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 **China Qidian Guofeng 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.

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)

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT; PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME; GRANT OF AWARD SHARES TO AN EXECUTIVE DIRECTOR; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of the Company to be held at 10:00 a.m. on Thursday, 8 August 2024 at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC is set out on pages 39 to 40 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hyjd.com).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

19 July 2024

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Note: In the event of any discrepancy between the English and Chinese versions of this circular, the English version shall prevail.

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Amendment Date"	the date on which the Share Award Scheme is amended by the Company upon the approval by the Shareholders of the proposed amendments to the Share Award Scheme;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Award(s)" or "Award Share(s)"	an award of Shares, each representing a contingent right to receive one Share, which is awarded by the Board to selected participants pursuant to the Share Award Scheme;
"Board"	the board of Directors;
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Company"	China Qidian Guofeng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1280);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules;
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Thursday, 8 August 2024 at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC, to consider and, if appropriate, to approve the resolutions contained in the Notice which is set out on pages 39 to 40 of this circular, or any adjournment thereof;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Independent Board Committee"	an independent committee of the Board comprising of all the independent non-executive Directors to advise the Independent Shareholders in respect of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit;
"Independent Financial Adviser" or "Rainbow Capital"	Rainbow Capital (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit;
"Latest Practicable Date"	15 July 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Sun"	Mr. Sun Yue, a vice chairman, an executive Director and the chief executive officer of the Company;
"Noble Trade International"	Noble Trade International Holdings Limited* (聖行國際集團有限公司), a company incorporated in Hong Kong with limited liability on 20 December 2016 which is a controlling shareholder as at the date of this circular;
"Notice"	the notice convening the Extraordinary General Meeting;
"Remuneration Committee"	the remuneration committee of the Company;
"Renhuai Guofeng"	Guizhou Renhuai Guofeng Liquor Co., Ltd.* (貴州仁懷國峰酒業有限公司), an indirect wholly-owned subsidiary of the Company;
"Scheme Mandate Limit"	the maximum number of Shares which may be purchased, issued, allotted and allocated under the Share Award Scheme which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the amendments to the Share Award Scheme by the Shareholders on 25 January 2024 and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders;

"Service Provider Sublimit"	the sublimit for service providers of the Group pursuant to the Share Award Scheme;
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong);
"Share(s)"	ordinary share(s) of US$0.02 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Share Award Scheme"	the share award scheme of the Company adopted on 15 June 2023 and amended on 25 January 2024;
"Shareholder(s)"	holder(s) of Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial Shareholder"	has the meaning ascribed thereto under the Listing Rules;
"treasury shares"	has the meaning ascribed to it in the Listing Rules;
"Trustee"	Conyers Trustee Services (BVI) Limited, the trustee appointed by the Company to hold the Award Shares for administration of the Share Award Scheme;
"US$"	United States dollars, the lawful currency of the United States; and
"%"	percent.

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

中国奇点国峰控股有限公司
China Qidian Guofeng Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1280)

Executive Directors:
Mr. Yuan Li *(Chairman)*
Mr. Xu Xinying *(Vice-Chairman)*
Mr. Sun Yue *(Vice-Chairman and Chief Executive Officer)*
Mr. Zhuang Liangbao

Non-executive Directors:
Mr. Gu Changchao
Mr. Wang Xianfu

Independent Non-executive Directors:
Mr. Zhang Yihua
Mr. Chen Rui
Mr. Fung Tak Choi

Registered Office:
The offices of Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205, Cayman Islands

Principal Place of Business in the PRC:
Room 3602, Jingxing Sea Building
No. 3125, Linhai Avenue, Nanshan Street
Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen, PRC

Principal Place of Business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

19 July 2024

To the Shareholders

Dear Sir/Madam,

**PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT;
PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME;
GRANT OF AWARD SHARES TO AN EXECUTIVE DIRECTOR;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 27 May 2024 in relation to, inter alia, the proposed refreshment of the Scheme Mandate Limit and the grant of Award Shares to an executive Director. The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the EGM for, inter alia, the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit, proposed amendments to the Share Award Scheme in relation to the use of treasury shares and grant of Award Shares to an executive Director.

2. PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

Background of the Existing Scheme Mandate Limit

The Share Award Scheme was adopted by the Shareholders on 15 June 2023 and was amended on 25 January 2024. Pursuant to the Scheme Mandate Limit, the maximum number of Shares that may be granted under the Share Award Scheme shall not exceed 21,927,974, representing approximately 10% of the then issued share capital of the Company on 25 January 2024, being the date of approval of the latest amendments to the Share Award Scheme.

Summary of amendments to the Share Award Scheme on 25 January 2024

References are made to the announcements of the Company dated 5 December 2023 and 25 January 2024 and the circular of the Company dated 5 January 2024 in relation to, inter alia, amendments to the Share Award Scheme.

In light of the increase in revenue from the Group's liquor business of Renhuai Guofeng since the adoption of the Share Award Scheme, the Share Award Scheme was amended on 25 January 2024 to:

(i) involve the grant of Award Shares by the issuance of new Shares in addition to purchase of existing Shares;

(ii) extend the existing scope of eligible participants of regional or authorised/designated dealers and distributors in respect of the Group's liquor business to include the external sales agents, promotion consultants/advisers and trainers/ instructors of the Group's sales agency services and training business;

(iii) revise the Service Provider Sublimit from approximately 9% to approximately 7% of the then issued Shares of the Company. The existing Service Provider Sublimit pursuant to the Share Award Scheme amounted to 15,349,582 Shares;

(iv) revise the vesting conditions for vesting of Awards and number of Award Shares;

(v) revise the performance targets which will be set out in the grant notice on a case-by-case basis; and

(vi) revise the clawback mechanism to reflect the changes in accordance with the amended scope of eligible participants.

Grant of Award Shares Pursuant to the Share Award Scheme

Reference is made to the announcement of the Company dated 27 May 2024 in relation to, among other things, the proposed refreshment of Scheme Mandate Limit. During the period from the adoption date of the Share Award Scheme on 15 June 2023 to the Latest Practicable Date, 10,307,678 Award Shares, representing approximately 1.08% of the total number of 951,762,830 issued Shares as at the

Latest Practicable Date, have been (conditionally) granted to the eligible participants at nil consideration under the Share Award Scheme. Out of 10,307,678 Award Shares, (i) 5,555,000 Award Shares, representing approximately 0.58% of the issued share capital of the Company as at the Latest Practicable Date, were granted to 372 service providers of the Company, who are regional and designated dealers and distributors of liquor business; (ii) 3,965,678 Award Shares, representing approximately 0.42% of the issued share capital of the Company as at the Latest Practicable Date, were conditionally granted to Mr. Sun, details of which are set out below in the paragraph headed "Proposed Grant and Issue of Award Shares to an Executive Director"; (iii) 100,000 Award Shares, representing 0.01% of the issued share capital of the Company as at the Latest Practicable Date, were granted to Mr. Yu Kun, the executive director pursuant to the Share Award Scheme; and (iv) 687,000 Award Shares, representing approximately 0.07% of the issued share capital of the Company as at the Latest Practicable Date, were granted to 24 employees of the Company. As Mr. Sun is an executive Director and chief executive officer of the Company and Mr. Yu Kun is the executive director of Renhuai Guofeng, a subsidiary of the Company, they are connected persons of the Company.

A total of 10,307,678 Award Shares have been granted under the existing Scheme Mandate Limit and a total of 5,555,000 Award Shares have been granted under the existing Service Provider Sublimit. The Shares available for future grant under the existing Scheme Mandate Limit and the existing Service Provider Sublimit amount to 11,620,296 Shares and 9,794,582 Shares, respectively, which account for 1.22% and 1.03% of the total issued Shares of the Company as at the Latest Practicable Date.

The grantees involve employee participants and service provider participants who are regional and designated dealers and distributors of liquor business of the Group. The grant of Award Shares to grantees other than Mr. Sun is to provide incentives and rewards to grantees for their contributions to and continuing efforts to promote the interests of the Company. The Board is of the view that such grant of Award Shares aligns with the purpose of the Share Award Scheme, which is to (i) recognise the contributions made by certain selected participants with an opportunity to acquire a proprietary interest in the Company and to provide them with incentives in order to retain them for continual operation, development and growth of the Group as a whole; and (ii) provide additional incentives for the eligible participants to achieve performance goals. The Remuneration Committee believes and the Board concurs that such grants align the interests of the employee participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and encourage and retain such grantees to make contributions to the long-term growth and profits of the Group. The Remuneration Committee and the Board consider the grants to the service provider participants to be in line with industry norms and appropriate as all the service provider participants have extensive experience and resource in the liquor business and are beneficial to the business of the Group and such grant would incentivise them to provide their valuable contributions to promoting business opportunities of the Group's liquor business and motivate such grantees to commit and strengthen their long-term service commitment to the Group. As such, the Board is of the view that the grant to such service provider participants will enhance the long term relationship with these participants by aligning their interests with that of the Company and the Shareholders and are in line with the objective and purpose of the Share Award Scheme. The reason for the grant of Award Shares to Mr. Sun is set out below in the paragraph headed "Proposed Grant and Issue of Award Shares to an Executive Director".

As the Award Shares were granted at nil consideration, there is no arrangement by the Company to provide financial assistance to the grantees to facilitate the purchase of Shares under the Share Award Scheme.

Proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit

At the EGM, ordinary resolutions will be proposed to the Independent Shareholders to approve, among other things, (i) the refreshment of Scheme Mandate Limit so as to allow the Company to grant further Awards under the Share Award Scheme of up to 10% of the Shares in issue (excluding any treasury Shares) as at the date of passing the resolution; and (ii) the refreshment of the Service Provider Sublimit in proportion to the refreshed Scheme Mandate Limit as detailed in the section headed "Proposed Refreshment of Scheme Mandate Limit" below. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, the maximum number of Shares which may be granted under the Share Award Scheme will be 95,176,283 Shares, representing approximately 10% of the issued share capital of the Company (excluding any treasury Shares) as at the date of the EGM.

There has not been any refreshment of the Scheme Mandate Limit and Service Provider Sublimit since the adoption of the Share Award Scheme. Apart from the Share Award Scheme, the Company has no other share award scheme or share option scheme which are currently in force.

For the avoidance of doubt, the refreshment of the Scheme Mandate Limit is not conditional on the Shareholders' approval of the Service Provider Sublimit. In the event that the resolution approving the Service Provider Sublimit has been voted down, the Company will not make any grant to the service provider participants unless and until a revised Service Provider Sublimit has been approved by the Shareholders separately.

Reasons for the Proposed Refreshment of Scheme Mandate Limit

References are made to the announcements of the Company dated 18 March 2024, 8 April 2024, 30 April 2024, 21 May 2024 and 24 May 2024 and the circular dated 30 April 2024 in relation to loan capitalisation involving subscription of Shares under specific mandate and the announcements of the Company dated 28 June 2024, 1 July 2024 and 9 July 2024 in relation to the subscription of Shares under general mandate (the "**Subscriptions**"). Upon completion of the Subscriptions on 24 May 2024 and 9 July 2024 respectively, 530,000,000 Shares and 158,627,138 Shares were issued by the Company and the issued share capital of the Company has been substantially increased to 951,762,830 as at the Latest Practicable Date. The existing Scheme Mandate Limit under the existing Share Award Scheme on 25 January 2024 is 21,927,974, which remains unchanged from the initial adoption date of the Share Award Scheme as there was no change in the issued share capital of the Company from the adoption date of the Share Award Scheme to the date of amendment, being 15 June 2023. As a result of the Subscription, the existing Scheme Mandate Limit only accounts for approximately 2.30% of the existing issued share capital of the Company as at the Latest Practicable Date.

In view of (i) the increase in issued share capital of the Company and the enlarged share capital base of the Company due to the Subscription as mentioned above; (ii) the need for future grant of Awards as incentives to recognise the efforts and contributions made by the selected participants, including service providers who work for the liquor and training-related agency business of the Group, to the growth and development of the Group; and (iii) the Shares available for future grant under the existing Scheme Mandate Limit and the Service Provider Sublimit amount to 11,620,296 Shares and 9,794,582 Shares, respectively, which account for (a) only 1.22% and 1.03% of the total issued Shares of the Company as at the Latest Practicable Date and (b) 52.99% of the existing Scheme Mandate Limit and 63.81% of the existing Service Provider Sublimit, respectively, the Directors consider that the Company should refresh the Scheme Mandate Limit and the Service Provider Sublimit (please refer to the section headed "Proposed Refreshment of Scheme Mandate Limit" below for details on the proposed refreshment of the Service Provider Sublimit) so that the Company will have more flexibility to provide incentives to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group.

Accordingly, the Directors (excluding the independent non-executive Directors, whose view is set out in the letter from the Independent Board Committee included in this circular) consider that the proposed refreshment of the Scheme Mandate Limit is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions of the proposed Refreshment of Scheme Mandate Limit

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

(a) the Independent Shareholders passing the relevant resolution(s) at the EGM to approve the proposed refreshment of the Scheme Mandate Limit; and

(b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the Awards that may be granted pursuant to the Share Award Scheme under the proposed refreshment of the Scheme Mandate Limit not exceeding 10% of the number of Shares in issue (excluding treasury shares) as at the date of approval of the proposed refreshment of the Scheme Mandate Limit by the Independent Shareholders.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Shares to be issued pursuant to the Awards to be granted under the Share Award Scheme under the refreshed limit.

Listing Rules Implications

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the existing Scheme Mandate Limit within any three year period from the date of adoption of the scheme is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the respective resolution to approve the proposed refreshment of Scheme Mandate Limit.

As at the Latest Practicable Date, Noble Trade International is the controlling shareholder of the Company, holding 298,472,783 Shares. Noble Trade International is controlled as to 38.48% by Mr. Yuan Li, who, through Greatssjy Co., Ltd., is interested in 84,623,334 Shares, representing 8.89% of the issued share capital of the Company. Accordingly, Noble Trade International and Greatssjy Co., Ltd. are required to abstain from voting on the resolution(s) on the proposed refreshment of Scheme Mandate Limit at the EGM.

Pursuant to Rule 17.03C(2) of the Listing Rules, the total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate.

As at the Latest Practicable Date, the Company has no concrete plan or intention to grant any Award Shares under the Share Award Scheme immediately after obtaining the Shareholders' approval for the proposed refreshment of the Scheme Mandate Limit. However, the Board does not rule out the possibility that the Company will grant any Award Shares under the Share Award Scheme in future when such need arises in order to incentivise the selected eligible participants under the Share Award Scheme. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Proposed Refreshment of Service Provider Sublimit

Background

The existing Service Provider Sublimit of the Company is 15,349,582 Shares, representing approximately 7% of the then issued Shares of the Company as at 25 January 2024 and 70% of the existing Scheme Mandate Limit. Upon refreshment of the Scheme Mandate Limit, the refreshed Scheme Mandate limit will be 95,176,283 Shares and the existing Service Provider Sublimit will only account for 19.35% of the refreshed Scheme Mandate Limit. Taking into consideration the grants to service providers on 27 May 2024, the remaining Shares for future grant under the existing Service Provider Sublimit is 9,794,582 Shares, representing 63.81% of the existing Service Provider Sublimit and only 10.29% of the refreshed Scheme Mandate Limit.

As such, the Board proposes to proportionally refresh the Service Provider Sublimit in accordance with the refreshed Scheme Mandate Limit. Therefore, the Board proposes that the Service Provider Sublimit shall be revised from approximately 7% of the then issued Shares of the Company as at 25 January 2024 and 70% of the existing Scheme Mandate Limit, being 15,349,582 Shares to approximately 7% of the issued Shares of the Company as at the Amendment Date and no more than 70% of the refreshed Scheme Mandate Limit, being 66,623,398 Shares (assuming there is no change in the issued Shares between the period from the Latest Practicable Date to the Amendment Date).

Basis for refreshment of Service Provider Sublimit

The basis for determining the Service Provider Sublimit under the Share Award Scheme includes the following: (i) the business development needs of the Group in the liquor and training-related sales agency industries, which may require further engagement of service providers; (ii) the expected contribution to the development and growth of the Group attributable to the service providers; and (iii) the potential dilution effect arising from grants to the service providers.

Reasons for proposed refreshment of the Service Provider Sublimit

The Group is mainly engaged in the retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services, the liquor business and education-related training business in the PRC. The Company does not intend to change any of its existing businesses in the near future, in particular, the liquor business. The service provider participants under the Share Award Scheme involve the regional and authorised/designated dealers, distributors and sales channels in respect of the Group's liquor business and external sales agents, promotion consultants/advisers and trainers/instructors of the Group's sales agency services and training businesses. The Group conducts its training-related business through its subsidiary Shenzhen Qidian Education Technology Co., Ltd.* (深圳奇點求學科技有限公司) (the "**Shenzhen Co**"). The capital invested by the Group in respect of the training-related business, includes the registered capital of Shenzhen Co of RMB10 million and other debt financing by way of loan, which enables Shenzhen Co to develop more sales channels for customer procurement. The Group relies on both its own course development capabilities as well as the agency model in its business. Under the agency model, the Group provides agency services and sales and marketing services for enterprise management courses designed and delivered by external course training providers. Under the leadership of the Group's management, which has more than 10 years of experience in the training service industry, distributors are trained to adopt precision marketing strategies that target specific student customer groups, as well as other targeted marketing strategies such as competitive pricing etc. This enables the Group to meet personalised needs of student customers, expand its market share and enhance the Group's brand influence. In relation to the training-related business, the Company currently possess three types of service providers, including (i) external sales agents for promoting and selling training courses; (ii) promotion consultants; and (iii) trainers/lecturers for training courses. External sales agents for promotion and sales training courses are responsible for promoting and selling training courses, recruiting market development and maintaining the Company's brand reputation. Sales agencies mainly contact potential students through phone calls, customer visits on social media platforms, and other means to attract potential students to participate in the Company's training courses. Promotion consultants mainly assist the sales team in providing services for students participating in the course to register for training courses. The trainers/lecturers of the training course are responsible for lecturing the course. The Group strives to become a leading enterprise in the training service industry within the next three to five years. With respect to the Group's liquor business, the Group conducts its liquor business through its subsidiaries Renhuai Guofeng and Yuanli Liquor Industry (Shenzhen) Co., Ltd.* (原力酒業(深圳)有限公司) ("**Yuanli Liquor**"). The capital invested by the Group in respect of the liquor business, i.e. the registered capital of Renhuai Guofeng and Yuanli Liquor, amounts to in aggregate RMB20 million. Given the high prospects for growth of Maotai-flavoured liquor industry which is based on the customer's consumption preference for liquor, the Group will continue to develop and strengthen its liquor business, increase its sales revenue and expand its market share by: (i) strengthening the digital operation of Maotai-flavoured liquor through digital integration: digitisation of products, operations and marketing. Through scene marketing, member center management and other methods, the Group is able to further connect with its customers, expand its market presence and in turn improve its performance; (ii) under the trend of growing consumption, the Group is continuously working towards enhancing the brand influence and market penetration of Guofeng Maotai-flavored liquor while steadily improving the Group's profitability. In order to achieve this, the Group plans to (i) steadily improve its profitability by strengthening the positioning of its Guofeng Maotai-flavoured liquor and strictly monitoring the quality of its Maotai-flavoured liquor so to meet the needs of mainstream consumer groups and drive the further expansion of such consumer groups; and (ii) invest its resources in the development of sealed altar liquor (封壇酒) given increasing consumer demand for sealed altar liquor based on market research. Based on the business development, the Company does not have current plan for additional investment in relation to the training and liquor business.

The service providers have played significant roles in the Group's business development and growth by contributing their specialised skills in fields such as distribution and marketing and other areas relating to the Group's operations. Shenzhen Co and Renhuai Guofeng have explored three business models for the training and liquor business, namely direct sales, distributors (regional operation centers and operators) and online marketing. After operation and exploration, it was found that the direct sales model has the following drawbacks for the new training and liquor business that the Company is currently unable to overcome: (i) the Company has limited geographical coverage, making it difficult to establish a wide range of direct sales networks nationwide; (ii) the direct sales model requires the Company to bear the costs of sales and marketing, including personnel, logistics, inventory management, etc., while the large investment cannot achieve the desired market promotion effect; and (iii) the Company's own brand influence is not strong enough to quickly attract consumers and expand market share. Therefore, the Company mainly operate the training and liquor business through external distributors. External distributors have rich experience, ability, and network resources in exploring the market, which plays an important role in promoting the Company's marketing and they can more accurately reach the core consumer group, improve the market penetration and market share of training and liquor products, and enhance the Company's overall performance. In addition, working with distributors helps to develop downstream outlets, ensure more frequent capital return, allocate market resources more reasonably and improve sales efficiency. As at the Latest Practicable Date, the total number of employees for training and liquor business of the Company is 129. The number of distributors with respect to liquor business amounts to in aggregate 878, including 116 regional distributors and 762 designated distributors. In respect of training business, there are 205 regional center distributors and 1,743 service distributors. The Company intends to increase the engagement of the service providers for the training and liquor business and recruit more distributors for training and liquor business across the PRC, expand its marketing scope and reach more potential customers in the next three years. According to the Company's annual assessment mechanism, the incentives for distributors are determined based on the number of distributors and their performance. As the household appliance retail business has reached a steady state of development, the Company is currently focusing on developing its liquor and training businesses. Service providers, particularly distributors and dealers, are crucial to the business development and growth of the liquor and training business of the Group. These service providers have contributed valuable professional knowledge and skills in areas like distribution, marketing and other operational functions. Given the Company's future development plans and the important role that distributors play in enhancing business growth, and in light of the rapid development of the

Company's training and liquor business, the existing Service Provider Sublimit cannot meet the future need for grant of Award Shares and therefore the Company needs to increase the Service Provider Sublimit in proportion to the refreshed Scheme Mandate Limit to better incentivise these distributors and motivate them to make greater contributions to the Company's long-term development.

In light of (i) the refreshed Scheme Mandate Limit subsequent to the Subscription; (ii) the service providers being important links between the Group and its end customers; (iii) the Group's business needs and the nature of the Group's business model in relying on service providers for market expansion; (iv) the existing ratio of employee participants and service provider participants under the Share Award Scheme of 3:7; (v) the relatively large number of service providers of the Group in the liquor and training-related agency service businesses; and (vi) the Group's future needs to grant Award Shares to the serivce provider participants pursuant to the Share Award Scheme, the Board is of the view that the refreshed Service Provider Sublimit is appropriate and is in line with the purposes and objectives of the Share Award Scheme and aligns with the industry norm.

The Independent non-executive Directors are of the view that considering the unique characteristics of the liquor and training industries, service providers have significant advantages in market expansion, brand promotion, and channel development. Given that (i) the service providers typically have abundant market experience and resources, allowing them to quickly seize market opportunities and expand sales channels; (ii) by establishing close cooperative relationships with retailers and individuals, service providers are able to rapidly bring products to the market and achieve rapid growth in sales targets, the service providers play an important role in the Company's long-term development. Therefore, refreshing the Service Provider Sublimit aligns with the objectives of the Share Award Scheme.

3. PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

The Board proposes to amend the terms of the Share Award Scheme to conform with the amendments to the Listing Rules in relation to adoption of treasury shares for the Share Award Scheme, which took effect from 11 June 2024.

Pursuant to Chapter 17 of the Listing Rules, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by Shareholders in general meeting. As the proposed amendments to the Share Award Scheme are of a material nature, such proposed amendments will be subject to, among others, Shareholders' approval at the EGM.

The key changes entailed by the proposed amendments to the Share Award Scheme are to adopt the amendments in relation to the use of treasury shares.

Details of the proposed amended terms of the Share Award Scheme are set out in Appendix I to this circular.

Use of Treasury Shares for the Share Award Scheme

The Company notes that with effect from 11 June 2024, the Listing Rules has been amended to remove the requirement to cancel repurchased shares and to adopt a framework to govern the resale of treasury shares. Under the amended Listing Rules, a share scheme using treasury shares to satisfy share grants would be treated as a share scheme funded by new shares under Chapter 17 of the Listing Rules. Accordingly, the grant of shares under the scheme would be subject to the scheme mandate limit approved by shareholders under Chapter 17 of the Rules. In light of the amended Listing Rules, the Board proposes to amend the terms of the Share Award Scheme to conform with the amendments to the Listing Rules in relation to use of treasury shares to satisfy the grant of Award Shares under the Share Award Scheme. The details of amended terms of the Share Award Scheme in relation to use of treasury shares are set out in Appendix I to the circular.

As at the Latest Practicable Date, the Company has no plans to conduct share repurchase activities. In addition, the Company does not intend to use treasury shares (if any) to satisfy the grant of Awards on 27 May 2024. The Company does not rule out the possibility for use of treasury shares for further grant of Awards or cover the exercise of any outstanding Awards in the future. The Company will seek shareholders' approval in the future if it intends to use treasury shares for further grant of any outstanding Awards in the future.

4. PROPOSED GRANT AND ISSUE OF AWARD SHARES TO AN EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 27 May 2024 in relation to, among other things, the proposed grant of 3,965,678 Shares to Mr. Sun, an executive Director and chief executive officer of the Company under the Share Award Scheme, which shall be satisfied by allotment and issuance of new Shares under the Scheme Mandate Limit. Mr. Sun has commenced his employment with the Company on 27 May 2024 on the mutual understanding that he will be granted the Award Shares as incentive for joining the Group.

Details of the grant to Mr. Sun are as follows:

Name of Grantee	Position(s) held at the Company	Maximum number of Award Shares	Approximate percentage of the total issued Shares as at the Latest Practicable Date	Market value of Award Shares as at the date of the proposed grant	Market value of Award Shares as at the Latest Practicable Date
			%	*HK$*	*HK$*
Mr. Sun Yue	Vice chairman, executive Director and chief executive officer	3,965,678	0.42	3,331,169.52	1,963,010.61

The key terms of the grant to Mr. Sun are set out below:

Grant date:	27 May 2024
Consideration for the Award Shares:	Nil
Number of Award Shares:	3,965,678
Closing price of the Shares on the grant date:	HK$0.84
Vesting period:	All Award Shares shall vest in Mr. Sun in one month from the date ("**Vesting Date**") when such grant is approved by the Shareholders at a Shareholders' meeting of the Company. Such Award Share are subject to a lock-up period of three years from the Vesting Date. In the event that Mr. Sun leaves the Company in three years from the Vesting Date, Mr. Sun undertakes that such vested Shares shall be returned to the Company. Such undertaking is an addition to and is not covered by the clawback mechanism as stated below.
Performance targets:	There is no performance target. In considering the Grants made to Mr. Sun, the Remuneration Committee has considered the extensive experiences of Mr. Sun in the Chinese baijiu and beer industry and the Award Shares to attract and induce Mr. Sun in accepting the employment offer made by the Group to him.
Clawback mechanism:	Unless determined otherwise by the Board, the Award Shares, granted but not yet vested, will be automatically and immediately cancelled when the grantee ceases to be an eligible participant as defined in the Share Award Scheme in the following circumstances: (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement or service to any member of the Group and whether or not it has resulted in his employment or engagement or service being terminated by the relevant member of the Group;

(ii) where such a person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;

(iii) where such person has been convicted of any criminal offence;

(iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; or

(v) where such person commits a material breach of contract(s) between any member of the Group and the eligible participant(s).

Pursuant to the rules of the Share Award Scheme, the new Shares to be allotted and issued to satisfy the grant shall be held on trust by the Trustee for the grantee until such Award Shares are vested with the grantee in accordance with the rules of the Share Award Scheme. As such, no funds will be raised by the Company as a result of the allotment and issue of the new Shares. Pursuant to the rules of the Share Award Scheme, the Trustee shall not exercise any voting rights attached to the Award Shares held by it. The Trustee will be a third party independent of the Company and not connected with any of its connected persons.

The Award Shares

The Award Shares to be allotted and issued by the Company to the Trustee to satisfy the grant to Mr. Sun of up to 3,965,678 Award Shares represent approximately 0.42% and 0.42% of the total issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) as enlarged by the allotment and issue of such new Shares (assuming that there is no other Award Shares being granted and there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the proposed date for allotment and issue of such new Shares), respectively. The Company has not granted and will not grant any Awards under the Share Award Scheme to Mr. Sun in the 12-month period up to and including the date of the proposed grant.

Based on the closing price of HK$0.495 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of the 3,965,678 Award Shares to be allotted to Mr. Sun is HK$1,963,010.61.

Conditions precedent

The proposed allotment and issue of new Shares to the Trustee to satisfy the grant to Mr. Sun shall be conditional upon the Shareholders having passed necessary resolution(s) at the EGM approving the grant to Mr. Sun. As neither Mr. Sun nor his associates have any shareholding in the Company as at the Latest Practicable Date, there is no Shareholder who needs to abstain from voting for the resolution in relation to the proposed grant of Award Shares to Mr. Sun in the EGM.

Reasons for the Grant to the Executive Director and the Shorter Vesting Period

The Company is an investment holding company. The Group is principally engaged in the retail of household appliance, the liquor business and education-related training business in the PRC. As mentioned in the 2023 Interim Report, the Group commenced the operation of Guofeng Maotai-flavor liquor business alongside the retail of home appliances. The liquor industry saw a structural recovery in the first half of 2023 and it presents a rational growing trend. In order to facilitate the development in the liquor business of the Group, the Company is in need of talent with extensive experience in the liquor industry.

The purposes and objectives of the Share Award Scheme is, among other things, to attract suitable personnel for further development of the Group. Pursuant to the Share Award Scheme, the Board may impose a shorter vesting period to selected employees to provide competitive terms and conditions to individuals that the Board considers are valuable talent for the development and growth of the businesses of the Group in order to attract and induce them in accepting the employment offer made by the Group to them. When considering the proposed grant of Award Shares to Mr. Sun, the Remuneration Committee took into account of the extensive experience of Mr. Sun in high-profile Chinese baijiu and beer companies, the Company's intention to further develop and expand its liquor business and the insights of Mr. Sun in the Chinese baijiu and beer industry which is valuable to the Group and is of the view that Mr. Sun is a valuable talent for the development and growth of the liquor businesses of the Group and it is appropriate to grant Award Shares with shorter vesting period in order to offer a competitive remuneration package so to attract and induce Mr. Sun to enter into the employment contract with the Group and to increase his loyalty and motivate him to contribute further to the development and growth of the Group. Such Award Shares are subject to a lock-up period of three years from the Vesting Date. In the event that Mr. Sun leaves the Company in three years from the Vesting Date, such vested Award Shares shall be returned to the Company. The Remuneration Committee considers that the grant of the Award Shares to Mr. Sun with shorter vesting period is in line with the objective and purpose of the Share Award Scheme, inter alia, to attract suitable personnel for further development of the Group and such grant is in the interests of the Company and its Shareholders as a whole. The Board concurs with the views of the Remuneration Committee and considers that the grant to Mr. Sun will provide competitive terms and conditions to Mr. Sun, who the Company considers is valuable talent for the development and growth of the liquor businesses of the Group so to attract and induce him in accepting the employment offer made by the Group to him. Mr. Sun has over 30 years of management experience in the Chinese baijiu and beer industry and had extensive experience working in high-profile Chinese baijiu and beer companies. Mr. Sun served at various positions in Luzhou Laojiao Group Co., Ltd.* (瀘州老窖集團有限責任公司) ("**Laojiao Group**") and its subsidiary Laojiao Co., Ltd.* (瀘州老窖股份有限公司) (stock code: 000568.SZ, whose shares are listed on the Shenzhen Stock Exchange) and his last position was vice chairman and president of Laojiao Group from December 2015 to September 2021. Prior to that, Mr. Sun worked for 16 years at various positions in Tsingtao Brewery Company Limited (青島啤酒股份有限公司) ("**Tsingtao Brewery**") whose shares are listed on the Shanghai Stock Exchange (stock code: 600600.SHA) and the Stock Exchange (stock code: 0168.HKG). The diverse experience working at different positions within Laojiao Group and Tsingtao Brewery has given him deep knowledge, insights and expertise in the liquor business in China. The experiences of Mr. Sun in the Chinese baijiu and beer industry aligns with the development needs of the Group in the liquor industry. Overall, the Board are of the opinion that Mr. Sun's diverse experience in Chinese baijiu and beer industries appears to be a valuable asset that positions him well to contribute to the Group's objectives in the liquor business.

As the grant to Mr. Sun will be satisfied by the allotment and issue of new Shares, there will not be any cash outflow by the Group under the grant. In light of the above, the Directors consider that the number of Award Shares, the terms and conditions of the grant as well as the allotment and issue of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In determining the number of the Award Shares to be granted to Mr. Sun, the Remuneration Committee and the Board have respectively considered various factors including but not limited to, (i) the functions, job responsibilities, duty importance and personnel seniorities of Mr. Sun; (ii) the recent price of the Shares and the annual salary of Mr. Sun; and (iii) in respect of the aforesaid, whether the grant to Mr. Sun is sufficient to retain him for the continual operation and development of the Group. In the event that the proposed grant of Award Shares to Mr. Sun has been voted down by the Shareholders, the Company will grant relevant Award Shares within an 0.1% of the issued share capital of the Company and will further discuss with Mr. Sun in relation to alternative incentive plan.

Having considered the above, the Board (including all the independent non-executive Directors) consider that the grant to Mr. Sun and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of Awards by the Company to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Directors who are the grantees of the Awards). On 29 May 2023, the independent non-executive Directors approved the grant of 3,965,678 Award Shares to Mr. Sun.

Pursuant to Rule 17.04(2) of the Listing Rules, where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Award Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting (at which such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting).

Pursuant to rule 17.03D of the Listing Rules and the terms of the Share Award Scheme, where any grant of Awards or options to a grantee would result in the Shares issued and to be issued in respect of all Awards and options granted to such person (excluding any Awards and options lapsed in accordance with the terms of the relevant share scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue (the "**1% Individual Limit**"), such grant must be separately approved by the Shareholders in general meeting (at which the grantee and his/her close associates (or associates if the grantee is a connected person), must abstain from voting).

Under the proposed grant to Mr. Sun, even though Mr. Sun is not a participant with Awards and options granted and to be granted exceeding the 1% Individual Limit, the total number of Shares issued and to be issued in respect of all Awards proposed to be granted to Mr. Sun (representing approximately 0.5% of the Shares in issue as at the date of the grant) would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue for the purpose of Rule 17.04(2) of the Listing Rules. As such, the grant to Mr. Sun is subject to the approval by the Independent Shareholders, where Mr. Sun, his associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution(s) at the EGM pursuant to the Listing Rules. Mr. Sun does not have any relationship with any other connected persons of the Company. As at the Latest Practicable Date, no core connected person has indicated its intention to vote against the relevant resolution(s) at the EGM.

For the avoidance of doubt, each of the grant of Award Shares to Mr. Sun, the proposed refreshment of the Scheme Mandate Limit and Service Provider Sublimit and the proposed amendments to the Share Award Scheme in relation to the use of treasury shares is not interconditional with each other.

5. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The Notice of the EGM is set out on pages 39 to 40 of this circular.

Pursuant to the Listing Rules and the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hyjd.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

The register of members of the Company will be closed from Monday, 5 August 2024 to Thursday, 8 August 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 August 2024.

6. RECOMMENDATION

The Directors consider that the proposed refreshment of the Scheme Mandate Limit and Service Provider Sublimit and the proposed amendments to the Share Award Scheme in relation to the use of treasury shares and grant of Award Shares to an executive Director are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Your attention is also drawn to the additional information set out in Appendix I to this circular.

Yours faithfully,
For and on behalf of the Board
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman

Set out below is a summary of the amended terms of the Share Award Scheme to provide sufficient information to Shareholders for their consideration of the proposed amendments to the Share Award Scheme proposed to be adopted at the EGM. The Directors reserve the right at any time prior to the EGM to make such amendments to the Share Award Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any materials aspects with the summary in this Appendix I, and that any such amendments will be disclosed to the Shareholders for their re-approval at the EGM.

No. of the Terms	**Amended Terms of the Shares Award Scheme**
1	**DEFINITIONS AND INTERPRETATION**
"treasury shares"	has the meaning ascribed to it in the Listing Rules
6.2	Purchase of Shares/Issue of New Shares and Allocation of Awarded Shares (A) The Trustee has been appointed to hold the Awarded Shares through BVI Co to be held on trust and to assist the Board with the administration and vesting of the Awards and the Award Shares granted pursuant to the Scheme. Subject to the Purchase Restrictions, the BVI Co will purchase such Shares as directed by the Board. (B) Upon the establishment of the Trust, (i) the Board shall cause to be paid the money for the purchase of Shares, representing the market value of the Shares at the time of purchase multiplied by the number of the Shares to be purchased, from the Company's resources. The Board shall have the absolute discretion on the time and frequency to instruct the BVI Co to purchase the Shares in the market as long as the Scheme remains valid and effective, subject to the Restrictions on Awards; or

No. of the Terms	Amended Terms of the Shares Award Scheme
	(ii) the Board may at its discretion at any time after the date of grant and on or before the Vesting Date, issue and/or allot new Shares in respect of the Awards to the Trust for the benefit of the Selected Participants. The Company may use treasury shares, if any, for the Scheme and references to new Shares include treasury shares and references to the issue of Shares include the transfer of treasury shares. The Company shall comply with the relevant Listing Rules and the Articles when allotting and issuing new Shares and application shall be made to the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the new Shares to be issued and/or allotted to the Trust for the benefit of the Selected Participants. Such issue and/or allotment of new Shares pursuant to the Scheme should only be made upon the fulfillment of the following conditions: (i) the total number of Shares to be allotted and issued to the Trust for the benefit of the Selected Participants shall not exceed the total number of Award Shares granted to such Selected Participants; (ii) the total number of Shares to be allotted and issued to the Trust for the benefit of the Selected Participants in respect of the Awards granted under the Scheme shall not exceed the Scheme Mandate Limit; (iii) the listing committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares which may be allotted and issued by the Company to the Trust for the benefit of the Selected Participants; and (iv) the Company having obtained the Shareholders' approval in general meeting under a valid mandate to authorise the Directors to allot and issue new Shares to the Trust for the benefit of the Selected Participants in respect of the Awards granted under the Scheme. (C) The Shares so purchased, issued and/or allotted for the benefit of the Selected Participants in respect of the Awards granted under the Scheme (including those held by the Trust for the benefit of the Selected Participants) will, subject to the vesting conditions being fulfilled and the vesting schedule of such Selected Participants, be allocated and transferred to the Selected Participants pursuant to the terms and conditions of the Scheme. (D) The allocation of the Awarded Shares from the Trust and/or the BVI Co to the Selected Participants shall follow the vesting schedule of such Selected Participants pursuant to Paragraphs 6.3 and 6.8. The Trustee shall deal with the Awarded Shares in accordance with the decisions and directions of the Board. The Company and/or the Trustee and/or the BVI Co shall comply with the relevant Listing Rules and any other applicable laws or regulations when purchasing the Shares, granting of Award(s), issuing and allotting, allocating or otherwise dealing in the Share(s) (as the case may be).

No. of the Terms	Amended Terms of the Shares Award Scheme
6.5	Limit on granting Awards (A) No Award shall be granted to any Selected Participant which would result in the total number of (a) the Award Shares purchased/allocated and to be purchased/allocated under the Awards already granted or to be granted to such Selected Participant under the Scheme (excluding any Awards lapsed or cancelled in accordance with the terms of the Scheme); and (b) any Shares issued/allotted and to be issued/allotted and/or purchased and to be purchased and/or allocated and to be allocated in respect of all other Awards and options (if any) granted to such Selected Participant, in the 12-month period up to and including the date of such grant representing in aggregate over 1 % of the Shares in issue (excluding treasury shares) (the "**1% Individual Limit**"). Any grant of Awards that shall exceed the 1% Individual Limit must be separately approved by Shareholders in general meeting which such Selected Participant and his/her close associates (or associates if such Selected Participant is a connected person) abstaining from voting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules. (B) Any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards). (C) No Award shall be granted to any Selected Participant who is a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the Scheme (excluding any Awards lapsed or cancelled in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) (the "**0.1% Limit**"). Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

No. of the Terms	Amended Terms of the Shares Award Scheme
	(D) No Award shall be granted to any Selected Participant who is an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the Scheme (excluding any Awards lapsed or cancelled in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over the 0.1% Limit. Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules. (E) In the event of any Award being granted under Paragraphs 6.5(C) and (D) which would exceed the 0.1% Limit, the grantee of the Award and all core connected persons of the Company must abstain from voting in favour at such general meeting convened to approve the granting of the Award and the Company must comply with the requirements under Chapter 13 of the Listing Rules.
7	SCHEME MANDATE LIMIT (A) The maximum number of Shares which may be purchased, issued, allotted and allocated as Award Shares in respect of all Awards to be granted under the Scheme must not in aggregate exceed 10% of the Shares in issue (excluding treasury shares) as at the Amendment Date (the "**Scheme Mandate Limit**"). The Company shall not grant any further Awards which will result in the total number of Award Shares in respect of all Awards granted/to be granted to Selected Participants exceeding the Scheme Mandate Limit. (B) The maximum number of Award Shares which may be purchased, issued, allotted and allocated as Award Shares in respect of all Awards to be granted to Service Providers under the Scheme, must not in aggregate exceed 70% of the Scheme Mandate Limit ("**Service Provider Sublimit**"). The Company shall not grant any further Awards which will result in the total number of Award Shares in respect of all Awards granted/to be granted to Service Providers exceeding the Service Provider Sublimit. (C) Awards that are cancelled in accordance with the terms of the Scheme shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

No. of the Terms	Amended Terms of the Shares Award Scheme
	(D) In the event of any Alteration of Share Capital of the Company after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Award Shares that may be purchased, issued, allotted and/or allocated (as the case may be) in respect of all the Awards to be granted under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such Alteration of Share Capital shall be the same, rounded down to the nearest whole Share. (E) Subject to Paragraphs 7(A) and (B), the Scheme Mandate Limit and the Service Provider Sublimit may be refreshed by the Company as follows: (i) the Company may seek approval from its Shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) under the Scheme after three years from the Amendment Date or from the date of Shareholders' approval for the last refreshment (whichever is later); and (ii) subject to Paragraph 7(F) below, if the Company seeks to refresh the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) under the Scheme within a three-year period from the Amendment Date or from the date of Shareholders' approval for the last refreshment, such refreshment must be approved by the Shareholders in general meeting subject to the following provisions: (a) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (b) the Company must comply with the requirements under rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules, PROVIDED that Paragraphs 7(E)(ii)(a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro-rata basis as set out in rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities rounded to the nearest whole Share.

No. of the Terms	Amended Terms of the Shares Award Scheme
	(F) The total number of Shares which may be purchased, issued, allotted and allocated in respect of all Awards to be granted under the Scheme, the Scheme Mandate Limit or the Service Provider Sublimit as (as the case may be) refreshed must not exceed 10% of the Shares in issue (excluding treasury shares) as at the date of approval of the refreshed Scheme Mandate Limit or the Service Provider Sublimit ~~Scheme~~ (as the case may be). (G) The Company may seek separate approval from the Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit provided the Awards in excess of the limit are granted only to the Selected Participant(s) specifically identified by the Company before such approval is sought and the Company must issue a circular to the Shareholders containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Selected Participants.

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)

19 July 2024

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE AWARD SCHEME

We have been appointed to form the Independent Board Committee to consider and advise you on the proposed refreshment of Scheme Mandate Limit under the Share Award Scheme, details of which are set out in the circular issued by the Company to the Shareholders dated 19 July 2024 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 4 to 19 of the Circular and pages 28 to 38 in the appendix to the Circular.

Having taken into account the terms of the proposed refreshment of Scheme Mandate Limit under the Share Award Scheme and reasons considered by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that although the proposed refreshment of Scheme Mandate Limit under the Share Award Scheme is not in the ordinary and usual course of business of the Company, the terms of the proposed refreshment of Scheme Mandate Limit under the Share Award Scheme are fair and reasonable so far as the Independent Shareholders are concerned and have been entered into on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the proposed refreshment of Scheme Mandate Limit under the Share Award Scheme.

Yours faithfully,
Independent Board Committee

Mr. Zhang Yihua	**Mr. Chen Rui**	**Mr. Fung Tak Choi**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

19 July 2024

To the Independent Board Committee and the Independent Shareholders

China Qidian Guofeng Holdings Limited
Room 3602,
Jingxing Sea Building,
No. 3125, Linhai Avenue, Nanshan Street,
Qianhai Shenzhen-Hong Kong Cooperation Zone,
Shenzhen, PRC

Dear Sir or Madam,

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company dated 19 July 2024 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Share Award Scheme was adopted by the Shareholders on 15 June 2023 and was amended on 25 January 2024. Pursuant to the Scheme Mandate Limit, the maximum number of Shares that may be granted under the Share Award Scheme shall not exceed 21,927,974, representing approximately 10% of the then issued share capital of the Company on 25 January 2024, being the date of approval of the latest amendments to the Share Award Scheme.

At the EGM, ordinary resolutions will be proposed to the Independent Shareholders to approve, among other things, (i) the refreshment of Scheme Mandate Limit so as to allow the Company to grant further Awards under the Share Award Scheme of up to 10% of the Shares in issue (excluding any treasury Shares) as at the date of passing the resolution; and (ii) the refreshment of the Service Provider Sublimit in proportion to the refreshed Scheme Mandate Limit. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, the maximum number of Shares which may be granted under the Share Award Scheme will be 95,176,283 Shares, representing approximately 10% of the issued share capital of the Company (excluding any treasury Shares) as at the date of the EGM.

As stated in the Letter from the Board, the refreshment of the Scheme Mandate Limited is not conditional on the Shareholders' approval of the Service Provider Sublimit. In the event that the resolution approving the Service Provider Sublimit has been voted down, the Company will not make any grant to the service provider participants unless and until a revised Service Provider Sublimit has been approved by the Shareholders separately.

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the existing Scheme Mandate Limit within any three year period from the date of adoption of the scheme is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the respective resolution to approve the proposed refreshment of Scheme Mandate Limit.

As at the Latest Practicable Date, Noble Trade International is the controlling shareholder of the Company, holding 298,472,783 Shares. Noble Trade International is controlled as to 38.48% by Mr. Yuan Li, who, through Greatssjy Co., Ltd., is interested in 84,623,334 Shares, representing 8.89% of the issued share capital of the Company. Accordingly, Noble Trade International and Greatssjy Co., Ltd. are required to abstain from voting on the resolution(s) on the proposed refreshment of Scheme Mandate Limit at the EGM.

Pursuant to Rule 17.03C(2) of the Listing Rules, the total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi has been established to advise the Independent Shareholders on the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As of the Latest Practicable Date, we did not have any relationships or interests with the Group and Noble Trade International that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committees and the independent shareholders of the Company in relation to the loan capitalization involving subscription of shares under specific mandate and application for whitewash waiver, details of which are set out in the circular of the Company dated 30 April 2024. Other than that, there was no engagement or connection between the Group or Noble Trade International and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent

Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or Noble Trade International. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and therefore are qualified to give independent advice in respect of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as of the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as of the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or its substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit, we have taken into account the principal factors and reasons set out below:

1. Information of the Group

The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services (the "**Traditional Business**"), the liquor business and education-related training business (the "**New Businesses**") in the PRC.

(i) Financial performance

Set out below is a summary of (a) the audited financial information of the Group for the years ended 31 December 2021, 2022 and 2023 ("**FY2021**", "**FY2022**" and "**FY2023**", respectively) as extracted from the annual reports of the Company for FY2022 and FY2023 (the "**2022 Annual Report**" and "**the 2023 Annual Report**", respectively):

	FY2021 *RMB'000* *(audited)*	**FY2022** *RMB'000* *(audited)*	**FY2023** *RMB'000* *(audited)*
Revenue	301,173	262,348	319,813
Cost of sales and services	(264,714)	(224,123)	(258,063)
Gross profit	**36,459**	**38,225**	**61,750**
Gross profit margin	12.1%	14.6%	19.3%
Other income	5,695	6,432	5,903
Other net gain/(loss)	1,996	(17,673)	5,038
Impairment losses on trade receivables	(1,131)	(497)	(158)
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	(49,329)	(36,789)	(62,270)
Administrative expenses	(32,403)	(46,869)	(29,004)
Net finance costs	(23,441)	(24,615)	(31,655)
(Loss)/Profit before tax	**(62,154)**	**(137,514)**	**53,789**
(Loss)/Profit attributable to the Shareholders	**(60,036)**	**(136,767)**	**55,854**

FY2022 compared to FY2021

The Group's revenue decreased by approximately 12.9% from approximately RMB301.2 million for FY2021 to approximately RMB262.3 million for FY2022. Such decrease was mainly due to the impact of COVID-19 pandemic in 2022 which decreased the sales of the Traditional Business from approximately RMB297.0 million in FY2021 to approximately RMB257.9 million in FY2022.

The Group's gross profit margin increased from approximately 12.1% for FY2021 to approximately 14.6% for FY2022, which was mainly attributable to the decrease in purchasing costs.

The Group's loss attributable to the Shareholders increased by approximately 127.8% from approximately RMB60.0 million for FY2021 to approximately RMB136.8 million for FY2022. Such increase was primarily attributable to (a) the increase in other loss as a result of the provision of litigation; (b) the increase in impairment loss on property, plant and equipment and right-of-use assets; and (c) the increase in administrative expenses mainly due to the professional fee for the proposed very substantial acquisition in 2022.

FY2023 compared to FY2022

The Group's revenue increased by approximately 21.9% from approximately RMB262.3 million for FY2022 to approximately RMB319.8 million for FY2023, mainly due to the increase in revenue of approximately RMB80.0 million generated from the New Businesses in FY2023.

The Group's gross profit margin increased from approximately 14.6% for FY2022 to approximately 19.3% for FY2023, mainly due to the higher gross profit margin from the sales of liquor and the provision of education related service.

The Group recorded profit attributable to the Shareholders of approximately RMB55.9 million, which was primarily attributable to (a) the increase in gross profit as a result of the increase in revenue and gross profit margin as discussed above; and (b) the gain of approximately RMB104,185,000 from the disposal of subsidiaries as disclosed in the announcement of the Company dated 17 January 2023.

(ii) Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 as extracted from the 2022 Annual Report and the 2023 Annual Results Announcement:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets	229,301	137,518	46,156
Current assets	131,173	100,919	267,506
Total assets	**360,474**	**238,437**	**313,662**
Current liabilities	394,140	267,064	246,973
Non-current liabilities	299,225	442,089	482,791
Total liabilities	**693,365**	**709,153**	**729,764**
Equity attributable to the Shareholders	**(351,735)**	**(488,502)**	**(432,648)**

As at 31 December 2023, total assets of the Group were approximately RMB313.7 million, which mainly consisted of (a) cash and cash equivalents of approximately RMB162.3 million; (b) inventories of approximately RMB56.4 million; (c) prepayments, deposits and other receivables of approximately RMB40.0 million; and (d) investment properties of approximately RMB24.2 million.

As at 31 December 2023, total liabilities of the Group were approximately RMB729.8 million, which mainly consisted of (a) borrowings of approximately RMB471.2 million including the Shareholder's Loan and loans from two independent third parties; (b) accruals and other payables of approximately RMB97.7 million; (c) contract liabilities of approximately RMB48.5 million; and (d) other current liabilities of approximately RMB53.6 million.

The gearing ratio of the Group, being total liabilities divided by the sum of total equity and total liabilities, decreased from approximately 297.4% as at 31 December 2022 to approximately 232.7% as at 31 December 2023, which was mainly due to the disposal of the entire equity interests in a wholly-owned subsidiary of the Group with net liability.

2. Reasons for and benefits of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit

Upon completion of the Subscription on 24 May 2024, the issued share capital of the Company has been substantially to 951,762,830 as at the Latest Practicable Date. The existing Scheme Mandate Limit under the existing Share Award Scheme on 25 January 2024 is 21,927,974, which remains unchanged from the initial adoption date of the Share Award Scheme as there was no change in the issued share capital of the Company from the adoption date of the Share Award Scheme to the date of amendment, being 15 June 2023. As a result of the Subscription, the existing Scheme Mandate Limit only accounts for approximately 2.30% of the existing issued share capital of the Company as at the Latest Practicable Date.

In view of (i) the increase in issued share capital of the Company and the enlarged share capital base of the Company due to the Subscription; (ii) the need for future grant of the Awards as incentives to recognise the efforts and contributions made by the selected participants, including service providers who work for the liquor and training-related agency business of the Group, to the growth and development of the Group; and (iii) the Shares available for future grant under the existing Scheme Mandate Limit and the Service Provider Sublimit amount to 11,620,296 Shares and 9,794,582 Shares, respectively, which account for (a) only 1.22% and 1.03% of the total issued Shares of the Company as at the Latest Practicable Date; and (b) 52.99% of the existing Scheme Mandate Limit and 63.81% of the existing Service Provider Sublimit, respectively, the Directors consider that the Company should refresh the Scheme Mandate Limit and the Service Provider Sublimit so that the Company will have more flexibility to provide incentives to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group.

As stated in the Letter from the Board, the direct sales model has the following drawbacks for the New Businesses that the Company is currently unable to overcome: (i) the Company has limited geographical coverage, making it difficult to establish a wide range of direct sales networks nationwide; (ii) the direct sales model requires the Company to bear the costs of sales and marketing, including personnel, logistics, inventory management, etc., while the large investment cannot achieve the desired market promotion effect; and (iii) the Company's own brand influence is not strong enough to quickly attract consumers and expand market share. Therefore, the Company mainly operates the New Businesses through external distributors (i.e. the service providers). External distributors have rich experience, ability, and network resources in exploring the market, which plays an important role in promoting the Company's marketing and they can more accurately reach the core consumer group, improve the market penetration and market share of training and liquor products, and enhance the Company's overall performance. In addition, working with distributors helps to develop downstream outlets, ensure more frequent capital return, allocate market resources more reasonably and improve sales efficiency.

As at the Latest Practicable Date, the total number of employees for training and liquor business of the Company is 129. The number of distributors with respect to liquor business amounts to in aggregate 878, including 116 regional distributors and 762 designated distributors. In respect of training business, there are 205 regional center distributors and 1,743 service distributors. The Company intends to increase the engagement of the service providers for the training and liquor business and recruit more distributors for training and liquor business across the PRC, expand its marketing scope and reach more potential customers in the next three years. According to the Company's annual assessment mechanism, the incentives for distributors are determined based on the number of distributors and their performance. As the household appliance retail business has reached a steady state of development, the Company is currently focusing on developing its liquor and training businesses. Service providers, particularly distributors and dealers, are crucial to the business development and growth of the liquor and training business of the Group. These service providers have contributed valuable professional knowledge and skills in areas like distribution, marketing and other operational functions. Given the Company's future development plans and the important role that distributors play in enhancing business growth, and in light of the rapid development of the Company's training and liquor business, the existing Service Provider Sublimit cannot meet the future need for grant of Award Shares and therefore the Company needs to increase the Service Provider Sublimit in proportion to the refreshed Scheme Mandate Limit to better incentivize these distributors and motivate them to make greater contributions to the Company's long-term development.

In light of (i) the refreshed Scheme Mandate Limit subsequent to the Subscription; (ii) the service providers being important links between the Group and its end customers; (iii) the Group's business needs and the nature of the Group's business model in relying on service providers for market expansion; (iv) the existing ratio of employee participants and service provider participants under the Share Award Scheme of 3:7; (v) the relatively large number of service providers of the Group in the liquor and training-related agency service businesses; and (vi) the Group's future needs to grant Award Shares to the service provider participants pursuant to the Share Award Scheme, the Board also proposes that the Service Provider Sublimit shall be revised from approximately 7% of the then issued Shares of the Company as at 25 January 2024 and 70% of the existing Scheme Mandate Limit, being 15,349,582 Shares to approximately 7% of the issued Shares of the Company as at the Amendment Date and no more than 70% of the refreshed Scheme Mandate Limit, being 66,623,398 Shares (assuming there is no change in the issued Shares between the period from the Latest Practicable Date to the Amendment Date).

References are made to the announcement and circular of the Company dated 16 February 2023 and 5 January 2024. The purpose and objectives of the Share Award Scheme are (i) to recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; (ii) to provide additional incentives for the eligible participants to achieve performance goals; (iii) to attract suitable personnel for further development of the Group; and (iv) to recognise the contributions by certain selected participants and to provide them with incentives in order to retain them for continual operation, development and growth of the Group as a whole, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the Shareholders through ownership of the Shares. Eligible participants under the Share Award Scheme include employees of the Group and the service providers in respect of the Group's New Businesses. As set out in the Letter from the Board, out of 10,307,678 Award Shares granted on 27 May 2024, (i) 5,555,000 Award Shares were granted to in aggregate 372 service providers of the Company, who are regional and designated dealers and distributors of liquor business; (ii) 3,965,678 Award Shares were conditionally granted to Mr. Sun who has over 30 years of management experience in the Chinese baijiu and beer industry; (iii) 100,000 Award Shares were granted to Mr. Yu Kun, the executive director and general manager of Renhuai Guofeng, which is the subsidiary of the Company for liquor business; and (iv) 687,000 Award Shares were granted to in aggregate 24 employees of the Company. Almost all of the Awarded Shares granted on 27 May 2024 were related to the Group's liquor business.

As discussed in the section headed "1. Information of the Group", the Group's revenue increased by approximately 21.9% from approximately RMB262.3 million for FY2022 to approximately RMB319.8 million for FY2023, mainly due to the increase in revenue of approximately RMB80.0 million generated from the New Businesses in FY2023. Although the Company has no concrete plan or intention to grant any Award Shares under the Share Award Scheme immediately after obtaining the Shareholders' approval for the proposed refreshment of the Scheme Mandate Limit, taking into account the increase in the revenue from the New Businesses and the Company's plan to further develop the New Businesses, we concur with the Director that there is need for future grant of Awards as incentives to recognise the efforts and contributions made by the selected participants.

Taking into account the 10,307,678 Award Shares granted on 27 May 2024, the Shares available for future grant under the existing Scheme Mandate Limit amounts to 11,620,296 Shares, representing only approximately 1.22% of the total issued Shares as at the Latest Practicable Date and 52.99% of the existing Scheme Mandate Limit. In the event that the refreshed Scheme Mandate Limit is not granted and the Company refreshes the existing Scheme Mandate Limit after the 3-year period pursuant to the Rule 17.03C(1) of the Listing Rules, the Company can only conduct such refreshment on or after 15 June 2026, being approximately two years from the Latest Practicable Date. This may limit the Company's effective use of the Share Award to incentivise eligible participants. Considering that (i) the existing Scheme Mandate Limit was fixed before the Subscription and only accounts for approximately 2.30% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) 10,307,678 Award Shares granted on 27 May 2024 represent approximately 47.01% of the existing Scheme Mandate Limit and the Group may further grant the Awards from time to time although it has no concrete plan; (iii) the Group's change of focus from the Traditional Business to the New Businesses and growing revenues from the New Businesses; and (iv) the Group is relying on service providers for market expansion for the New Businesses, we concur with the Director that the existing Scheme Mandate Limit and the Service Provider Sublimit may be insufficient for the Group's need.

Having considered that (i) the increase in the issued share capital of the Company and the enlarged share capital base of the Company following the Subscription; (ii) following the Grants, the number of Shares available for future grant under the existing Scheme Mandate Limit represents only approximately 1.22% of the total issued Shares as at the Latest Practicable Date and 52.99% of the existing Scheme Mandate Limit; (iii) as discussed in the section headed "1. Information of the Group", the Group's revenue increased by approximately 21.9% from approximately RMB262.3 million for FY2022 to approximately RMB319.8 million for FY2023, mainly due to the increase in revenue of approximately RMB80.0 million generated from the New Businesses in FY2023; (iv) the refreshed Scheme Mandate Limit would allow the Company to continue to provide incentives to eligible participants, particularly the service providers, the senior management and employees in respect of the Group's New Businesses; (v) the Company is currently focusing on developing its New Businesses and the Company mainly operates the New Businesses through the service providers, which plays an important role in the Group's business growth; (vi) the large number of the service providers compared to the number of the Group's employees for the New Businesses; and (vii) the Company intends to increase the engagement of the service providers for the New Businesses and has an unmet future need to grant award shares to better incentivize and motivate the service providers to make a greater contribution to the Company's long-term development, we are of the view that the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The refreshment of the Scheme Mandate Limited is not conditional on the Shareholders' approval of the Service Provider Sublimit. In the event that the resolution approving the Service Provider Sublimit has been voted down, the Company will not make any grant to the service provider participants unless and until a revised Service Provider Sublimit has been approved by the Shareholders separately. We recommend the Independent Shareholders to vote in favor of the both resolutions to be proposed at the EGM to approve the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit at the same time.

3. Potential dilution to shareholding of the Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full utilisation of the refreshed Scheme Mandate Limit (assuming no change in the number of Shares in issue from the Latest Practicable Date), for illustrative and reference purpose:

	As at the Latest Practicable Date		**Immediately upon full utilisation of the refreshed Scheme Mandate Limit (assuming no change in the number of Shares in issue from the Latest Practicable Date)**	
	Number of Shares	*%*	*Number of Shares*	*%*
Noble Trade International	298,472,783	31.36	298,472,783	28.51
Greatssjy Co., Ltd.	84,623,334	8.89	84,623,334	8.08
Xu Xinying Co., Ltd.	31,208,186	3.28	31,208,186	2.98
Zhuanglb Co., Ltd.	2,960,928	0.31	2,960,928	0.28

	As at the Latest Practicable Date		Immediately upon full utilisation of the refreshed Scheme Mandate Limit (assuming no change in the number of Shares in issue from the Latest Practicable Date)	
	Number of Shares	*%*	*Number of Shares*	*%*
Energystone Co., Ltd.	13,472,224	1.42	13,472,224	1.29
Shengshangmingyue Co., Ltd.	43,792,131	4.60	43,792,131	4.18
Yayue Longte Co., Limited	132,483,086	13.92	132,483,086	12.65
Oupu Shanwei (International) Holdings Limited	93,755,306	9.85	93,755,306	8.96
Maximum number of new Shares that can be issued under the refreshed Scheme Mandate Limit	—	—	95,176,283	9.09
Other public Shareholders	250,994,852	26.37	250,994,852	23.97
Total issued Shares	**951,762,830**	**100.00**	**1,046,939,113**	**100**

As illustrated above, assuming there is no change in the number of Shares in issue from the Latest Practicable Date, the shareholding of the existing public Shareholders would be diluted from approximately 26.37% to approximately 23.97% immediately upon full utilisation of the refreshed Scheme Mandate Limit.

Taking into account the reasons for and benefits of the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit, in particular the refreshed Scheme Mandate Limit and the Service Provider Sublimit would allow the Company to continue to provide incentives to eligible participants, we are of the opinion that the potential dilution to the shareholdings of the existing Shareholders is acceptable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the proposed refreshment of the Scheme Mandate Limit and the Service Provider Sublimit.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

中国奇点国峰控股有限公司
China Qidian Guofeng Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1280)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of China Qidian Guofeng Holdings Limited (the "**Company**") will be held at 10:00 a.m. on Thursday, 8 August 2024 at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** the existing scheme mandate limit under the share award scheme of the Company adopted on 15 June 2023 and amended on 25 January 2024 (the "**Share Award Scheme**") be refreshed so that the aggregate number of shares of the Company to be allotted and issued pursuant to the grant of the award shares (the "**Award Shares**") under the Share Award Scheme shall not exceed 10% of the aggregate number of shares of the Company (the "**Shares**") in issue as at the date of passing this resolution (the "**Refreshed Scheme Mandate Limit**") and that any director (the "**Director**") of the Company be and is hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), to grant Award Shares under the Share Award Scheme up to the Refreshed Scheme Mandate Limit and to exercise all powers of the Company to allot, issue and deal with Shares of the Company pursuant to the grant of such Award Shares."

2. "**THAT**, conditional upon the passing of ordinary resolution numbered 1 above, the existing service provider sublimit under the Share Award Scheme be refreshed to approximately 7% of the Shares in issue as at the date of passing of this resolution and no more than 70% of the Refreshed Scheme Mandate Limit (the "**Refreshed Service Provider Sublimit**") and that any Director be and is hereby authorised, subject to compliance with the Listing Rules, to grant Award Shares under the Share Award Scheme up to the Refreshed Service Provider Sublimit and to exercise all powers of the Company to allot, issue and deal with Shares of the Company pursuant to the grant of such Award Shares."

3. "**THAT** the grant of 3,965,678 Award Shares to Mr. Sun Yue, the executive Director and chief executive officer of the Company, be and is hereby approved, confirmed and ratified and any Director be and is hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of 3,965,678 Award Shares as and when practicable to a trustee to be appointed by the Company to hold on trust for Mr. Sun Yue, subject to satisfaction of the relevant vesting conditions."

4. "**THAT** the proposed amendments to the Share Award Scheme, a copy of which is produced to this meeting, marked "A" and initialed by the chairman of the meeting for identification purpose, be and is hereby approved and adopted in all respects."

Yours faithfully,
For and on behalf of
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman of the Board

Shenzhen, the People's Republic of China, 19 July 2024

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he/she/it so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

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

5. The register of members of the Company will be closed from Monday, 5 August 2024 to Thursday, 8 August 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 2 August 2024 for registration.

6. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish a circular on the website of the Company at www.hyjd.com and on the Stock Exchange website at http://www.hkexnews.com notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors of the Company are Mr. Yuan Li, Mr. Xu Xinying, Mr. Sun Yue and Mr. Zhuang Liangbao; the non-executive Directors of the Company are Mr. Gu Changchao and Mr. Wang Xianfu; and the independent non-executive Directors of the Company are Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.