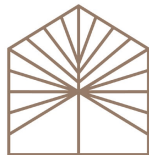


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ZXZN Qi-House Holdings Limited
中顯智能齊家控股有限公司

(formerly known as Qi-House Holdings Limited 齊家控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8395)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY

Reference is made to the announcement of the Company dated 14 February 2025 (the “**Announcement**”) in relation to the Disposal. Unless otherwise specified, capitalised terms herein shall have the same meanings as those defined in the Announcement. The Company wishes to provide additional information in relation to the Disposal in the Announcement as follows:

THE VALUATION

As disclosed in the Announcement, the Consideration was determined between the Vendor and the Purchaser after arm’s length negotiations having considered, including, among others, the valuation of the Target Company as at 15 January 2025 amounted to approximately HK\$2.9 million as per the valuation report performed by an independent valuer (the “**Valuation Report**”), after considering the recoverability of certain long overdue accounts receivables which amounted to approximately HK\$7.9 million. The Valuation was conducted as at 15 January 2025 by ValQuest Advisory Group Limited (the “**Valuer**”). According to the Valuation Report, after conducting the evaluation procedures, including data collection and evaluation, and internal review, the Valuer concluded that the appraised value of the equity value of the Target Company to be approximately HK\$2.9 million as at 15 January 2025, based on the asset approach.

VALUATION METHODOLOGY

According to the Valuation Report, the Valuer has considered asset approach for the purpose of determining the market value of the entire equity value of the Target Company as at 15 January 2025. In selecting the appropriate valuation approach, the Valuer considered the appropriateness of asset approach and income approach. The income approach was not adopted as this approach involves financial forecast information and the adoption of assumptions which cannot be easily justified or ascertained. Also, the Target Company has been loss-making and the management of the Target Company expects that it will continue to be loss-making in the near future. Nevertheless, a valuation based on the income approach has been performed for comparison, and indicates a result well below the asset approach's.

The Valuer considered the asset approach to be the most appropriate valuation approach. Under this approach, the value of the equity of the Target Company is represented by the value of the sum of each of the components of its assets and liabilities which are individually valued.

Basis of the asset approach

The Valuer obtained the statement of financial position of the Target Company. The net asset value of the Target Company as at 15 January 2025 was HK\$10.8 million. The assets of the Target Company are composed of accounts receivables, prepayments and other receivables, and cash at bank. Whereas, the liabilities of the Target Company are composed of bank borrowings, receipts in advance and other payables. The Valuer also considered the recoverability of the accounts receivables, and a discount of HK\$7.9 million was applied for certain long overdue accounts receivables. Based on the asset approach, the appraised value of the Target Company was approximately HK\$2.9 million. For more details, please refer to the section headed "KEY INPUTS AND COMPUTATION PROCESS OF THE VALUATION" below.

Major Assumptions

Due to the changing environment in which the Target Company is operating, a number of assumptions have to be established in order to sufficiently support the concluded valuation results. The major principal assumptions adopted in this appraisal are:

- there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction where the Target Company currently operates or will operate which will materially affect the revenues and profits attributable to the Target Company, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- the information provided and the estimations/representations made by the management with regard to the valuations are complete, accurate and reliable; and
- there are no major off-balance sheet assets and liabilities.

KEY INPUTS AND COMPUTATION PROCESS OF THE VALUATION

According to the Valuation Report, as at 15 January 2025, the 100% Equity value in the Target Company equals to the value of appraised total assets minus the value of the total liabilities of the Target Company.

Financial information of the Target Company

Set out below is the financial information of the Target Company as at 15 January 2025:

	As at 15 January 2025	
	Appraised Value HK\$'000 (unaudited)	Book Value HK\$'000 (unaudited)
ASSETS AND LIABILITIES		
Non-current assets	—	—
Current assets		
Accounts receivables	7,738	15,614
Other receivables	4,164	4,164
Bank balances	111	111
	<u>12,013</u>	<u>19,889</u>
Total assets	<u>12,013</u>	<u>19,889</u>
Non-current liabilities	—	—
Current liabilities		
Receipts in advance	2,507	2,507
Other payables	2,224	2,224
Bank borrowings	4,340	4,340
	<u>9,071</u>	<u>9,071</u>
Total Liabilities	<u>9,071</u>	<u>9,071</u>
NET ASSETS	<u>2,942</u>	<u>10,818</u>
TOTAL EQUITY	<u>2,942</u>	<u>10,818</u>

Total Assets

The total assets of the Target Company primarily comprised accounts receivables amounted to approximately HK\$15.6 million, which representing approximately 78.51% of total assets. The book value of the total assets was approximately HK\$19.9 million, while the appraised asset value was approximately HK\$12.0 million. This represented a written-down of approximately HK\$7.9 million on accounts receivables. Out of the total HK\$15.6 million accounts receivables, around 53.86% was overdue for a period ranging from 181 to 365 days, amounted to approximately HK\$8.4 million. A recoverability of 20% has been applied to such overdue accounts receivables, causing a written-off amounted to approximately HK\$6.7 million. Additionally, approximately HK\$1.1 million of accounts receivables, representing an approximately 7.35% of the total accounts receivables, has been outstanding for over one year, leading to a full write-off.

The management of the Target Company assessed the recoverability of accounts receivables, assigning a 20% recoverability to those overdue between 181 and 365 days and a 0% recoverability to those overdue for more than one year. The determination was based on factors including not only the age and nature of the accounts and historical payment collection patterns, but also changes in business, financial, and economic conditions anticipated to significantly increase in credit risk.

The PRC retail furniture industry faces ongoing challenges, such as intense competition and the growing preference for online shopping. These factors have led to a decline in sales for the Target Company's customers, adversely impacting their liquidity. As a result, 61.21% of the total accounts receivables have become overdue, with payment delays ranging from 181 days to over 365 days.

Total Liabilities

The total liabilities of the Target Company comprised receipts in advance, other payables and short-term borrowings, amounted to approximately HK\$9.1 million.

As at the 15 January 2025, the book value and the appraised value of the total liabilities of the Target Company were the same, which was approximately HK\$9.1 million. The appraised value was determined based on the actual obligations that the Target Company was required to assume.

Total Equity

According to the Valuation Report and based on the above mentioned asset approach, the appraised value of the Target Company was approximately HK\$2.9 million.

FURTHER REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal could provide immediate financial benefits with a consideration of HK\$3 million by Completion. The decision of the Disposal takes into account various factors, including the recoverability of accounts receivables, the forecasted financial performance of the Target Company, and the Valuation Report. The Disposal will enable the Group to concentrate more effectively on its principal businesses, generate additional cash flow, and enhance the overall financial position of the Group.

THE BOARD'S VIEW ON THE FAIRNESS AND REASONABLENESS OF THE CONSIDERATION

The Board has reviewed the Valuation Report, focusing on the methodology adopted, its key assumptions and the financial information of the Target Company. After consideration that (i) the Valuer has the necessary professional qualifications and relevant experience to perform the valuations of the Target Company; (ii) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions and methodology adopted by the Valuer for the relevant assessments are fair and reasonable, the Board is of the view that the valuation that formed the basis of the consideration is fair and reasonable.

By order of the Board
ZXZN Qi-House Holdings Limited
TONG Tang Joseph
Co-chairman and Chief Executive Officer

Hong Kong, 14 March 2025

As at the date of this announcement, the Board comprises Mr. TONG Tang Joseph, Mr. YU Quansheng, Ms. Mary Kathleen BABINGTON, Mr. TSUI Wing Tak, Mr. BIAN Dahai and Mr. JIAO Dejun as the executive Directors, and Mr. YEUNG Man Chung Charles, Mr. TSANG Wai Yin, and Mr. SIT Hoi Wah Kenneth as the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company's website at <https://qihouseholdings.com>.