---|---|---|
| | *Number of Shares held* | *Approx. %* | *Number of Shares held* | *Approx. %* | *Number of Shares held* | *Approx. %* |
| Mr. Ye Fuwei [3] | 2,863,587 | 0.15 | 2,863,587 | 0.14 | 2,863,587 | 0.13 |
| Public Shareholders | 1,571,030,351 | 84.63 | 1,571,030,351 | 76.77 | 1,571,030,351 | 70.25 |
| **Total** | **1,856,250,000** | **100.00** | **2,046,250,000** | **100.00** | **2,236,250,000** | **100.00** |

*Notes:*

(1) Glorypearl Capital Resources Company Limited, a BVI company wholly owned by Mr. Huang Wei (黃偉), an executive Director, chairman of the Board and chief executive officer of the Company.

(2) These Shares are held through certain BVI incorporated entities which are in turn held through certain PRC entities controlled by Mr. Huang Wei, including Happy Gain Business Developments Limited, Precious Luck Developments Management Limited and Southern Fortune Enterprises Management Limited.

(3) Mr. Ye Fuwei is an executive Director. These Shares are held through Billion Aspire Holdings Limited, which is a corporation controlled by Mr. Ye Fuwei.

(4) The above table does not take into account any Shares which may be allotted and issued upon the exercise of options granted under the pre-IPO share option scheme or the share option scheme of the Company adopted on 9 October 2023.

The Company expects that upon the issue of all the Consideration Shares, it will continue to maintain the public float required under Rule 13.32B of the Listing Rules. If only the Initial Consideration Shares (i.e., 190,000,000 Shares) are issued at Completion, they represent approximately 10.24% of the issued share capital of the Company as at the Latest Practicable Date and approximately 9.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Initial Consideration Shares. If all the Earn-out Shares are subsequently issued, the Vendor will hold a maximum of 380,000,000 Shares, representing approximately 16.99% of the enlarged issued share capital of the Company. The Vendor will then become a substantial shareholder and a connected person of the Company assuming all the Earn-out Shares are issued. The Company has no intention for the Vendor and/or Mr. He to have any role in the Company (including as a director or chief executive) following Completion, save for Mr. He's current role in the Target Group (including but not limited to being the vice chairman and general manager of Xinqite).

## REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company considers that the Proposed Acquisition represents a strategic opportunity for the Group to broaden its business scope and enhance its long-term competitiveness by expanding from automotive finance into the automotive aftersales service sector. The Group is principally engaged in (i) automobile retail and finance, under which the Group sells non-luxury automobiles primarily through direct finance lease arrangements; (ii) automobile-related businesses, under which the Group principally provides automobile operating lease services and other automobile-related services; and (iii) outright car sales business, under which the Group sells automobiles on a one-off basis. Through the Proposed Acquisition, the Group will obtain control of the Target Company and its principal operating subsidiary, Xinqite, a PRC-based automotive service chain principally engaged in automobile repair and maintenance and other related automotive services. The Proposed Acquisition will enable the Group to establish a platform combining automobile finance with downstream vehicle servicing, thereby extending its presence across a broader segment of the automotive value chain.

The Company believes that the integration of automobile finance and automotive servicing could facilitate the development of a more comprehensive automotive ecosystem covering vehicle acquisition, financing, usage, maintenance and eventual resale or replacement. Automotive aftersales services are generally characterised by recurring customer demand and relatively high service frequency, particularly in respect of maintenance and tyre replacement services. By entering into the independent automotive aftermarket through Xinqite's network of service outlets, the Group will be able to diversify its revenue streams. The Board considers that such diversification may enhance the resilience of the Group's overall business model and provide additional sources of recurring revenue derived from end-user customers.

In addition, the Proposed Acquisition would create cross-selling opportunities. Xinqite serves a base of passenger vehicle owners across multiple cities in the PRC, with regular customer visits driven by maintenance and servicing needs. The Company considers that such customer access may provide the Group with additional touchpoints through which automobile financing products, instalment payment arrangements and other automotive-related financial services may be introduced. The integration of service and financing offerings may improve customer acquisition efficiency, strengthen customer retention and enhance overall customer lifetime value. Furthermore, vehicle servicing data may assist the Group in refining its credit assessment, asset monitoring and residual value management processes in respect of financed vehicles, thereby potentially strengthening the Group's risk management capabilities.

The Directors (including the independent non-executive Directors), having considered the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the potential strategic benefits of the Proposed Acquisition, are of the view that the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the Proposed Acquisition are on normal commercial terms, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. In particular, the Board has considered the Consideration, which is based on the valuation prepared by the Independent Valuer, having taken into account the methodology and comparable companies (based on their businesses and operations) to be fair and reasonable. The Directors have also considered the difference between the purchase price of the Vendor under the Vendor SPA and the Consideration, taking into account, inter alia, the waiver of the Xinqite Shareholders Loans, the provision of the Profit Guarantees, the obligations of the Vendor and Mr. He under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds). Accordingly, the Board considered the Profit Guarantees, the Earn-out Arrangement and the indemnities provided by the Vendor to be fair and reasonable, and in the interests of the Company and Shareholders as a whole.

## FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

The Company has conducted the following equity fund-raising activities in the past twelve months immediately prior to the Latest Practicable Date.

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the Latest Practicable Date |
|---|---|---|---|---|
| 13 May 2026; 19 May 2026 | Placing of existing shares and top-up subscription of new shares under general mandate | Approximately HK$126.1 million | The entire net proceeds will be used by the Group for the further procurement of motor vehicles in connection with, and for the purposes of, the principal businesses of the Group. | Approximately HK$118.9 million has been used for the procurement of motor vehicles, with approximately HK$7.2 million remaining unutilised, which is also expected to be applied towards the procurement of motor vehicles. |
| 13 April 2026; 21 April 2026; | Placing of existing shares and top-up subscription of new shares under general mandate | Approximately HK$150.66 million | (i) approximately HK$75.33 million, or 50%, for the acquisition of motor vehicles in connection with, and for the purposes of, the principal businesses of the Group; and | Approximately HK$75.33 million has been used for the procurement of motor vehicles, and approximately HK$75.33 million has been used for the Group's general working capital. |
| | | | (ii) approximately HK$75.33 million, or 50%, to supplement the general working capital of the Group's operating subsidiaries for general corporate purposes. | The entire net proceeds had been fully utilised as at the Latest Practicable Date. |

Save as disclosed above, the Company has not conducted any other fund-raising activities involving the issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM. Accordingly, the allotment and issue of the Consideration Shares is conditional upon the Shareholders approving the Specific Mandate.

Based on the information presently available to the Company and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and Mr. He are Independent Third Parties. Accordingly, the Proposed Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules. Upon the allotment and issue of the maximum 380,000,000 Consideration Shares, the Vendor will hold approximately 16.99% of the enlarged issued share capital of the Company and will become a substantial shareholder and a connected person of the Company.

## EGM

The Company will convene the EGM to be held at Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin'an Branch), No. 318 Fuguang Road, Jin'an District, Fuzhou, Fujian Province on Monday, 30 November 2026 at 10:00 a.m. for the purpose of considering, and if thought fit, (i) the Proposed Acquisition and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares.

The notice of the EGM, as set out on pages EGM-1 to EGM-3 of this circular, is also available at the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.xxfqc.com/). A form of proxy for use at the EGM is enclosed with this circular and is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM and at any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

Any Shareholders or their respective associates with a material interest in the Proposed Acquisition, the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the transactions contemplated thereunder shall abstain from voting at the EGM. To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Proposed Acquisition.

**RECOMMENDATION**

Having considered the above, the Board (including the independent non-executive Directors) consider that the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable, and that the entering into the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the transactions contemplated thereunder.

**CLOSURE OF REGISTER OF MEMBERS**

To ascertain the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 25 November 2026 to Monday, 30 November 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 November 2026.

## VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward to be voted at the EGM. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## 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.

## GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

**Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions as set out in the Sale and Purchase Agreement. Therefore, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

By Order of the Board
**XXF Group Holdings Limited**
**Mr. HUANG Wei**
*Chairman of the Board, chief executive officer and executive Director*

* *For identification purposes only*

## 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. SHARES OF THE COMPANY

The authorised and issued shares of the Company (a) as at the Latest Practicable Date; (b) immediately upon the issue and allotment of the Initial Consideration Shares only; and (c) immediately upon the issue and allotment of all of the Consideration Shares, was/will be as follows:

### (a) As at the Latest Practicable Date

| **Authorised shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 12,000,000,000 Shares | 0.003333333333 | 40,000,000 |

| **Issued and fully paid or credited as fully paid shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 1,856,250,000 Shares | 0.003333333333 | 6,187,500 |

**(b) Immediately upon the issue and allotment of the Initial Consideration Shares only**

| **Authorised shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 12,000,000,000 Shares | 0.003333333333 | 40,000,000 |

| **Issued and fully paid or credited as fully paid shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 2,046,250,000 Shares | 0.003333333333 | 6,820,833.33 |

**(c) Immediately upon the issue and allotment of all the Consideration Shares**

| **Authorised shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 12,000,000,000 Shares | 0.003333333333 | 40,000,000 |

| **Issued and fully paid or credited as fully paid shares:** | **Par value per Share** *(HK$)* | **Total nominal value** *(HK$)* |
|---|---|---|
| 2,236,250,000 Shares | 0.003333333333 | 7,454,166.67 |

## 3. DISCLOSURE OF INTERESTS

### Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules, were as follows:

| Name of Director | Capacity in which Shares were held | Number of the Shares (L) *(Note 3)* | Approximate percentage of the Shares to total issued Shares | Number of the underlying shares involved (L) | Total number of Shares and underlying shares involved (L) *(Note 4)* | Approximate Percentage of total number of Shares and underlying shares to total issued Shares |
|---|---|---|---|---|---|---|
| Mr. Huang Wei ("**Mr. Huang**") | Interest of controlled corporation and Beneficial owner (*Note 1*) | 282,356,062 | 15.21 | 11,459,700 | 293,815,762 | 15.83% |
| Mr. Ye Fuwei ("**Mr. Ye**") | Interest of controlled corporation and Beneficial owner | 2,863,587 (*Note 2*) | 0.15 | 11,427,300 | 14,290,887 | 0.77% |

*Notes:*

1. Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang. Each of Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited is indirectly controlled by Mr. Huang. By virtue of the SFO, Mr. Huang is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited, Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.

2. Mr. Ye is an executive Director. These Shares are held through Billion Aspire Holdings Limited, which is a corporation controlled by Mr. Ye Fuwei.

3. The letter "L" denotes the long position in the Shares.

4. Mr. Huang and Mr. Ye are interested in such underlying Shares of the Company by virtue of the pre-IPO share option scheme adopted by the Company on 9 October 2023. For further details, please refer to the section headed "Share Incentive Schemes" in the Company's annual report for the year ended 31 December 2025.

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 interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Securities of the Company**

As at the Latest Practicable Date, to the best knowledge of the Directors and the senior management of the Company, the following are the persons (other than the Directors or chief executive of the Company whose interests are disclosed above), who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

| **Name of Shareholders** | **Capacity in which Shares were held** | **Number of Shares (L)** *(Note 1)* | **Approximate percentage of the issued shares** |
|---|---|---|---|
| Glorypearl Capital Resources Company Limited (*Note 2*) | Beneficial owner | 190,629,882 | 10.27% |
| Other entities controlled by Mr. Huang Wei (*Note 3*) | Interest of controlled corporation | 88,726,180 | 4.78% |
| Mr. Huang Wei | Beneficial owner | 3,000,000 | 0.16% |
| | Beneficial owner | 11,459,700 *(Note 4)* | 0.62% |

*Notes:*

1. The letter "L" denotes the long position in the Shares.

2. Glorypearl Capital Resources Company Limited, a BVI company wholly owned by Mr. Huang, an executive Director, chairman of the Board and chief executive officer of the Company.

3. These Shares are held through certain BVI incorporated entities which are in turn held through certain PRC entities controlled by Mr. Huang Wei, including Happy Gain Business Developments Limited, Precious Luck Developments Management Limited and Southern Fortune Enterprises Management Limited.

4. Mr. Huang is interested in such underlying Shares of the Company by virtue of the pre-IPO share option scheme adopted by the Company on 9 October 2023. For further details, please refer to the section headed "Share Incentive Schemes" in the Company's annual report for the year ended 31 December 2025.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any Director who was a director or employee of a company which had an interest or short position 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, and no other person has any interest or short position which shall be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

## 4. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as it is known to them, any of their respective associates, was interested in any business which competes or is likely to compete either directly or indirectly with the Group's business as required to be disclosed pursuant to the Listing Rules.

## 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or appointment letter with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

## 6. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors of the Company had any direct or indirect interest in any asset which has since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in the annual report for the year ended 31 December 2025 and the Company's announcement dated 15 October 2026.

## 7. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinion or advice contained or referred to in this circular:

| Name | Qualification |
|---|---|
| Masterpiece Valuation Advisory Limited | Independent Valuer |

As at the Latest Practicable Date, the above expert has confirmed that:

(a) it has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the letters and references to its name, in the form and context in which the name appears;

(b) it did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) it did not have any direct or indirect interest in any assets which had been since 31 December 2025 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

## 8. MATERIAL CONTRACT

The following contract (not being contracts entered into in the ordinary course of business of the Group) has been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date, which is, or may be, material:

(a) the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), a summary of the principal terms of which is set out in the section headed "The Sale and Purchase Agreement" in this circular.

## 9. COMMISSIONS, DISCOUNTS, BROKERAGE OR OTHER SPECIAL TERMS

There are no commissions, discounts, brokerage or other special terms granted since 31 December 2025 (the date to which the latest published audited accounts of the Company were made up) in connection with the issue or sale of any capital of any member of the Group.

## 10. MATERIAL ADVERSE CHANGE

Reference is made to the inside information announcement dated 7 August 2026 and the interim results announcement for the six months ended 30 June 2026 ("**HY 2026**") dated 20 August 2026 regarding the performance of the Group for HY 2026. As disclosed therein, the Group recorded a profit attributable to owners of the Company of approximately RMB17.5 million for HY 2026, as compared with approximately RMB22.5 million for the six months ended 30 June 2025, representing a decrease of approximately 22.0%. The decline was mainly attributable to the decrease in revenue from the Group's higher-margin automobile retail and finance businesses during HY 2026. During HY 2026, domestic passenger vehicle prices fluctuated sharply, end-user demand weakened, and the demand structure shifted materially. As a result, revenue from the Group's automobile retail and finance businesses decreased, which was largely in line with the overall market trend.

Having taken into account the above matters and the financial and trading performance of the Group for HY 2026, the Directors confirm that, as at the Latest Practicable Date, there has been no 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 Group were made up.

## 11. MATERIAL LITIGATION

No member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group, as at the Latest Practicable Date.

## 12. GENERAL

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Unit No.3503, 35/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Central and Western, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Ms. Mak Po Man Cherie. She has worked for various professional firms and listed companies in Hong Kong, with over 20 years of experience in the fields of audit, accounting, corporate finance, compliance and company secretarial matters. She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

(e) In the event of inconsistency, the English text of this circular shall prevail over its Chinese text.

## 13. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.xxfqc.com/) for a period of not less than 14 days before the date of the EGM and will also be available for inspection at the EGM:

(a) the Sale and Purchase Agreement;

(b) the First Supplemental Deed;

(c) the Second Supplemental Deed;

(d) the Third Supplemental Deed;

(e) the written consents referred to in the paragraph headed "7. EXPERT AND CONSENT" in this Appendix;

(f) the material contract referred to in the paragraph headed "8. MATERIAL CONTRACT" in this Appendix; and

(g) the valuation report.

*The following is the text of the valuation report prepared by the Independent Valuer, which was prepared for inclusion in this circular.*

**VALUATION REPORT**

In relation to the Proposed Acquisition of 新奇特車業服務股份有限公司

Prepared for:

XXF Group Holdings Limited

VALUATION Date:

30 June 2026

**STRICTLY CONFIDENTIAL**

The Board of Directors
XXF Group Holdings Limited
Building 3, Fuxing Economic Development Zone (Jin'an Sub-park of Fuzhou Software Park),
No. 318 Fuguang Road, Jin'an District,
Fuzhou City, Fujian Province,
P.R.China

11 November 2026

Dear Sirs/Madams,

**Re: Valuation of 94.94% Equity Interest of 新奇特車業服務股份有限公司**

In accordance with your instruction, Masterpiece Valuation Advisory Limited ("**Masterpiece**" or "**we**") has conducted a fair value valuation in connection with the 100% of the issued share capital of PAGAC NTS Limited, which holds an effective equity interest of approximately 94.94% in 新奇特車業服務股份有限公司("**Xinqite**" or the "**Subject Company**") as of 30 June 2026 (the "**Valuation Date**"). We understand that XXF Group Holdings Limited (the "**Company**", "**XXF Group**" or "**you**") intends to acquire 100% of the issued share capital of PAGAC NTS Limited, which indirectly holds an effective equity interest of approximately 94.94% in the Subject Company (the "**Proposed Acquisition**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Acquisition solely for your internal reference. This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realization and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

## 1. BASIS OF ANALYSIS

We have appraised the fair value of 94.94% equity interest of the Subject Company.

Fair value is 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.

## 2. COMPANY BACKGROUND

XXF Group Holdings Ltd. operates as an investment holding company. It engages in the provision of automobile services, including automobiles retail, automobiles financing and automobiles rental.

新奇特車業服務股份有限公司 is a one-stop comprehensive automotive aftermarket service chain operator in China. The Subject Company operates three proprietary brands, with core services including auto washing & detailing, vehicle maintenance & repair, interior decoration, tire & wheel services, motor insurance brokerage, and collision body sheet metal repair and refinish painting.

We understand that the Company intends to acquire certain shareholding of the Subject Company. As such, the Company would like to assess the fair value of the equity interest of the Subject Company as of the Valuation Date.

## 3. REPORTING STANDARD

We observe and follow the definitions and standards laid down by the Hong Kong Financial Reporting Standards and the International Valuation Standards.

## 4. SCOPE OF WORK

In conducting this valuation exercise, we have:

- Co-ordinated with the Company's representatives to obtain the required information and documents for our Valuation;
- Gathered the relevant information of the Subject Company, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company and the Subject Company to understand the history, business model, operations, business development plan, etc. of the Subject Company for valuation purpose;
- Carried out research in the sector concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Subject Company made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Subject Company; and
- Compiled this Report on the valuation, which outlines our findings, methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Subject Company and their authorized representatives.

## 5. SOURCES OF INFORMATION

For the purpose of our valuation, we were provided with information in respect of the Subject Company prepared by the Company, the Subject Company and their authorized representatives. The valuation required the consideration of all relevant factors including, but not limited to the following:

- Background information of the operation and relevant corporate information of the Subject Company;
- Historical financial information of the Subject Company;
- The economic outlook in general, the specific economic environment and market elements affecting the business, industry and market; and
- FactSet and other reliable sources of market data.

## 6. INDUSTRY OVERVIEW

### 6.1 Chinese Economy

The Chinese economy has grown significantly over the past decade. Nominal GDP reached RMB140,187.9 billion in 2025, achieving the official growth target of 5.0% for the year. This marked the first time GDP surpassed RMB140 trillion. Over the "14th Five-Year Plan" period, China's average annual GDP growth was 5.4%, far exceeding the world average and leading major global economies.

Entering 2026, the government set a growth target of 4.5%-5.0%. In the first half of 2026, GDP reached RMB69,570.4 billion, up 4.7% year-on-year on a constant price basis, remaining within the official target range. The first quarter grew 5.0% year-on-year, while the second quarter moderated to 4.3%. Notably, nominal GDP growth in Q2 2026 reached 5.9%, with the GDP deflator turning positive year-on-year for the first time since Q2 2023. The first-half nominal GDP increment of RMB3.6 trillion was the largest for the same period in five years.

Looking ahead, international institutions project a gradual moderation in growth. The International Monetary Fund (IMF), in its July 2026 World Economic Outlook, raised its 2026 growth forecast for China by 0.2 percentage points to 4.6%, and projects 4.1% growth in 2027. The World Bank expects 2026 growth to slow to 4.4%, with further moderation to 4.3% in 2027 and 4.2% in 2028. The OECD forecasts 4.5% growth in 2026 and 4.3% in 2027. These projections reflect persistent headwinds from weak domestic demand, ongoing real estate sector adjustment, and softening global demand, partially offset by resilient public infrastructure investment and high-tech manufacturing. High-tech manufacturing and exports have been key drivers of growth, with new economy sectors contributing over 40% to GDP in the first half of 2026.

On inflation, Consumer Price Index (CPI) rose 1.0% year-on-year in the first half of 2026, with core CPI (excluding food and energy) up 1.2% – both within a moderate 1%-2% range and well below the global inflation expectation of 4.7%. The Producer Price Index (PPI) turned positive, rising 1.5% year-on-year in the first half, driven by a 3.6% increase in Q2. Price pressures remain muted overall. China's total population is estimated at approximately 1.41 billion in 2026, reflecting continued demographic headwinds.

Looking beyond 2026, the Chinese economy is expected to maintain moderate growth through the remainder of the decade, with a gradual deceleration as the economy transitions toward higher-quality development amid structural challenges including an ageing population, elevated debt levels, and diminishing returns on capital.

### 6.2 Automotive Aftermarket in China

Data from the China Association of Automobile Manufacturers (CAAM) shows total new vehicle sales in mainland China reached 34.44 million units in 2025, steadily transitioning the market from a high-volume new-sales growth model toward a replacement – and service-driven ecosystem. According to December 2025 data from the China Passenger Car Association (CPCA), monthly retail sales of broad passenger vehicles reached 2.276 million units, while annual retail volume exceeded 23.74 million units. The industry has largely transitioned from a new-car-driven expansion toward a service-centric model focused on customer retention, lifetime value, and operational efficiency.

Looking beyond 2026, the industry is widely expected to maintain robust growth momentum through the remainder of the decade. The overall automotive aftermarket is projected to reach approximately USD151.8 billion by 2030, representing a compound annual growth rate of around 9.6%, based on forecasts from Frost & Sullivan. According to CAAM, the average age of internal combustion engine (ICE) passenger vehicles in China reached 8 years, with nearly 60% older than 7 years. Out-of-warranty maintenance, mechanical repairs, and wear-and-tear replacement parts (brakes, suspensions, belts, tires) surge.

## 7. LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference and disclosure only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Subject Company).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Acquisition and such remain the sole responsibility of the Directors and the management of the Company.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report especially for the financial information of the Subject Company provided by the management of the Company, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

## 8. VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Subject Company and specific competitive environments affecting the industry;
- the business risks of the Subject Company;
- the Comparable Companies are engaging in business operations similar to the Subject Company;
- the experience of the management team of the Subject Company and support from its shareholders; and
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject Company;
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values. Further, we assume no responsibility for changes in market conditions after the Valuation Date;
- The Subject Company operates continuously as a going concern;
- There is no material change to the national macro-economic, industrial and regulation development policies;

- There is no material change to the relevant tax base and tax rates after the Valuation Date;
- The management of the Subject Company is responsible and stable, and is capable of its undertakings after the Valuation Date;
- The Subject Company fully complies with all relevant laws and regulations; and
- There is no force majeure which has material adverse effects on the Subject Company.

## 9. VALUATION APPROACH

### 9.1 General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity value of the Subject Company, namely Income Approach, Cost Approach and Market Approach. All three approaches have been considered regarding the valuation of the Subject Company:

| | |
|---|---|
| Income Approach | The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.<br><br>The fundamental method for income approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business. |
| Cost Approach | The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history. |

| | |
|---|---|
| Market Approach | The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.<br><br>Under the market approach, the Comparable Companies method computes a price multiple for publicly listed Company that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. |

**9.2 Selected Valuation Approach**

Each of the abovementioned 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 business entities that are similar in nature. In this appraisal regarding the fair value of the equity value of the Subject Company, we applied the Market Approach due to the following reasons:

- Cost Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Subject Company are separable and can be sold separately. This methodology is more appropriate for the industry that their assets are highly liquid, like property development and financial institution. Thus, Cost Approach is not adopted in this valuation.

- The Income Approach is also considered inappropriate as numerous assumptions were involved in formulating the financial projections of the Subject Company, and these assumptions might not be able to reflect the uncertainties in their future performance. As the income approach requires detailed operational information and financial projections, it may be subject to management bias regarding future performance. Since objective supporting data is not available to support in conducting the valuation using the income approach, improper assumptions would impose a significant impact on the fair value. Therefore, the Income Approach is not adopted in this valuation.

- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the Comparable Companies were arrived from market consensus. Since there are sufficient public Company in similar nature and business to that of the Subject Company, their market values are good indicators of the industry. Therefore, Market Approach has been adopted in this valuation. Our valuation procedure under the guideline company method is illustrated as below.

- We explicitly evaluated the recent acquisition of the Subject Company (the "**Recent Acquisition**"). This involved the Vendor (Jiary Development (Hong Kong) Limited) acquiring (i) 100% of the issued share capital of PAGAC NTS Limited for RMB35,000,000, and (ii) the Xinqite Shareholders Loans from PAGAC Relay Holding I Limited's (the "**Seller**") related parties for RMB1. Under the International Valuation Standards, fair value requires an orderly, arm's length transaction between market participants under current market conditions. We determined that the consideration paid in the Recent Acquisition does not meet this criterion and is not a reliable benchmark. In particular, the reasons include the fact that the Recent Acquisition was conducted as an internal management restructuring exercise involving Mr. He and the Vendor, was not an open-market transaction between independent third parties and was executed in circumstances where the Seller had an urgent desire to exit. It was negotiated under exceptional circumstances, including Mr. He's intimate operational familiarity with the business, the absence of conditions precedent, seller indemnities, warranties and profit guarantees, and the buyer's assumption of all operational risks. Consequently, in line with recognized accounting and valuation principles on non-orderly transactions, the Market Approach under the guideline company method using adjusted comparable companies' P/E multiples represents the only objective, fair and compliant methodology to establish the fair value.

### 9.3 Guideline Company Method

By adopting guideline company method, we have to select the appropriate comparable public companies. The selection of the Comparable Companies was based on the comparability of the overall industry sector. Although no two Companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for Company with certain similar attributes.

The comparable public companies are selected by adopting FactSet and their latest audited annual reports, with reference to the following selection criteria:

- The primary business of the comparable public companies is automotive service and repair and related products, with over 50% of their revenues derived from these activities;
- The comparable public companies are listed on major stock exchanges, including but not limited to Hong Kong, China, US and Canada;
- The financial information of the comparable public companies is publicly available; and
- The comparable public companies have positive earnings for the latest twelve months.

Details of the selected Comparable Companies are listed as follows:

| # | Company Name | Ticker | Stock Exchange | Business Description | Business Segment |
|---|---|---|---|---|---|
| 1 | TUHU Car Inc. Class A | 9690-HK | Hong Kong Stock Exchange | TUHU Car, Inc. engages in the provision of online and offline platforms for automotive service. It offers automotive service demands ranging from tires and chassis parts replacement to auto maintenance, repair, and detailing. The company was founded by Min Chen, Xiao Dong Hu, Ke Ren Zhou, and Yan Zhu in 2011 and is headquartered in Shanghai, China. | –Tires & Chassis Parts: 42%<br>– Auto Maintenance: 37%<br>– Other: 21% |

| # | Company Name | Ticker | Stock Exchange | Business Description | Business Segment |
|---|---|---|---|---|---|
| 2 | Boyd Group Services Inc | BYD-CA | Toronto Stock Exchange | Boyd Group Services, Inc. provides automotive collision and glass repair services. Its services include collision repair, glass replacement, and related automotive services. The company was founded by Terry Smith on November 1, 1990 and is headquartered in Winnipeg, Canada. | –Automotive Collision Repair & Related Services: 100% |
| 3 | Valvoline, Inc. | VVV-US | NYSE | Valvoline, Inc. is a pure-play service provider focusing on preventive automotive maintenance. Under its core brand VIOC (Valvoline Instant Oil Change), the Company operates approximately 2,400 company-owned and franchised physical maintenance service centers across the United States and Canada. Founded by John Ellis in 1866, the company is headquartered in Lexington, Kentucky, the United States. | –Oil Changes & Related Fees: 73%<br>– Others: 27% |
| 4 | Monro, Inc. | MNRO-US | NASDAQ | Monro, Inc. engages in the operation of chain stores that provide automotive undercar repair and tire services. It also offers services for brakes, mufflers and exhaust systems, and steering, drive train, suspension and wheel alignment. It operates under the brand names Monro Auto Service and Tire Centers, Tire Choice Auto Service Centers, Mr. Tire Auto Service Centers, Car-X Tire & Auto, Tire Warehouse Tires for Less, Ken Towery's Tire & Auto Care, Tire Barn Warehouse, and Free Service Tire and Auto Centers. The company was founded by Charles J. August in 1957 and is headquartered in Fairport, NY. | –Tires: 48%<br>– Maintenance: 27%<br>– Others: 25% |

*Source: FactSet and latest annual reports of the Comparable Companies as of Valuation Date.*

As over 50% of the revenue is derived from automotive service and repair and related products, these comparable companies, together with the Subject Company, are considered to be similarly subject to fluctuations and performance of the industry, among other factors. Furthermore, like the Subject Company, all selected comparable companies are profitable. Thus, we consider they are confronted with similar industry risks and rewards.

Having considered the above selection criteria and bases, besides the selected 4 comparable public companies, we have not considered other comparable companies. The list of selected comparable companies is exhaustive based on our research and selection criteria on a best-effort basis.

After selecting the abovementioned comparable companies, we have to determine the appropriate market multiples for the valuation of the Subject Company. In order to reflect the future financial performance of the Subject Company, it is considered that the suitable multiple in this valuation is the price-to-earnings ratio (the "**P/E Ratio**"), which is defined as the current market price to latest 12-month earnings attributable to owners of the Subject Company.

We have also considered other common pricing multiples, such as price-to-revenue ratio and price-to-book ratio. The price-to-sale ratio is not selected in this valuation because it ignores the cost structure and hence the profitability of a company. The price-to-book ratio is considered not appropriate for this valuation because book value captures only the tangible assets of a company. A company's intangible assets as well as company-specific competencies and advantages are not captured in the price-to-book ratio. Therefore, P/E Ratio is considered appropriate and adopted in this valuation.

The P/E multiples, along with the market capitalization of the following Comparable Companies as of the Valuation Date, are listed in the table below:

| No | Company Name | Currency | Market capitalization as of Valuation Date [1], [3] | Latest Twelve Months Earnings [2], [3] | Unadjusted P/E | Size-adjusted P/E [3] |
|---|---|---|---|---|---|---|
| 1 | TUHU Car Inc. | HKD'million | 9,649 | 454 | 21.25x | 15.64x |
| 2 | Boyd Group Services Inc | CAD'million | 3,737 | 18 | 205.35x | 45.94x |
| 3 | Valvoline, Inc. | USD'million | 5,043 | 94 | 53.93x | 24.85x |
| 4 | Monro, Inc. | USD'million | 535 | 2 | 246.04x | 246.04x (outlier)[6] |
| | **Median excluding outlier Before LoMD and CP [4], [5]** | | | | | **24.85x** |

| No | Company Name | Currency | Market capitalization as of Valuation Date [1], [3] | Latest Twelve Months Earnings [2], [3] | Unadjusted P/E | Size-adjusted P/E [3] |
|---|---|---|---|---|---|---|
| | Lack of Marketability Discount ("**LoMD**") [5] | | | | | 15.70% |
| | Control Premium ("**CP**") [5] | | | | | 38.40% |
| | **Median excluding outlier After LoMD and CP** | | | | | **28.99x** |

*Notes:*

(1) Data sourced from FactSet and annual reports of comparable companies. The market capitalization of the comparable companies is stated in their local currencies and computed based on the equity value of the companies as of 30 June 2026.

(2) Data sourced from FactSet. Latest Twelve Months ("LTM") Earnings of the comparable companies is based on the trailing twelve months financial data of the comparable companies available as of Valuation Date.

(3) Size Adjustments on Valuation Multiple

Historical returns on marketable securities indicate that small companies are riskier than larger companies. The multiple used in the guideline public company method is an inverse of a capitalization rate. A higher capitalization rate represents higher risk and consequently a lower multiple. Using multiples of guideline public companies might lead to the overstatement of a subject company's value.

Adjustments might be made for such size differences. In the Valuation, the valuation multiples are adjusted with reference to "Adjusting Guideline Multiples for Size" by Mattson, Shannon and Drysdale published in September/October 2001 Valuation Strategies, which is a methodology accepted and applied in valuation profession.

The following formula is adopted in deriving the size adjustment:

$$Adjusted\ Multiple = \frac{1}{\frac{1}{Multiple} + \theta}$$

Where:

- θ is the size differential of which the underlying size premium data are taken with reference to Center for Research in Security Prices ("CRSP") Deciles Size Premia as of 31 December 2025, by Kroll — Cost of Capital Navigator;

| No | Comparable Companies | Stock Code | Currency | Market Capitalization 1,2 | Market Capitalization (USD'million) 1,2 | P/E (a) | Target Size Premium (b) | Comparable Size Premium (c) | Size Differential (θ = b – c) | Size Adjusted P/E |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | TUHU Car Inc. Class A | 9690-HK | HKD'million | 9,649 | 1,230 | 21.25x | 2.59% | 0.90% | 1.69% | 15.64x |
| 2 | Boyd Group Services Inc | BYD-CA | CAD'million | 3,737 | 2,634 | 205.35x | 2.59% | 0.90% | 1.69% | 45.94x |
| 3 | Valvoline, Inc. | VVV-US | USD'million | 5,043 | 5,043 | 53.93x | 2.59% | 0.42% | 2.17% | 24.85x |
| 4 | Monro, Inc. | MNRO-US | USD'million | 535 | 535 | 246.04x | 2.59% | 2.59% | 0.00% | 246.04x |

*Size Adjusted PE = 1/(1/a + θ)*

The target size premium is reference to ("CRSP") Deciles Size Premium as of 31 December 2025, by Kroll — Cost of Capital Navigator, extracted as below;

| Company Rank/Decile | Market Value of Common Equity Breakpoint (USD Million) Breakpoint (Lower) | Breakpoint (Upper) | Size Premium |
|---|---|---|---|
| Mid Cap (3-5) | 4,237.16 | 20,493.88 | 0.42% |
| Low Cap (6-8) | 782.51 | 4,232.27 | 0.90% |
| Micro Cap (9-10) | 3.75 | 782.17 | 2.59% |

(4) Median and average share the same role in understanding the central tendency of a set of numbers. Median, which would not be affected by extreme values, is regarded as a better mid-point measure for skewed number distributions. Hence, median is adopted to derive the result, which we consider to be a more reasonable approach to prevent the outliers from distorting the result.

(5) Marketability Discount and Control Premium

Lack of Marketability Discount ("**LOMD**") reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held Company are typically not readily marketable compared to similar interests in publicly listed Company. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The P/E multiple adopted in the valuation was calculated from public listed Company, which represents marketable ownership interest. Fair value calculated using such P/E multiple, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report "Stout Restricted Stock Study Companion Guide (2025 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested a median marketability discount of about 15.7% for the 783 transactions. A marketability discount of 15.7% is considered appropriate and suitable for this valuation as we understand that the Subject Company is a privately held company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

*Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1 – LOMD)*

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; market value calculated using such multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such minority interest market value to controlling interest market value.

Adjustment for control is made by the application of a control premium to the value of the Subject Company's shares. The report "Control Premium Study: 1st Quarter 2026" by FactSet Mergerstat, LLC, a reputable research company, suggested a median equity control premium for about 38.4%. A control premium of 38.4% is considered appropriate and suitable for this valuation as we understand that the Company intends to acquire a controlling stake in the Subject Company.

The value of controlling interest can be calculated from minority interest using the following formula:

*Fair Value of Controlling Interest = Fair Value of Minority Interest x (1 + Control Premium)*

Combining the adjustments on LOMD and control premium,

*Adjusted adopted multiple = adopted multiple x (1 – LOMD) x (1 + Control Premium)*

(6) Monro, Inc. (MNRO-US) is treated as statistical outlier and excluded from the calculation of the median P/E multiple. Its P/E multiple (246.04x) significantly exceeds the range of other comparable public companies (approximately 15.64x to 45.94x) and is not representative of its valuation.

## 10. Valuation Result

| | |
|---|---|
| LTM Earnings of the Subject Company (RMB'000) [(1)] | 4,769 |
| Adjusted Median P/E Multiple [(2)] | 28.99x |
| **Estimated 100% Equity Value of the Subject Company (RMB'000) [(3)]** | **138,256** |
| **Estimated 100% Equity Value of the Subject Company (HKD'000) [(3)]** | **160,000** |
| **Rounded 94.94% Equity Value of the Subject Company (HKD'000) [(3)]** | **152,000** |

*Notes:*

(1) LTM earnings based on the latest twelve months ending 30 June 2026 unaudited financial statement of the Subject Company, adjusted to assume full waiver of the Xinqite Shareholders Loans and elimination of related interest expense.

(2) Selected P/E Multiple is based on the median size-adjusted P/E after applying LoMD and control premium, computed through Guideline Company Method.

(3) Figures may not exactly add up or cross-foot due to rounding.

(4) Exchange rate of RMB to HKD is approximately 1.16.

## 11. CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that the fair value of the 94.94% equity interest of the Subject Company as of the Valuation Date is HKD152,000,000.

The conclusion of the fair value was based on generally accepted procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interest in XXF Group Holdings Limited nor the value reported.

Yours faithfully,
For and on behalf of
**Masterpiece Valuation Advisory Limited**

**Oswald Au**
*MHKIS (GP), AAPI MSc (RE), ICPA*
*Registered Professional Surveyor (GP)*
Managing Director

Analyzed and Reported by:

**Paul Hau**
*FCPA*
*Director*

**Amanda Liu**
*CPV*
*Director*

*Note:* Mr. Oswald W Y Au is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S. and Asia Pacific region.

**APPENDIX – GENERAL LIMITATIONS AND CONDITIONS**

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the property appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- We have not verified particulars of property, including their areas, sizes, dimensions, and descriptions, which we have used or have referred to in connection with the preparation of this Report, unless otherwise stated in this Report. Any information regarding areas, sizes, dimensions, and descriptions of property mentioned in this Report are for identification purposes only, and no one should use such information in any conveyance or other legal document. Any plans or graphical illustrations presented in this Report are intended only for facilitating the visualization of the property and its surroundings and such plans or graphical illustrations should not be regarded as a survey or a scale for size.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Acquisition, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

- Prior written consent must be obtained from Masterpiece Valuation Advisory Limited for publication of this Report. Except for disclosure in the Circular in relation to the Proposed Acquisition, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/Company with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

- No environmental impact study has been carried out, unless otherwise stated in this Report. We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

- Unless otherwise stated in this Report, the value estimate set out in this Report excludes the impact of presence of any harmful substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. For purposes of evaluating potential structural and/or environmental defects, where their existence could have a material impact on value of the property, we would recommend that advices from the relevant experts, such as a qualified structural engineer and/or industrial hygienist, should be sought.

# XXF GROUP HOLDINGS LIMITED
# 喜相逢集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2473)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the "**Meeting**") of XXF Group Holdings Limited (the "**Company**") will be held at Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin'an Branch), No. 318 Fuguang Road, Jin'an District, Fuzhou, Fujian Province on Monday, 30 November 2026 at 10:00 a.m. for the following purposes.

The capitalised terms defined in the circular dated 11 November 2026 of the Company (the "**Circular**") in relation to, among others, the Proposed Acquisition, of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

### ORDINARY RESOLUTION

1. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

   (a) "**THAT**:

   (i) the Sale and Purchase Agreement entered into between the Company as purchaser, Jiary Development (Hong Kong) Limited as Vendor, PAGAC NTS Limited as the Target Company, and 何成圳 as Guarantor, as amended and supplemented by the Supplemental Deeds, and as defined and described in the Circular, a copy of which has been produced to the EGM marked "A" and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (ii) the allotment and issue of up to 380,000,000 Consideration Shares (comprising the Initial Consideration Shares and the Earn-out Shares) at the issue price of HK$0.3947 per Consideration Share to the Vendor be and are hereby approved;

(iii) subject to the Listing Committee having granted the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby granted a specific mandate (the "**Specific Mandate**") which shall entitle the Directors to exercise all the powers of the Company to allot, issue and credit as fully paid, the Initial Consideration Shares and the Earn-out Shares (up to an aggregate maximum of 380,000,000 Consideration Shares), on and subject to the terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds), provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

(iv) any Director be and is hereby authorised to sign and execute all such documents or agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of, or in connection with, the implementation of and giving effect to the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deeds) and the transactions contemplated thereunder or in connection therewith and to agree to and make such variation, amendments or waiver of matters relating thereto or in connection therewith."

Yours faithfully,
For and on behalf of the Board
**XXF Group Holdings Limited**
**Mr. HUANG Wei**
*Chairman of the Board, chief executive officer and executive Director*

Hong Kong, 11 November 2026

*Notes:*

1. All resolutions at the Meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.

3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if it/he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.

4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting or the adjourned meeting thereof. Accordingly, this form of proxy must be delivered to the Company's share registrar in Hong Kong not later than 10:00 a.m. on Saturday, 28 November 2026 (Hong Kong time). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 25 November 2026 to Monday, 30 November 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 24 November 2026 (Hong Kong time), being the last registration date. The record date for determining the entitlement to attend and vote at the Extraordinary General Meeting is Monday, 30 November 2026.

6. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the executive Directors are Mr. Huang Wei and Mr. Ye Fuwei, and the independent non-executive Directors are Mr. Fung Che Wai, Anthony, Mr. Chen Shuo and Prof. Wang Lihong.*