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奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 100% EQUITY INTEREST IN THE
TARGET COMPANY**

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 17 January 2023 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire all the equity interest held by the Vendor in the Target Company at the consideration of RMB1.00.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 17 January 2023 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire all the equity interest held by the Vendor in the Target Company at the consideration of RMB1.00.

THE EQUITY TRANSFER AGREEMENT

Date: 17 January 2023 (after trading hours)

Parties: (i) the Vendor; and
(ii) the Purchaser

Assets to be disposed of: All the equity interest held by the Vendor in the Target Company.

Consideration: The consideration of the Transaction shall be RMB1.00.

Basis of consideration: The consideration was determined through arm's length negotiations among the parties to the Equity Transfer Agreement with reference to the unaudited financial statement of the Target Company, pursuant to which the net liability of the Target Company was approximately RMB39,413,000 as at 31 December 2022.

Conditions precedent: The Transaction is conditional upon all necessary consents and approvals to be obtained by the Purchaser and the Vendor having been obtained.

Completion: The Vendor and the Target Company shall complete the change of registration with the Industrial and Commercial Bureau within 30 working days after the signing of the Equity Transfer Agreement and the Purchaser shall provide necessary assistance.

The completion date of the Transaction shall be the date of completion of the aforementioned change of registration.

Upon completion of the Transaction, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

INFORMATION OF THE TARGET GROUP

The Target Company was established in the PRC on 27 May 2002, and is wholly owned by the Vendor as at the date of this announcement. The Target Company is principally engaged in bulk distribution sales and provision of after-sales services of household appliances.

The shareholding structure of the Target Group is as follows:

(1) The Target Company wholly owns the following companies:

- a) 揚州恒金電器銷售有限公司, a company established in the PRC with limited liability and principally engaged in bulk distribution sales of Daikin air-conditioners;
- b) 揚州匯德電器營銷有限公司, a company established in the PRC with limited liability and principally engaged in bulk distribution sales of Midea air-conditioners;
- c) 揚州盛世欣興電器銷售有限公司, a company established in the PRC with limited liability and is inactive;
- d) 上海靜健動康貿易有限公司, a company established in the PRC with limited liability and principally engaged in bulk distribution sales;
- e) 企智(江蘇)零售業有限公司, a company established in the PRC with limited liability and principally engaged in retail sales and provision of after-sales services of household appliances (“**Company 1(e)**”);

(2) The Target Company also owns the following companies:

- a) 無錫匯銀家電銷售有限公司 as to 99%, a company established in the PRC with limited liability and principally engaged in bulk distribution sales of household appliances (“**Company 2(a)**”);
- b) 南京潮明科技發展有限公司 as to 70%, a company established in the PRC with limited liability and principally engaged in retail and bulk distribution sales of household appliances (“**Company 2(b)**”);
- c) 合肥企智電器有限公司 as to 30%, a company established in the PRC with limited liability and principally engaged in bulk distribution sales of household appliances;

- d) 南京匯銀樂虎供應鏈管理有限公司 as to 82%, a company established in the PRC with limited liability and principally engaged in logistics and warehousing services;
- e) 南京海匯通供應鏈服務有限公司 as to 15%, a company established in the PRC with limited liability and principally engaged in logistics and warehousing services;
- f) 南京瑞虎電子商務科技有限公司 as to 49%, a company established in the PRC with limited liability and principally engaged in e-commerce and internet of things consulting services;
- g) 南京雲澤網絡科技有限公司 as to 12%, a company established in the PRC with limited liability and principally engaged in network technology;
- h) 江蘇匯晟供應鏈管理有限公司 as to 55%, a company established in the PRC with limited liability and is being deregistered;

(3) Company 1(e) further owns the following companies:

- a) 江蘇匯銀電子商務有限公司 as to 75%, a company established in the PRC with limited liability and principally engaged in sales of household appliances and other merchandise;
- b) Company 2(a) as to 1%;
- c) Company 2(b) as to 30%.

As at the date of this announcement, the registered capital of the Target Company amounts to RMB1,023,663,900. Set out below is a summary of the unaudited financial information of the Target Group prepared in accordance with the accounting policies adopted by the Group for each of the two years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2021	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Operating Revenue	192	—
Loss before income tax	29,763	24,566
Loss after income tax	29,763	24,812

Based on the unaudited financial information of the Target Group prepared in accordance with the accounting policies adopted by the Group, its unaudited total assets and unaudited total liabilities as at 31 December 2022 were approximately RMB25,025,000 and RMB64,438,000 respectively. The nature of such assets was mainly real estate and were in the amount of approximately RMB23,254,000. The nature of such liabilities mainly includes, inter alia, payments payable to and advances from external third parties, deposits payable and litigation liabilities and were in the amount of approximately RMB64,438,000. As such, the Target Group's unaudited net liability as at 31 December 2022 was approximately RMB39,413,000.

FINANCIAL IMPLICATIONS OF THE TRANSACTION

Upon completion of the Transaction, the Target Company will cease to be a subsidiary of the Company. It is presently expected that, for illustrative purposes only, an unaudited gain from the Transaction before tax of approximately RMB39.41 million will be recognised from the Transaction under the Equity Transfer Agreement. The shareholders of the Company should note that the aforementioned figures are for illustrative purposes only and the actual gain from the Transaction before tax recognized from the Transaction are subject to review by the auditors of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Some of the companies within the Target Group are already inactive and the household appliance business of the Company has been largely absorbed by other members of the Group.

Further, as set out above, the unaudited net liability position of the Target Company as at 31 December 2022 amounted to approximately RMB39,413,000. The Target Company is already subject to various ongoing and historical litigation matters for which judgment has been made for approximately RMB10 million. Pursuant to the PRC legal opinion obtained by the Company, the net liability position of the Target Company may further worsen by more than RMB72 million in the event further litigation is commenced against it.

Having considered the above and identified a suitable buyer, the Directors (including the independent non-executive Directors) are of the view that the Transaction and the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Company

The Company is principally engaged in investment holding. The Group is principally engaged in the retail of household appliances, mobile phones, computers, import and general merchandise, provision of maintenance and installation services in the PRC and the liquor business in the PRC.

The Vendor

揚州來好電器商貿有限公司 is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the wholesale of household appliances.

The Purchaser

北京星運良科技有限公司 is a company established in the PRC with limited liability. It is principally engaged in consulting services. The ultimate beneficial owner of the Purchaser is Mr. Jiang Xingliang. Mr. Jiang Xingliang is one of the sales agents of 北京聖商創業科技有限公司 (“**Beijing Shengshang**”), the principal operating subsidiary of the target company in the reverse takeover transaction of the Company, details of which are disclosed in the Company’s announcement dated 23 August 2022. The transaction amount between Mr. Jiang Xingliang and Beijing Shengshang is insignificant.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of Directors
“Company”	Qidian International Co., Ltd. (奇点国际有限公司), a company incorporated in the Cayman Islands with limited liability on 5 February 2008, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1280)
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	means the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and the Purchasers dated 17 January 2023 in relation to the Transaction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	北京星運良科技有限公司, a company established in the PRC with limited liability
“RMB”	renminbi yuan, the lawful currency of the PRC

“Share(s)”	ordinary shares of the Company with a nominal value of US\$0.02 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	揚州來泰商貿集團有限公司, a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Transaction”	the transfer of all the equity interests in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Vendor”	揚州來好電器商貿有限公司, a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company

* *For identification purpose only*

By Order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Yangzhou, the PRC, 17 January 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yuan Li and Mr. Xu Xinying, one non-executive Director, namely Ms. Xu Honghong, and three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.