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中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

1. Revenue for 2023 was approximately RMB319.8 million, representing an increase of 21.9% from approximately RMB262.3 million for 2022, mainly attributable to the increased revenue from liquor sales and education-related training services with our active business expansion.
2. Gross profit margin for 2023 was 19.3%, while that for 2022 was 14.6%.
3. Operating profit for 2023 was approximately RMB85.4 million, while there was an operating loss of approximately RMB112.9 million for 2022.
4. Profit for 2023 was approximately RMB53.7 million, while there was loss of approximately RMB137.8 million for 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of China Qidian Guofeng Holdings Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | <i>Notes</i> | 2023 | 2022 |
|---|--------------|-----------------------|----------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 4 | 319,813 | 262,348 |
| Cost of sales and services | | (258,063) | (224,123) |
| Gross profit | | 61,750 | 38,225 |
| Other income | | 5,903 | 6,432 |
| Other net gain/(loss) | | 5,038 | (17,673) |
| Impairment losses on trade receivables | | (158) | (497) |
| Impairment loss on property, plant and equipment and right-of-use assets | | — | (55,728) |
| Gain of disposal of subsidiaries | | 104,185 | — |
| Selling and marketing expenses | | (62,270) | (36,789) |
| Administrative expenses | | (29,004) | (46,869) |
| Operating profit/(loss) | | 85,444 | (112,899) |
| Finance income | | 292 | 274 |
| Finance costs | | (31,947) | (24,889) |
| Net finance costs | | (31,655) | (24,615) |
| Profit/(loss) before tax | 7 | 53,789 | (137,514) |
| Income tax expenses | 8 | (79) | (311) |
| Profit/(loss) for the year | | 53,710 | (137,825) |
| Attributable to: | | | |
| – Owners of the Company | | 55,854 | (136,767) |
| – Non-controlling interests | | (2,144) | (1,058) |
| | | 53,710 | (137,825) |
| Earning/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in RMB per share) | | | |
| – Basic | 9 | 0.255 | (0.624) |
| – Diluted | 9 | 0.255 | (0.624) |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | 2023 | 2022 |
|--|-----------------------|-------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Total comprehensive income/(loss) for the year: | | |
| Attributable to: | | |
| – Owners of the Company | 55,854 | (136,767) |
| – Non-controlling interest | <u>(2,144)</u> | <u>(1,058)</u> |
| | <u>53,710</u> | <u>(137,825)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | <i>Note</i> | 2023 | 2022 |
|--|-------------|-----------------------|-----------------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 7,423 | 87,472 |
| Right-of-use assets | | 14,544 | 15,693 |
| Investment properties | | 24,189 | 33,035 |
| Intangible assets | | — | 718 |
| Equity investment designated at fair value through other comprehensive income | | — | 600 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 46,156 | 137,518 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Inventories | | 56,392 | 41,647 |
| Trade receivables, net | 5 | 3,760 | 3,956 |
| Prepayments, deposits and other receivables | | 40,033 | 38,899 |
| Restricted bank deposits | | 5,020 | 8,058 |
| Cash and cash equivalents | | 162,301 | 8,359 |
| | | <hr/> | <hr/> |
| Total current assets | | 267,506 | 100,919 |
| | | <hr/> | <hr/> |
| Total assets | | <u>313,662</u> | <u>238,437</u> |

| | <i>Note</i> | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|-------------|--------------------------------------|-------------------------|
| EQUITY | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | | 29,174 | 29,174 |
| Reserves | | <u>(461,822)</u> | <u>(517,676)</u> |
| | | (432,648) | (488,502) |
| Non-controlling interests | | <u>16,546</u> | <u>17,786</u> |
| Total equity | | <u>(416,102)</u> | <u>(470,716)</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | | 471,192 | 433,345 |
| Lease liabilities | | 11,317 | 8,433 |
| Provision for reinstatement costs | | <u>282</u> | <u>311</u> |
| Total non-current liabilities | | <u>482,791</u> | <u>442,089</u> |
| Current liabilities | | | |
| Trade and bills payables | 6 | 36,557 | 123,821 |
| Accruals and other payables | | 97,703 | 38,488 |
| Contract liabilities | | 48,484 | 19,115 |
| Lease liabilities | | 10,434 | 10,577 |
| Borrowings | | — | 8,886 |
| Other current liabilities | | 53,560 | 53,560 |
| Provision for litigations | | — | 12,280 |
| Provision for reinstatement costs | | <u>235</u> | <u>337</u> |
| Total current liabilities | | <u>246,973</u> | <u>267,064</u> |
| Total liabilities | | <u>729,764</u> | <u>709,153</u> |
| Total equity and liabilities | | <u>313,662</u> | <u>238,437</u> |
| Net current assets/(liabilities) | | <u>20,533</u> | <u>(166,145)</u> |

NOTES:

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. On 8 December 2023, the Company changed its name from Qidian International Co., Ltd. to China Qidian Guofeng Holdings Limited.

The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (the “**Group**”) include (i) the retail of household appliances, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliances; (ii) the liquor business and (iii) provision of education-related training services in the People’s Republic of China (the “**PRC**”).

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2 BASIS OF PREPARATION *(continued)*

The consolidated financial statements have been prepared under the historical cost convention, by except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements for the year ended 31 December 2023 comprise the Group.

The consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

3 APPLICATION OF AMENDMENTS OF HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

| | |
|------------------------------------|--|
| HKFRS 17 and amendment to HKFRS 17 | Insurance Contracts |
| Amendment to HKFRS 17 | Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information |
| Amendments to HKAS 1 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendment to HKAS 12 | International Tax Reform – Pillar Two Model Rules |

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3 APPLICATION OF AMENDMENTS OF HKFRSs (continued)

Amendments to HKFRSs in issue but not yet effective

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

| | | Effective for annual periods beginning on or after |
|---------------------------------------|---|---|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | A date to be determined |
| Amendments to HKFRS 16 | Lease liabilities in a sales and leaseback | 1 January 2024 |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to HKAS 21 | Lack of Exchangeability | 1 January 2025 |

The directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4 REVENUE AND SEGMENT INFORMATION

(i) Revenue

Revenue represents fair value of the consideration received or receivable and for goods sold in normal course of business to customers, net of discounts and sales related taxes.

| | Year ended 31 December | |
|--------------------------------------|------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Types of goods and services | | |
| Sales of household appliances | 239,848 | 262,348 |
| Sales of liquor | 52,380 | — |
| Education-related training services | 27,585 | — |
| | <u>319,813</u> | <u>262,348</u> |
| Timing of revenue recognition | | |
| A Point in Time | <u>292,228</u> | <u>262,348</u> |
| Over Time | <u>27,585</u> | <u>—</u> |

4 REVENUE AND SEGMENT INFORMATION *(continued)*

(ii) Segment Information

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment focuses on type of goods or services delivered or provided are as follows:

- Household appliances business— retail of household appliances, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance;
- Liquor business — trading of liquor;
- Education-related training services — provision of training services.

No reporting segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

4 REVENUE AND SEGMENT INFORMATION *(continued)*

(ii) Segment Information *(continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

| | Household appliances business RMB'000 | Liquor business RMB'000 | Education- related training services business RMB'000 | Total RMB'000 |
|--|--|--|--|--------------------------|
| For the year ended 31 December 2023 | | | | |
| Revenue from sales to external customer | 239,848 | 52,380 | 27,585 | 319,813 |
| Segment results | 2,816 | (5,343) | (754) | (3,281) |
| Unallocated income | | | | 40 |
| Unallocated expenses | | | | (47,155) |
| Gain on disposal of subsidiaries | | | | 104,185 |
| Profit before tax | | | | <u>53,789</u> |
| Other segment items are as follows: | | | | |
| Depreciation charge | 2,023 | 5 | — | 2,028 |
| Amortisation charge | 3,907 | 270 | 474 | 4,651 |
| Impairment losses on trade receivables | 131 | — | 27 | 158 |
| (Reversal of impairment loss)/ | | | | |
| Impairment losses on prepayments, other receivables and deposits | (862) | 477 | 59 | (326) |
| Net reversal of write down of | | | | |
| inventories | (2,212) | — | — | (2,212) |
| Gain on disposal of property, plant and equipment and right-of-use assets | (2,155) | — | — | (2,155) |

4 REVENUE AND SEGMENT INFORMATION *(continued)*

(ii) Segment Information *(continued)*

| | Household appliances business RMB'000 | Liquor business RMB'000 | Education- related training services business RMB'000 | Total RMB'000 |
|---|--|--|--|--------------------------|
| For the year ended 31 December 2022 | | | | |
| Revenue from sales to external customer | 262,348 | — | — | 262,348 |
| Segment results | (62,625) | — | — | (62,625) |
| Unallocated income | | | | 64 |
| Unallocated expenses | | | | (74,953) |
| Loss before tax | | | | <u>(137,514)</u> |
| Other segment items are as follows: | | | | |
| Depreciation charge | 7,661 | — | — | 7,661 |
| Amortisation charge | 16,203 | — | — | 16,203 |
| Write down of inventories | 3,558 | — | — | 3,558 |
| Impairment losses on trade receivables | 497 | — | — | 497 |
| Impairment losses on prepayments, other receivables and deposits | 926 | — | — | 926 |
| Impairment losses on property, plant and equipment and right-of-use assets | 55,728 | — | — | 55,728 |
| Loss on disposal of property, plant and equipment and right-of-use assets | 89 | — | — | 89 |
| Gain on early termination of lease agreement | (862) | — | — | (862) |

4 REVENUE AND SEGMENT INFORMATION *(continued)*

(c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 31 December 2023

| Segment assets and liabilities | Household appliance business <i>RMB'000</i> | Liquor business <i>RMB'000</i> | Education- related training services business <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|---|---------------------------------|
| Segment assets | 123,652 | 59,482 | 36,358 | 219,492 |
| Unallocated assets | | | | <u>94,170</u> |
| Total assets | | | | <u><u>313,662</u></u> |
| Segment liabilities | 571,600 | 44,658 | 42,787 | 659,045 |
| Unallocated liabilities | | | | <u>70,719</u> |
| Total liabilities | | | | <u><u>729,764</u></u> |

4 REVENUE AND SEGMENT INFORMATION *(continued)*

(c) Segment assets and liabilities *(continued)*

At 31 December 2022

| | Household appliance business <i>RMB'000</i> | Liquor business <i>RMB'000</i> | Education- related training services business <i>RMB'000</i> | Total <i>RMB'000</i> |
|-----------------------------------|--|--------------------------------------|---|-------------------------|
| Segment assets and liabilities | | | | |
| Segment assets | 229,133 | — | — | 229,133 |
| Unallocated assets | | | | <u>9,304</u> |
| Total assets | | | | <u><u>238,437</u></u> |
| Segment liabilities | 620,554 | — | — | 620,554 |
| Unallocated liabilities | | | | <u>88,599</u> |
| Total liabilities | | | | <u><u>709,153</u></u> |

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, inventories, trade receivables, prepayments, deposits and other receivables and operating cash and mainly exclude restricted bank deposits pledged for bank borrowings and corporate assets of the management companies and investment holding companies.

Segment liabilities comprise operating liabilities and exclude items such as tax liabilities, corporate borrowings and corporate liabilities of the management companies and investment holding companies.

5 TRADE RECEIVABLES, NET

| | 2023 | 2022 |
|---------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 4,475 | 24,460 |
| Less: Allowance for credit loss | (715) | (20,504) |
| Trade receivables, net | <u>3,760</u> | <u>3,956</u> |

The credit terms granted to customers by the Group ranges from 30 days to 90 days.

The ageing analysis of trade receivables based on invoice date, before allowance for credit loss as at the end of the reporting period is as follows:

| | 2023 | 2022 |
|-------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0 - 90 days | 3,474 | 3,668 |
| 91 - 365 days | 555 | 271 |
| 1 year - 2 years | 94 | 480 |
| 2 years - 3 years | 72 | 766 |
| Over 3 years | 280 | 19,275 |
| Total | <u>4,475</u> | <u>24,460</u> |

All trade receivables are denominated in RMB and their carrying amounts approximate their fair values as at the end of the reporting period.

The maximum exposures of the Group to credit risk from trade receivables as at the end of the reporting period were the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

6 TRADE AND BILLS PAYABLES

| | 2023 | 2022 |
|----------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | 27,847 | 115,871 |
| Bills payable | 8,710 | 7,950 |
| | <u>36,557</u> | <u>123,821</u> |

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days.

Ageing analysis of trade payables and bill payable based on invoice date as at the end of the reporting period is as follows:

| | 2023 | 2022 |
|-------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0 - 30 days | 21,877 | 7,609 |
| 31 - 90 days | 5,365 | 5,144 |
| 91 - 365 days | 6,525 | 6,062 |
| 1 year - 2 years | — | 1,730 |
| 2 years - 3 years | 327 | 4,473 |
| Over 3 years | 2,463 | 98,803 |
| | <u>36,557</u> | <u>123,821</u> |

The trade and bills payables are denominated in RMB and their carrying amounts approximate their fair values as at the end of the reporting period.

7 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

| | 2023 | 2022 |
|--|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cost of sales and services | 258,063 | 224,123 |
| Employee benefit expenses | 35,635 | 19,851 |
| Amortisation of right-of-use assets | 3,077 | 16,203 |
| Depreciation of property, plant and equipment | 2,028 | 7,661 |
| Depreciation of investment properties | 1,574 | 942 |
| Amortisation of intangible assets | — | 319 |
| (Reversal of write down)/write down of inventories | (2,212) | 3,558 |
| Impairment loss on trade receivables | 158 | 497 |
| (Reversal of impairment loss)/Impairment loss on prepayments, other receivables and deposits | (326) | 926 |
| Impairment loss on property, plant and equipment and right of use assets | — | 55,728 |
| Provision of litigation | 20 | 12,320 |
| Auditor's remuneration | | |
| – Audit services | 2,002 | 1,786 |
| – non audited services | 230 | 180 |
| Lease payments not included in the measurement of lease liabilities | — | 1,507 |
| (Gain)/loss on disposal of property, plant and equipment and right-of-use assets | (2,155) | 89 |

8 INCOME TAX EXPENSES

| | 2023 | 2022 |
|--|-----------------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| PRC enterprise income tax (“EIT”) | | |
| Provision for the year | <u>(79)</u> | <u>(311)</u> |
| | <u>(79)</u> | <u>(311)</u> |

(a) Hong Kong profits tax

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the year (2022: Nil).

(b) PRC EIT

Under the EIT Law of the PRC, the EIT rate applicable to subsidiaries located in Mainland China is 25% (2022: 25%).

9 EARNING/(LOSS) PER SHARE

(a) Basic

Basic earning/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | 2023 | 2022 |
|---|-----------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit/(loss) attributable to owners of the Company | <u>55,854</u> | <u>(136,767)</u> |
| | '000 | <i>'000</i> |
| Weighted average number of ordinary shares in issue | <u>219,280</u> | <u>219,280</u> |
| Basic earning/(loss) per share (RMB) | <u>0.255</u> | <u>(0.624)</u> |

(b) Diluted

The computation of diluted earning/(loss) per share for the years ended 31 December 2023 and 2022 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as their assumed exercise would increase/decrease the earning/loss per share for both years.

10 DIVIDENDS

No final dividend was declared by the Company during the year (2022: Nil) and the Board of Directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

11. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2023, the Group disposed of its entire interests in 揚州來泰商貿集團有限公司 (the “**Disposed Company**”) and its subsidiaries, which in engaged in investment project in the PRC. The net assets of the Disposed Company and its subsidiaries at the date of disposal were as follow,

Analysis of assets and liabilities over which control was lost:

| | <i>RMB'000</i> |
|--|-----------------------|
| Property, plant and equipment | 25,353 |
| Rights-of-use assets | 4,009 |
| Investment property | 7,273 |
| Equity investment designated at FVTOCI | 600 |
| Restricted bank deposits | 108 |
| Cash and cash equivalents | 69 |
| Trade and bill payables | (102,418) |
| Accruals and other payables | (27,074) |
| Lease liabilities | (708) |
| Provision | (12,300) |
| | <u>(105,088)</u> |
| Gain on disposal of subsidiaries | |
| Cash consideration | 1 |
| Net liabilities disposal of | 105,088 |
| Non-controlling interest | (904) |
| | <u>104,185</u> |
| Gain on disposal | <u><u>104,185</u></u> |
| Analysis of net cashflow arising from disposal | |
| | <i>RMB'000</i> |
| Consideration | 1 |
| Restricted bank deposits | (108) |
| Cash and cash equivalents | (69) |
| | <u>(176)</u> |

12. EVENT AFTER REPORTING PERIOD

On 14 January 2024, the Company entered into a subscription agreement with Yayue Longte Co., Limited (“**Yayue Longte**”), pursuant to which the Company has conditionally agreed to allot and issue and Yayue Longte conditionally agreed to subscribe 43,855,948 subscription shares at the subscription price of HK\$0.69 per share under general mandate. The subscription has been completed on 26 January 2024. The gross proceeds from the Subscription amounted to HK\$30,260,604.12 and the net proceeds, after deduction of the related expenses, amounted to HK\$29,960,604.12. The proceeds were intended to be applied for repayment of debts, general working capital and general corporate expenses. As at the date of this announcement, HK\$20 million has been applied for repayment of Company’s outstanding debts and the remaining proceeds have not been utilised. For details please refer to the announcements of the Company dated 14 January 2024 and 26 January 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The year 2023 was the first year to fully implement the guiding principles of the 20th National Congress of the Communist Party of China. It was also the year for economic recovery after three years of COVID-19 prevention and control. The main projected targets have been successfully achieved with the economic operation generally characterized by higher growth rate, lower good prices, stable employment, and basically balanced international payment. The overall economy showed a “picking up” development trend.

BUSINESS REVIEW

During the reporting period, in the complex international and domestic environment with the general trend of weak recovery of macroeconomy, the home appliance industry, after experiencing a real estate dividend period and a rapid growth period, has encountered the almost saturated market penetration and slowing growth. According to data of All View Cloud, the total sales volume of home appliances has declined for two consecutive years, while the average price has shown a clear price increase since 2021, which implicates an obvious tendency of industrial structure upgrading.

In the Maotai-flavor liquor industry where the Company has developed business, Maotai-flavor liquor companies that possess Maotai as primary product have set off a consumption boom, based on the *White Paper on Baijiu Consumption Insight of China's New Entrepreneurs in 2023* (《2023年中國新銳企業家白酒消費洞察白皮書》) released by iiMedia Research. Upgrading consumption concepts and the unique mellow taste of Maotai-flavor liquor make it become a popular liquor category in recent years. In terms of liquor flavor preference, the relatively high product positioning and high-quality of Maotai-flavor liquor are in line with the needs of the current mainstream consumers, driving the further expansion of the consumer group and enabling itself to be the choice of 30.8% liquor consumers.

As for the training business the Company has engaged in, in recent years, the government has introduced a number of policies such as tax and fee reductions, and optimization of the business environment to encourage and support the development of small and medium-sized enterprises, and continuously invigorate market entities. The 2023 business entity data released by the State Administration for Market Regulation on 31 January 2024 shows that 124 million self-employed individuals had been registered in China by the end of 2023, accounting for 67.4% of the total business entities and providing employment for nearly 300 million people. About 22.582 million self-employed individuals were newly registered in 2023, representing a year-on-year expansion of 11.4%. The sub-sector where the Company developed its training business presents great growth potential.

As a diversified enterprise, the Group continues to develop the home appliance segment and actively deploys and promotes Maotai-flavor liquor and education-related training businesses. During the reporting period, the Group has promoted work in the aspects below:

1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUS ON MARKETING AND PAY ATTENTION TO MARKETING BONUS OF EMERGING CHANNELS OF HOME APPLIANCE

Under the macro environment of the slowdown of economic growth and complex international situation, consumer goods companies are facing greater challenges, which brings larger demand for differentiated and refined operations. Sales channels are changing obviously after the pandemic. In terms of online channels, traditional shelves'

flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development dividend period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, the front-end channels of home appliances are integrated with home construction materials, and the downward channels continue to be intensively cultivated and expanded, constantly refining and expanding lower-tier markets.

The Group's home appliance chain retailing mainly targets consumer groups in the third- and fourth-tier cities. On the one hand, it further explores fragmented channels for marketing, and on the other hand, places more efforts to accelerate the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable and cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live, short video, WeChat community and the like, so as to improve the Group's retail performance.

2. ADOPT TO THE NEW SITUATION OF MAOTAI-FLAVOR LIQUOR AND STEADILY EXPAND SALES MARKET

The *2023 China Liquor Industry Development Annual Report* (《2023 中國白酒產業發展年度報告》) released by the China Alcoholic Drinks Association, the year 2023 has witnessed the turning to a new cycle and the polarization of domestic liquor industry. As a structural adjustment of the supply and demand ushered in the market, market and regional competition has intensified. But considering the more favorable conditions than adverse ones, the economy generally is still picking up and the fundamentals sustaining sound growth have not changed. Under the industry trend of “production decrease and prices increase”, there is a promising prospect for Maotai-flavor liquor in the adjustment, given it has established a high-value product image among consumers by virtue of its scarce production capacity, and high quality and value.

During the reporting period, the Company paid close attention to and conducted research on the industry development trend, based on which to actively promote Maotai-flavor Liquor business line and diversify its retail business, thus developing a secondary growth curve for business growth and steadily enhancing the profitability of the Company. On one hand, Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒

業有限公司) (“Guizhou Guofeng”), a subsidiary of the Company in liquor industry, launched the exclusive Guofeng Maotai-flavor Liquor (國峰醬酒), which aims at mid-to high-end market. Being overseen by various China liquor consultants in production technology processes, the Guofeng Maotai-flavor Liquor has guaranteed quality and higher value of collection and tasting. Currently, the Guofeng Maotai-flavor Liquor has gradually formed a multi-channel sales model, which consists of offline distributors + online store, livestreaming, sales on social media communities and private e-commerce. It will grasp the development potential opportunities of Maotai-flavor liquor, attract related distributors, increase sales and steadily improve the Company’s performance. Meanwhile, Guizhou Guofeng orderly organized 11 times of “Tour in Liquor City (酒都資本之旅)” and held 379 tasting investment fairs of “Maotai-flavor Storm from Guofeng Sweeping the Country (席捲全國醬香峰暴)”. Making full use of the high socialized nature of liquor, step by step and with diligence and care, Guizhou Guofeng expanded the scale of distributors and market of Maotai-flavor Liquor, improved coverage at the point of sale, kept making efforts on offline sales to form favorable interaction with online marketing, thus giving a strong push on the Company’s results. On the other hand, Yuanli Liquor (Shenzhen) Co., Ltd. (原力酒業(深圳)有限公司) (Yuanli Liquor), a subsidiary of the Company in liquor industry, completed the establishment of “Shenglao Pub Project (勝老酒館項目)” from beginning with a period of one quarter from September 2023. The tasting package of the project was released during the reporting period. Also, Yuanli Liquor kept optimizing the product design including logo and packages as well as cultivating and improving the operating and marketing capabilities in accordance with the market demand.

3. DEVELOPING THE TRAINING BUSINESS AND INJECTING NEW GROWTH MOMENTUM

While steadily promoting home appliances and Maotai-flavor Liquor business, the Company actively explored new growth opportunities for its business. As set out in the announcement and circular published by the Company on 28 August 2023 and 24 October 2023, respectively, Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司) (Shenzhen Co), a subsidiary owned as to 75% by the Company, entered into an agency agreement with Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司) (Beijing Shengshang), pursuant

to which Shenzhen Co acted as Beijing Shengshang’s agent for sales and promotion of Beijing Shengshang’s training courses and services for micro-, small- and medium-sized enterprises. Also, Shenzhen Co focuses on agency services for business management courses designed and delivered by course providers and sales, marketing and provision of training services including capital market investment and financing, which injected new growth momentum for the result development of the Company.

FINANCIAL REVIEW

Revenue

Revenue for 2023 was approximately RMB319.8 million, representing an increase of 21.9% from approximately RMB262.3 million for 2022, which is mainly attributable to the increased revenue from liquor sales and education-related training services with our active business expansion.

Turnover of the Group comprises revenues as follows:

| | 2023 | 2022 |
|--------------------------------------|-----------------------|----------------|
| | <i>RMB’000</i> | <i>RMB’000</i> |
| Types of goods and services | | |
| Sales of household appliances | 239,848 | 262,348 |
| Sales of liquor | 52,380 | — |
| Education-related training services | 27,585 | — |
| | 319,813 | 262,348 |
| Timing of revenue recognition | | |
| A Point in Time | 292,228 | 262,348 |
| Over Time | 27,585 | — |

Cost of sales and services

For the year ended 31 December 2023, the cost of sales and service was approximately RMB258.1 million, increased by 15.2% from that of approximately RMB224.1 million for the year ended 31 December 2022, which was due to the increased costs of liquor sales and education-related training businesses with the starting of new business of the Company.

Gross profit

For the year ended 31 December 2023, the gross profit was approximately RMB61.8 million, increased by 61.5% from that of RMB38.2 million for the year ended 31 December 2022.

Other income

For the year ended 31 December 2023, other income recorded by the Group amounted to approximately RMB5.9 million, in comparison to other income of approximately RMB6.4 million for the year ended 31 December 2022.

Other net gain/(loss)

For the year ended 31 December 2023, the Group recorded other net gain of approximately RMB5.0 million, in comparison to other net loss of approximately RMB17.7 million for the year ended 31 December 2022.

Selling and marketing expenses

For the year ended 31 December 2023, the Group's total selling and marketing expenses amounted to approximately RMB62.3 million, representing an increase by 69.3% from approximately RMB36.8 million for the year ended 31 December 2022.

Administrative expenses

For the year ended 31 December 2023, the Group's total administrative expenses amounted to approximately RMB29.0 million, decreased by 38.1% from approximately RMB46.9 million for the year ended 31 December 2022.

Operating profit/loss

For the year ended 31 December 2023, the operating profit amounted to approximately RMB85.4 million, in comparison of other operating loss of approximately RMB112.9 million for the year ended 31 December 2022.

Net finance costs

For the year ended 31 December 2023, the net finance costs of the Group amounted to approximately RMB31.7 million, representing an increase by 28.6% in comparison to approximately RMB24.6 million for the year ended 31 December 2022.

Profit/(loss) before tax

For the year ended 31 December 2023, the profit before income tax amounted to approximately RMB53.8 million, while the loss before income tax was approximately RMB137.5 million for the year ended 31 December 2022.

Income tax expense

For the year ended 31 December 2023, the income tax expense of the Group amounted to approximately RMB79,000, while the income tax expense was approximately RMB311,000 for the year ended 31 December 2022.

Profit/(loss) attributable to equity holders of the Company

The profit of attributable to equity holders of the Company for the year ended 31 December 2023 was approximately RMB55.9 million, while the loss attributable to equity holders amounted to approximately RMB136.8 million for the year ended 31 December 2022.

Cash and cash equivalents

As at 31 December 2023, the Group's cash and cash equivalents were approximately RMB162.3 million, an increase of 18.4 times from approximately RMB8.4 million as at 31 December 2022.

Inventories

As at 31 December 2023, the Group's inventories amounted to approximately RMB56.4 million, representing an increase of 35.4% from RMB41.6 million as at 31 December 2022.

Prepayments, deposits and other receivables

As at 31 December 2023, prepayments, deposits and other receivables of the Group amounted to approximately RMB40.0 million, representing an increase of 2.9% from approximately RMB38.9 million as at 31 December 2022.

Trade receivables

As at 31 December 2023, trade receivables of the Group amounted to approximately RMB3.8 million, representing a decrease of 5.0% from approximately RMB4.0 million as at 31 December 2022.

Trade and bills payables

As at 31 December 2023, trade and bills payables of the Group amounted to approximately RMB36.6 million, in comparison approximately RMB123.8 million as at 31 December 2022.

Gearing ratio and the basis of calculation

As at 31 December 2023, gearing ratio of the Group was 232.7%, decreased from that of 297.4% as at 31 December 2022. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

Liquidity and financial resources

For the year ended 31 December 2023, the Group's working capital, capital expenditure and investment cash were funded from cash on hand and borrowings. As at 31 December 2023, the borrowings of the Group amounted to RMB471.2 million, representing an increase of 6.6% from RMB442.2 million as at 31 December 2022.

Pledge of assets

As at 31 December 2023, certain right-of-use assets, buildings and investment properties with a total carrying amount of RMB32 million had been pledged (2022: RMB67 million).

Investment properties

The Group's investment properties as of 31 December 2023 represent certain properties receiving rental income during the reporting period. Details of the investment properties of the Group as at 31 December 2023 are as follows:

| Address | Existing Use | Term of Lease |
|--|---------------------|----------------------|
| Building 6-10, No. 277 Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu, PRC | Shop | Medium-term lease |

Foreign currencies and treasury policy

All the income and the majority of expenses of the Group were denominated in Renminbi. During the year, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors closely monitor the Group's foreign exchange exposure and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

Final dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region and on the basis of the merit, qualifications and level of competence of its staff. Our management (including the Directors) receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments. The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, their individual performance and comparable market statistics.

The remuneration of other employees of the Group comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, our Group participates in different social welfare plans for our employees.

Human resources

As at 31 December 2023, the Group had 300 employees, increased by 12.36% from 267 employees as at 31 December 2022.

FUTURE OUTLOOK

Looking forward to 2024, the trend toward recovery of China's economy is still solidified and strengthened under active factors such as expected improvement of society, continuous recovery of consumption, and stabilized and improved investment and foreign trade.

Based on our projection for the macro economy situation and industry recovery trend and combined with the development status of each business segment, the Group will make efforts with focus on the following aspects:

1. STRENGTHEN DIFFERENTIATION OF HOME APPLIANCE PRODUCTS UNDER DIVERSIFIED CONSUMPTION

Based on the Company's projection on the development trend of home appliance industry consumption, with weak recovery in consumption, changing preference of consumers and the impact brought by market backlog of home appliance, resulting domestic substitutes with high-end feature as well as higher cost performance will become two major development trends of current home appliance industry. On the one hand, the high end market of home appliances still leaves a large improvement space, with the proportion of high end products of only four types of home appliances (i.e. refrigerator, clothes dryer, gas stove and dish-washing machine) representing more than 30% in domestic market currently. On the other hand, the major performance of pursuing cost efficiency in home appliance industry is purchasing domestic substitutes that are the products have higher effect and lower price.

Under the new situation of above diversified consumption, in future, the Group will not only pay attention to the importance of high-end home appliance market, strengthen the promotion effort and marketing of high end home appliance products, targeting at mid-high end consumers; but expand consumption group, listen to the demand of mid-low end consumers, focus on improvement of product effect and sales of high-quality and cost-effective home appliance products that recognized by the market. In general, the Group will provide different products and services targeting at special demand of different consumers under diversified consumption, to meet the market subdivision trend. The Group will also provide comprehensive and high-quality service from pre-sale stage to after-sale stage, to improve the purchasing experience of consumers.

2. STRENGTHEN DIGITALIZED OPERATION AND DEVELOPMENT OF MAOTAI-FLAVOR LIQUOR UNDER DIGITALIZATION

According to the *2023 China Liquor Industry Development Annual Report* released by the China Alcoholic Drinks Association,, which considers that, as for future development trend of liquor, in 2024, the digitalized and industrialized development of liquor is being transformed from expansion in quantity to improvement in quality. In response to the changes brought by the upgrade of market environment and consumption, liquor industry follows the trend and taps into the trend of digitalized transformation actively. The comprehensive application of digitalized technology will effectively improve the effectiveness of industry operation, lower the cost, enhance experience, and entirely expedite the transformation and upgrade of industry chain, which is also a huge opportunity for future innovation-driven development of liquor industry.

The Maotai-flavor Liquor business of the Group is also affected by the digitalized trend of liquor industry. In future, the Group will take full advantage of digitalization, pay attention to merger of consumption scenario and digitalization (i.e. digitalized products, operation and marketing), connect with consumers through means such as public and private operation, scenario marketing and member center management, and realize the digitalized process from user connecting, user retaining to user operating, thus continuously expanding our scale and improving the Company's results.

3. CONTINUOUSLY IMPROVE THE PROFITABILITY OF MAOTAI-FLAVOR LIQUOR BUSINESS UNDER CONSUMPTION UPGRADE

According to the *White Paper on Insight into Consumption of Baijiu by China's New Entrepreneurs in 2023* released by the iiMedia Research, the growth stage of domestic liquor industry has advanced from general growth to squeezing growth. Driven by the upgrade trend of consumption, the second-tier high end liquor enterprises show more and more strong growth momentum. According to the *2023 China Liquor Industry Development Annual Report* released by the China Alcoholic Drinks Association,, as to liquor industry aspect, with upgrade in quality, price and consumption concepts of liquor, consumption upgrade becomes the mainstream and leads the diversified consumption demand.

Under consumption upgrade, the Group continuously improves the brand influence and market penetration for Guofeng Maotai-flavor liquor, explore the secondary growth curve for business growth and steadily enhance the profitability of the Company. The Group enhances the product positioning of Guofeng Maotai-flavor liquor and Yuanli Maotai-flavor liquor and controls the quality of Maotai-flavor liquor, meets the current demand of major consumers and further expands the consumption group. Based on the projection that new entrepreneurs are the major consumers of high-quality liquor, the Company focuses on expanding the group of new entrepreneurs and increasing sales income. According to our research data: there are increasing demand from consumers for high-quality and personalized customization. Preferred by more consumers gradually and possessing abundant development space, the sealing jar liquor gradually becomes the new trend of liquor. The Group will fully develop sealing jar liquor and enhance the quality, to increase the scope of consumption group.

4. GRASP THE DEVELOPMENT POTENTIAL OF TRAINING MARKET AND STEADILY PROMOTE TRAINING BUSINESS

In 2024, the economy recovery may appear a feature of “develop and advance with fluctuation” with the structural adjustment of national economy, gradual recovery of endogenous momentum and refreshed economy vitality. The development vitality and service demand of small- and medium-sized enterprises will also be gradually released due to the gradual resuscitation of domestic economy.

The Group will grasp the favorable opportunity with improving macro economy and recovering small- and medium-sized enterprises’ vitality, continue to expand the Group’s training business by relying on Shenzhen Co, our subsidiary. The Group will steadily develop training agency business of small- and medium-sized enterprises, take full advantage of its self-course research and development and agent training business course model, and deeply engage in five training businesses (i.e. investment and financing in capital market, family education, sinology, study tour and new media). Meanwhile, the Group will enhance marketing strategy such as “precision marketing”, aiming at special target student and customer, adopt targeted marketing strategies in the aspects of marketing strategies, means, ways and price, so as to improve the market shares and the brand influence of the Company when meeting personalized demand of student and customers.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

Recognizing the importance of a publicly-listed company's responsibilities to enhance its transparency and accountability, the Group is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) that provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all shareholders and also meeting the expectations of the Group's various stakeholders. The Group is also committed to continuously improving these practices and inculcating an ethical corporate culture.

Throughout the reporting year, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from the code provision C.2.1 of the Code. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this announcement, Mr. Yuan Li acted as an executive Director and the chairman of the Board, and assumed the interim duties and responsibilities of the chief executive following the resignation of Ms. Liu Simei on 23 September 2022. However, having considered the nature and extent of the Company's operations, and Mr. Yuan Li's in-depth knowledge and experience in the industry and familiarity with the operations of the Company, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances thereby facilitating the execution of the Group's business strategies and boosting effectiveness of its operation, as well as enabling more effective planning and better execution of long-term strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the reporting year.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor, and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi, including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members with independent non-executive Directors in majority and at least one member with appropriate professional qualifications or accounting or related financial management expertise.

During the year, the Audit Committee held two meetings to review the 2022 annual financial results and 2023 interim results, all members of the Audit Committee had attended the meetings.

During the year, the Board did not hold a different view from the Audit Committee on the appointment, designation or dismissal of external auditors.

During the year, the Audit Committee also met the external auditor without the presence of the Executive Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the audited annual results of the Group for the reporting year and has recommended its adoption by the Board.

The Group's consolidated financial statements have been audited by the Group's auditor, Elite Partners CPA Limited, and it has issued an unmodified opinion.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Further announcement(s) will be made by the Company in respect of the proposed date on which the forthcoming annual general meeting will be held and the period during which the register of members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual report of the Company for the reporting year will be dispatched to shareholders of the Company and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hyjd.com in due course. This announcement can also be accessed on the aforesaid websites.

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

Shenzhen, PRC, 17 March 2024

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, namely Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao; one non-executive Director, namely Mr. Gu Changchao; and three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.