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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 14 February 2025 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire equity interest in the Target Company, at a cash consideration of HK$3 million.

Upon Completion, the Group will cease to hold any equity interest in the Target Company and the Target Company will no longer be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules. The Disposal is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the paragraph headed "Conditions precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

THE DISPOSAL

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised below:

Date

14 February 2025

Parties

(a) Qi-House Investment Group Limited (formerly known as Tree Investment Group Limited), a wholly-owned subsidiary of the Company (as Vendor); and

(b) Trilane Marketing Consultant Limited (駿淩廣告有限公司) (as Purchaser).

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

Subject Matter

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company and is a direct wholly-owned subsidiary of the Vendor. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire equity interest in the Target Company.

Consideration

The Consideration of HK$3 million shall be payable fully by the Purchaser to the Vendor by way of cash upon Completion.

The Consideration was determined between the Vendor and the Purchaser after arm's length negotiations having considered: (i) the net asset value of the Target Company as at 15 January 2025 amounted to approximately HK$10.8 million; (ii) the financial performance of the Target Company for the three years ended 31 December 2024; (iii) 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, after considering the recoverability of certain long overdue account receivables which amounted to approximately HK$7.9 million; and (iv) other factors as set out in the paragraph headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

Conditions precedent

Completion shall be subject to and conditional upon both parties having obtained all necessary consents and/or authorisations required under any existing contractual arrangements or for the execution of the Sales and Purchase Agreement.

Completion

Completion shall take place on the date on which all conditions precedent having been fulfilled.

Upon Completion, the Group will cease to hold any equity interest in the Target Company and the Target Company will no longer be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

Post-Completion Undertaking and Share Charge

As at the date of this Announcement, the Target Company maintains the HSBC Facilities, with the maximum outstanding amount payable under the HSBC Facilities amounted to HK$6,000,000 and guaranteed by the Vendor. The Purchaser undertakes to, within 6 months after the Completion, either (i) repay all outstanding amount payable under the HSBC Facilities; or (ii) arrange the release and discharge of the guarantee provided by the Vendor in favour of the Target Company under the HSBC Facilities (the "**Post-Completion Undertaking**").

Pursuant to the Sale and Purchase Agreement, as security for due performance of the Purchaser's obligations under the Post-Completion Undertaking, the Purchaser agrees to charge the Sale Shares to the Vendor upon Completion. In the case where (i) repayment of all outstanding amount payable under the HSBC Facilities or (ii) the existing guarantee provided by the Vendor for the HSBC Facilities is released in accordance with the terms of the HSBC Facilities, the Vendor shall, at the request of the Purchaser, release and discharge the Purchaser from the Share Charge.

INFORMATION OF THE PARTIES

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Purchaser is directly wholly owned by Ms. FU Xin, who is a PRC citizen and a merchant.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between the Purchaser and their directors and legal representatives and any ultimate beneficial owner of the Purchaser (a) who can exert influence on the Sale and Purchase Agreement; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary is involved in the transaction).

To the best of the Directors' knowledge, information and belief upon making all reasonable enquiries, the Purchaser and its ultimate beneficial owners are all Independent Third Parties of the Company and its connected persons (as defined under the GEM Listing Rules).

The Group and the Vendor

The Company is incorporated in Cayman Islands with limited liability. The Group is principally engaged (i) the sale, distribution and rental of furniture and home accessories; (ii) the distribution and licensing of our intellectual property rights; (iii) the operation of TREE Café at the Group's flagship store in Hong Kong; (iv) the provision of styling and consulting services; (v) the provision of furniture agency services; (vi) the provision of consumer loan services; and (vii) the provision of software and information technology services.

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of furniture agency services in Hong Kong.

Set out below is the financial information of the Target Company for the three years ended 31 December 2024:

	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2022
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Revenue	2,037	4,143	5,274
Profit/(loss) before taxation	(1,721)	2,042	773
Profit/(loss) after taxation	(1,721)	1,599	1,108

As at 15 January 2025, the unaudited net assets of the Target Company was approximately HK$10.8 million.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group will cease to hold any equity interest in the Target Company and the Target Company will no longer be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

The Group is expected to record an unaudited loss on the Disposal of approximately HK$7.8 million. Such unaudited loss is estimated after taking into account, among other things, (i) the Consideration of HK$3 million; and (ii) the carrying amount of the Target Company's unaudited net assets of approximately HK$10.8 million as at 15 January 2025. The exact amount to be recorded in the consolidated statement of profit or loss of the Group is subject to audit and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual amount of loss on the Disposal to be recorded by the Group will depend on the financial position of the Target Company on the Completion Date, and therefore may be different from the amount mentioned above.

The proceeds from the Disposal are intended to be used for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the Company's annual report for the Group for the year ended 31 March 2024, the commission income generated from the Group's furniture agency service segment by the Target Company decreased, as compared to the same for last year. The decrease was mainly attributable to the poor economic sentiment in Mainland China. The Directors are of the view that the abovementioned market trend for this segment will subsist in the future. Having considered the financial performance and the future prospect of the Target Company, the Directors believe that the Disposal will (i) minimise the adverse impact of the deteriorating financial performance of the Target Company on the Company; and (ii) enhance the Company's cash flow position that would enable the Company to devote more resources in other operating segments, which will further enhance the Company's income and market reputation at the same time. Additionally, the Disposal enables the Company to realise cash resources in improving the liquidity and strengthening the financial position of the Company.

Having considered the above factors, the Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules. The Disposal is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors of the Company
"Company"	ZXZN Qi-House Holdings Limited (formerly known as Qi-House Holdings Limited) (stock code: 8395), an exempted company incorporated in the Cayman Islands with limited liability on 9 March 2016, the issued Shares of which are listed on the GEM of the Stock Exchange

"Completion"	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date of the Completion
"connected person(s)"	has the meaning as ascribed thereto under the GEM Listing Rules
"Consideration"	HK$3 million, being the consideration for the Disposal pursuant to the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares, representing the entire equity interest in the Target Company, by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
"GEM"	the GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HSBC Facilities"	banking facilities entered into between the Target Company (as borrower), the Vendor (as guarantor) and The Hongkong and Shanghai Banking Corporation Limited (as lender) dated 12 May 2020 in respect of a post-shipment buyer loans in an aggregate amount up to HK$6,000,000. As at the date of this Sale and Purchase Agreement, the maximum outstanding amount payable under the HSBC Facilities amounted to HK$6,000,000
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons
"Purchaser"	Trilane Marketing Consultant Limited (駿淩廣告有限公司), a company incorporated in Hong Kong with limited liability

"Sale and Purchase Agreement"	the sale and purchase agreement dated 14 February 2025 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Sale Shares
"Sale Shares"	500,000 ordinary shares in the Target Company, representing the entire equity interest in the Target Company, to be sold and acquired pursuant to the Sale and Purchase Agreement
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Charge"	the share charge given by Purchaser in favour of the Vendor over the Sales Shares as security of the due performance of the Purchaser's obligations under for the Post-Completion Undertaking pursuant to the Sale and Purchase Agreement
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hong Kong Italiving International Company Limited (香港意享世家國際貿易有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendor"	Qi-House Investment Group Limited (formerly known as Tree Investment Group Limited), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

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

Hong Kong, 14 February 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.