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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this circular or as to the action to be taken, you should consult licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chervon Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### Chervon Holdings Limited 泉峰控股有限公司

(Incorporated in Hong Kong with limited liability)  
(Stock code: 2285)

## DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE TARGET COMPANY AND PROPOSED SPECIAL DIVIDEND AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders

MESSIS 大有融資

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The notice convening an extraordinary general meeting (the “EGM”) of Chervon Holdings Limited to be held on Thursday, May 22, 2025 at 11:00 a.m. at 99 West Tian-Yuan Road, Nanjing, China, is set out on pages 41 to 42 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 Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([global.chervongroup.com](http://global.chervongroup.com)).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM 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 or via the designated website (<https://evoting.vistra.com>) using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting (as the case may be). 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.

References to time and dates in this circular are to Hong Kong time and dates.

*The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English version shall prevail.*

April 30, 2025

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chervon Auto Precision Technology”	Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司), a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 603982.SH) and is held by the Purchaser as to 26.44% and the Target Company as to 23.75% as of the Latest Practicable Date
“China” or the “PRC”	the People’s Republic of China
“Company”	Chervon Holdings Limited (泉峰控股有限公司), a company incorporated in Hong Kong with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 2285)
“Completion”	completion of the Disposal in accordance with the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Disposal, being RMB570,000,000 or HK\$ equivalent
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest of the Target Company in accordance with the terms and conditions of the Equity Transfer Agreement

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be held on Thursday, May 22, 2025 at 11:00 a.m. at 99 West Tian-Yuan Road, Nanjing, China for the Independent Shareholders to consider and, if thought fit, approve the resolutions contained in the notice of the meeting which is set out on pages 41 to 42 of this circular, or any adjournment thereof
“Equity Transfer Agreement”	the equity transfer agreement dated March 26, 2025 and entered into between the Company, the Purchaser and the Target Company in relation to the sale and purchase of the entire equity interest of the Target Company
“Group”	the Company and its subsidiaries from time to time, including the Target Company before the completion of the Disposal
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Mr. Tian Ming, Dr. Li Minghui and Mr. Jiang Li, all of them are independent non-executive Directors, established for the purpose of giving recommendation to the Independent Shareholders regarding the Equity Transfer Agreement and the Disposal contemplated thereunder and the Special Dividend
“Independent Financial Adviser” or “Messis”	Messis Capital Limited, a corporation licensed by 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, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the Disposal contemplated thereunder and the Special Dividend

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## DEFINITIONS

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“Independent Shareholder(s)”	Shareholders who are not interested in the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend, and are not required to abstain from voting on the resolutions to approve (i) the Equity Transfer Agreement and the Disposal contemplated thereunder; and (ii) the Special Dividend
“Latest Practicable Date”	April 28, 2025, being the latest practicable date prior to the printer of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Panmercy”	Panmercy Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder of the Company, holding directly and indirectly approximately 50.92% of the total issued share capital of the Company as of the Latest Practicable Date
“Purchaser”	Chervon Precision Technology Holdings Company Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of Panmercy
“Record Date”	Thursday, May 29, 2025, being the record date for determining entitlements of the Shareholders to the Special Dividend
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Dividend”	the cash dividend of HK\$1.1905 per Share payable to all Shareholders whose names appear on the register of member of the Company on the Record Date, subject to the Special Dividend Conditions being satisfied

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## DEFINITIONS

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“Special Dividend Conditions”	the conditions of the Special Dividend
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chervon (China) Investment Co., Ltd* (泉峰(中國)投資有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company before the completion of the Disposal

\* *For identification purpose only*

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LETTER FROM THE BOARD

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**Chervon Holdings Limited**  
**泉峰控股有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock code: 2285)**

*Executive Directors:*

Mr. PAN Longquan (*Chairman*)  
Ms. ZHANG Tong  
Mr. KE Zuqian  
Mr. Michael John CLANCY

*Registered Office:*

Unit 04, 22/F, Saxon Tower  
7 Cheung Shun Street  
Lai Chi Kok, Kowloon  
Hong Kong

*Independent non-executive Directors:*

Mr. TIAN Ming  
Dr. LI Minghui  
Mr. JIANG Li

April 30, 2025

*To the Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE TARGET COMPANY  
AND  
PROPOSED SPECIAL DIVIDEND  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated March 26, 2025 in relation to, among others, the Equity Transfer Agreement, the Disposal contemplated thereunder and the proposed Special Dividend.

On March 26, 2025, the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB570,000,000 or HK\$ equivalent.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide the Shareholders with, among others, (i) further details of the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement, the Disposal contemplated thereunder and the Special Dividend; and (iv) the notice of EGM and other information as required under the Listing Rules.

### **2. EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

#### **(1) Date**

March 26, 2025

#### **(2) Parties**

- (i) The Company (as the vendor);
- (ii) Chervon Precision Technology Holdings Company Limited (as the purchaser); and
- (iii) Chervon (China) Investment Co., Ltd\* (泉峰(中國)投資有限公司) (as the target company).

\* For identification purpose only

#### **(3) Subject matter**

The Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

As of the Latest Practicable Date, the principal business of the Target Company is the holding of 64,671,068 shares of Chervon Auto Precision Technology, representing 23.75% of the total number of issued shares of Chervon Auto Precision Technology. Chervon Auto Precision Technology is principally engaged in the production, sales and research and development of automotive power systems and relevant components. Chervon Auto Precision Technology was established in the PRC with limited liability on March 19, 2012 and its shares are listed on the Shanghai Stock Exchange (stock code: 603982.SH). Save as the shares of Chervon Auto Precision Technology, the Target Company has no other significant asset.

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## LETTER FROM THE BOARD

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### **(4) Consideration and Payment**

The Consideration is RMB570,000,000 or HK\$ equivalent, which shall be paid in cash within 20 business days after the satisfaction or waiver of the following conditions:

- (a) the approval of the Disposal by the shareholder of the Target Company;
- (b) the approval of the Disposal by the Board and the Independent Shareholders;
- (c) the approval of the declaration and payment of the Special Dividend by the Board and Independent Shareholders and the Special Dividend having been paid in accordance with the Shareholders' resolution;
- (d) the approval of the Disposal by the shareholders of the Purchaser;
- (e) the Equity Transfer Agreement and all other documents for the purpose of, or in connection with, the Disposal having been executed by each party and become effective;
- (f) all necessary consents and approvals (where applicable) from third parties required for the execution and performance of the Equity Transfer Agreement having been obtained by each party;
- (g) the pledge of shares of Chervon Auto Precision Technology by the Target Company having been released and that the documentary proof of release of pledge having been provided to the Purchaser;
- (h) no occurrence of events, changes or any conditions that may have a material adverse impact on the Disposal since the date of the Equity Transfer Agreement up to the date of payment of the Consideration;
- (i) no laws or governmental orders which will cause the Disposal to become unlawful or restrict or prohibit the Disposal having been formulated, published, promulgated, implemented or adopted by any government authority; and
- (j) the representations and warranties of the Company remaining lawful, true and accurate and not misleading since the date of the Equity Transfer Agreement and up to the date of payment of the Consideration.

Conditions set out in sub-paragraph (b), (c), (e), (f) and (i) cannot be waived.

The Consideration was determined after arm's length negotiation with reference to, among others, the historical financial performances of Chervon Auto Precision Technology, the accumulated loss incurred from the Company's investment in Chervon Auto Precision Technology and the prevailing market price of the shares of Chervon Auto Precision

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## LETTER FROM THE BOARD

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Technology. The Consideration represented a premium of approximately 1.7% over the aggregate closing price of 64,671,068 shares of Chervon Auto Precision Technology (i.e., the number of shares of Chervon Auto Precision Technology held by the Target Company) on the trading date immediately prior to the date of the Equity Transfer Agreement and a premium of 16.1% over the unaudited net asset value of the Target Company as of December 31, 2024.

### **(5) Conditions Precedent**

The Equity Transfer Agreement shall become effective on the date when all the following conditions have been fulfilled:

1. the approval of the Disposal by the shareholder of the Target Company;
2. the approval of the Disposal by the Board and the Independent Shareholders;
3. the declaration and approval of the payment of Special Dividend by the Board and the Independent Shareholders; and
4. the approval of the Disposal by the shareholders of the Purchaser.

### **(6) Completion**

Within 10 business days after the receipt of the Consideration, the Company shall procure the Target Company to complete the industrial and commercial registration in respect of the equity transfer and the Purchaser shall provide necessary assistance.

Completion shall take place on the date when the industrial and commercial registration in respect of the transfer of the entire equity interest of the Target Company from the Company to the Purchaser has been completed. On the date of Completion, the Target Company shall:

- (a) provide the Purchaser with the updated register of members of the Target Company;
- (b) issue the updated capital contribution certificate to the Purchaser; and
- (c) provide the Purchaser with a copy of (i) the business licence issued by the registration authority for the equity transfer (affixed with the Target Company's seal) and (ii) the registered articles of association (affixed with the Target Company's seal).

Within 20 business days after the date of Completion, all parties shall cooperate with the Target Company to complete the filing of change in equity structure of foreign-invested enterprises with the relevant foreign exchange and commerce administrative authorities.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE PARTIES

#### (1) The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Company is a China-based global provider of power tools and outdoor power equipment.

#### (2) The Purchaser

The Purchaser is incorporated in Hong Kong with limited liability, the principal activity of which is investment holding. The Purchaser is wholly-owned by Chervon Global Holdings Limited (“**Chervon Global Holdings**”), which is in turn owned as to approximately 66.72%, 24.67%, 6.85% by Panmercy, Green Hope Limited (“**Green Hope**”), Klamm Limited (“**Klamm**”) respectively. Panmercy is wholly-owned by Mr. Pan Longquan (“**Mr. Pan**”) whereas Green Hope is wholly-owned by Ms. Zhang Tong (“**Ms. Zhang**”) and Klamm is wholly-owned by Mr. Ke Zuqian (“**Mr. Ke**”). Each of Mr. Pan, Ms. Zhang and Mr. Ke is an executive Director of the Company. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the remaining 1.76% shares of Chervon Global Holdings are owned by independent third parties.

#### (3) The Target Company

The Target Company is a wholly-owned subsidiary of the Company, which is incorporated in the PRC with limited liability and principally engaged in investment holding.

As of December 31, 2024, the unaudited net asset value of the Target Company was approximately RMB491.0 million.

Certain financial information of the Target Company for the years ended December 31, 2022, 2023 and 2024 are set out as follows:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)
Net profit before tax	-132,003	-143,930	-123,713
Net profit after tax	-106,241	-138,778	-123,641

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain in the amount of RMB79.0 million from the Disposal, which is calculated with reference to the carrying value (i.e., RMB491.0 million) of the Target Company as of December 31, 2024. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Company's financial statements, in which the Company's equity interest in Chervon Auto Precision Technology will cease to be accounted as interest in associate.

After deducting the professional fees and other expenses relating to the Disposal, it is estimated that the Company will receive net proceeds of approximately RMB569.0 million. The Company intends to apply all of the net proceeds to supplement the general working capital of the Group after the payment of the Special Dividend, which is approximately HK\$608.4 million and expected to be paid on or before Monday, June 23, 2025.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group strives to be a global leader of power tools and outdoor power equipment and continues to focus on related product offerings. After review of the Group's overall investment portfolio, the Board is of the view that the investment in Chervon Auto Precision Technology is a non-core asset and unrelated to the Group's existing business strategy and commitment to the principal business. The Group's equity interest in Chervon Auto Precision Technology has continued to contribute share of loss of an associate amounted to US\$18.3 million and US\$17.3 million for the years ended December 31, 2023 and 2024, respectively. The Directors are of the view that the Disposal would be beneficial for the Company and the Shareholders for the following reasons:

1. **Strategic Focus:** The Company's core business is focusing on power tools and outdoor power equipment, while Chervon Auto Precision Technology focuses on the production, sales and research and development of automotive power systems and relevant components. The two businesses have different strategic focuses and do not share any operational or commercial synergies. The Disposal will allow the Company to concentrate its own resources on its core businesses, which aligns with the Company's long-term strategic objectives.
2. **Financial Performance of Chervon Auto Precision Technology:** Amidst the pressure on the overall auto industry, Chervon Auto Precision Technology has been incurring losses since the financial year ended December 31, 2022. The divestment from Chervon Auto Precision Technology, which is a non-core asset of the Company, will eliminate the financial burden associated with the losses of Chervon Auto Precision Technology and allow the Company to allocate resources more efficiently.

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## LETTER FROM THE BOARD

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3. **Enhance Shareholder Value:** The Board believes that the Disposal will enable the Company to focus on its core business, which has stronger growth prospects and profitability. It is expected that the Disposal would enhance shareholder value through different means such as increasing its capacity to declare dividend and/or improving the Company's valuation.

### IMPLICATION UNDER THE LISTING RULES

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

As of the Latest Practicable Date, the Purchaser is wholly-owned by Chervon Global Holdings, which is a non-wholly owned subsidiary of Panmercy, a controlling shareholder of the Company. The Purchaser is therefore an associate of Panmercy and a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### PROPOSED SPECIAL DIVIDEND

In connection with the Disposal and subject to the satisfaction of the Special Dividend Conditions, the Board has recommended the payment of the Special Dividend of HK\$1.1905 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The aggregate amount of the Special Dividend, if approved by the Independent Shareholders, is expected to be approximately HK\$608.4 million (based on the total number of issued Shares as of the Latest Practicable Date and assuming there are no changes to the Company's share capital up to and including the Record Date).

The payment of the Special Dividend is conditional upon the following conditions having been satisfied:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Special Dividend; and
- (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Equity Transfer Agreement and the Disposal contemplated thereunder.

Payment of the Special Dividend will not take place unless all the above conditions of the Special Dividend have been satisfied.

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## LETTER FROM THE BOARD

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### 3. EGM AND PROXY ARRANGEMENT

The notice of EGM is set out on pages 41 to 42 of this circular.

The Company will hold the EGM at 99 West Tian-Yuan Road, Nanjing, China.

Any Shareholder who has a material interest in the Equity Transfer Agreement and the Disposal contemplated thereunder and the Special Dividend shall abstain from voting on the resolutions in relation thereto to be proposed at the EGM. As of the Latest Practicable Date, the ultimate beneficial owners of the Purchaser (including Mr. Pan, Ms. Zhang, Mr. Ke and certain independent third parties), directly and indirectly, held approximately 388,415,000 Shares, which represent approximately 76.0% of the total issued share capital of the Company and all of them will abstain from voting on the resolutions in relation to the Equity Transfer Agreement and the Disposal contemplated thereunder and the Special Dividend. Save for the above and to the best of the Directors' knowledge, information and belief, no other Shareholder is required to abstain from voting at the EGM.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman of the EGM decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules and the Company's Articles of Association.

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 Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([global.chervongroup.com](http://global.chervongroup.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 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 or via the designated website (<https://evoting.vistra.com>) using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

### 4. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025, both days 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, May 16, 2025.

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## LETTER FROM THE BOARD

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Subject to the satisfaction of the Special Dividend Conditions, for determining the entitlement of Shareholders to receive the Special Dividend, the register of members of the Company will be closed from Wednesday, May 28, 2025 to Thursday, May 29, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Special Dividend, 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 Tuesday, May 27, 2025.

### 5. GENERAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

### 6. RECOMMENDATION

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee set out on page 14 of this circular; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 15 to 33 of this circular.

The Directors (including the independent non-executive Directors after reviewing and considering the advice of the Independent Financial Adviser which is set out in the section headed "Letter from Independent Financial Adviser" in this circular) are of the view that the Equity Transfer Agreement and the Disposal contemplated thereunder are on normal commercial terms or better, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the resolutions to approve the entering into the Equity Transfer Agreement, the Disposal contemplated thereunder and the declaration and payment of Special Dividend.

Mr. Pan, Ms. Zhang and Mr. Ke, each of whom is an executive Director, are considered to have a material interest in the Disposal by virtue of their indirect interests in the Purchaser, and have abstained from voting on the relevant board resolutions approving the Equity Transfer Agreement, the Disposal contemplated thereunder and the declaration of the Special Dividend.

By order of the Board  
**Chervon Holdings Limited**  
**PAN Longquan**  
*Chairman*



**Chervon Holdings Limited**

**泉峰控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2285)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE TARGET COMPANY  
AND  
PROPOSED SPECIAL DIVIDEND**

April 30, 2025

*To the Independent Shareholders*

Dear Sir/Madam,

We refer to the circular issued by the Company to the Shareholders dated April 30, 2025 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in this letter shall have the same meanings as in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Equity Transfer Agreement and the Disposal contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Messis Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the Disposal. The text of the letter of advice from the Independent Financial Adviser containing its advice and the principal factors that it has taken into account in arriving at its advice are set out on pages 15 to 33 of the Circular.

Having taken into account, among others, the terms of the Equity Transfer Agreement and the Disposal and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Equity Transfer Agreement and the Disposal contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to approve the Equity Transfer Agreement, the Disposal contemplated thereunder and the declaration and payment of Special Dividend to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. TIAN Ming**  
*Independent*  
*non-executive Director*

**Dr. LI Minghui**  
*Independent*  
*non-executive Director*

**Mr. JIANG Li**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Messis Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this Circular.*

**MESSIS 大有融資**

April 30, 2025

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE TARGET COMPANY  
AND  
PROPOSED SPECIAL DIVIDEND**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Disposal. Details of the Disposal are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated April 30, 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On March 26, 2025, the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB570,000,000 or HK\$ equivalent.

In connection with the Disposal and subject to the satisfaction of the Special Dividend Conditions, the Board has recommended the payment of the Special Dividend of HK\$1.1905 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The aggregate amount of the Special Dividend, if approved by the Independent Shareholders, is expected to be approximately HK\$608.4 million (based on the total number of issued Shares as at the Latest Practicable Date and assuming there are no changes to the Company’s share capital up to and including the Record Date).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### LISTING RULES IMPLICATIONS

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

As at the Latest Practicable Date, the Purchaser is wholly-owned by Chervon Global Holdings Limited, which is a non-wholly-owned subsidiary of Panmercy, a controlling Shareholder of the Company. The Purchaser is therefore an associate of Panmercy and a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors (namely, Mr. Tian Ming, Dr. Li Minghui and Mr. Jiang Li) has been formed to advise the Independent Shareholders on the transactions contemplated under the Equity Transfer Agreement and the Special Dividend. We, Messis Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company, the Purchaser or their respective core connected persons or associates that could reasonably be regarded as relevant to our independence as the Independent Financial Adviser. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, there were no other engagements between the Group and Messis Capital Limited. Apart from normal professional fees for our services to the Company in connection with the aforesaid engagement and this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, pursuant to Rule 13.84 of the Listing Rules, we are independent from, and are not associated with the Company or their respective substantial shareholder(s) or connected person(s) as defined under the Listing Rules, and accordingly are considered eligible to give independent advice on the transactions contemplated under the Equity Transfer Agreement and the Special Dividend.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “Management”). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Directors and the Management that no material facts have been omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, the Target Company, the Purchaser or their respective prospects. We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the transactions contemplated under the Equity Transfer Agreement and the Special Dividend, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

#### **1. Information of the Group**

##### ***1.1. Principal business of the Group***

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Company is China-based global provider of power tools and outdoor power equipment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2. Financial information of the Group

Set out below is a summary of the consolidated financial information of the Group for the two years ended December 31, 2023 and 2024 as extracted from the annual report of the Group dated April 25, 2025:

	<b>For the year ended December 31</b>	
	<b>2023</b>	<b>2024</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue		
– Power tools	548,544	747,638
– Outdoor power equipment	811,408	1,007,478
– Others	14,762	18,657
Total revenue	1,374,714	1,773,773
Gross Profit	386,833	615,681
Net Profit/(Loss)	(37,150)	112,708
	<b>As at December 31</b>	
	<b>2023</b>	<b>2024</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Total Asset	1,796,385	1,992,297
Total Liabilities	835,764	955,604
Net Current Asset	651,786	730,562
Net Asset	960,621	1,036,693

The Group had recorded revenue growth of approximately 29.0% from approximately US\$1,374.7 million for the year ended December 31, 2023 to approximately US\$1,773.8 million for the year ended December 31, 2024, which according to the announcement of annual results of the Group dated March 26, 2025, was mainly attributable to strong points-of-sales performance and higher volume of customer orders after the destocking cycle.

In particular, majority of the revenue for the two years ended December 31, 2023 and 2024 was derived from (i) sales of power tools and power tool accessories for consumer, professional and industrial users; and (ii) sales of outdoor power equipment for premium or professional and mass-market users, which demonstrated the business focus of the Group.

It is also noted that the Group's gross profit increased by approximately 59.2% from approximately US\$386.8 million for the year ended December 31, 2023 to approximately US\$615.7 million for the year ended December 31, 2024, which was primarily driven by scale restoration and operational efficiency enhancement, favorable raw material costs and currency exchange rates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's total expenses has increased from approximately US\$411.5 million for the year ended December 31, 2023 to approximately US\$450.4 million for the year ended December 31, 2024, which was mainly attributable to (i) increase in marketing expenses and investments in expanding channels, especially in online channels as well as investments in talent; (ii) increase in investment in talent development and global manufacturing footprint; and (iii) the Company's continued investment in research and product development, particularly in commercial and robotic technology.

In particular, the Group had a share of loss of an associate of approximately US\$17.3 million for the year ended December 31, 2024, as compared to a share of loss of an associate of approximately US\$18.3 million for the year ended December 31, 2023, which were primarily attributable to 23.75% equity interest in Chervon Auto Precision Technology.

The Group record a net profit of approximately US\$112.7 million for the year ended December 31, 2024, in contrast to a net loss of approximately US\$37.2 million for the year ended December 31, 2023.

### **2. Information about the Purchaser and the Target Company**

#### ***2.1. Information about the Purchaser***

The Purchaser is incorporated in Hong Kong with limited liability, the principal activity of which is investment holding. The Purchaser is wholly-owned by Chervon Global Holdings Limited ("**Chervon Global Holdings**"), which is in turn owned as to approximately 66.72%, 24.67%, 6.85% by Panmercy, Green Hope Limited ("**Green Hope**"), Klamm Limited ("**Klamm**") respectively. Panmercy is wholly-owned by Mr. Pan Longquan ("**Mr. Pan**") whereas Green Hope is wholly-owned by Ms. Zhang Tong ("**Ms. Zhang**") and Klamm is wholly-owned by Mr. Ke Zuqian ("**Mr. Ke**"). Each of Mr. Pan, Ms. Zhang and Mr. Ke is an executive Director of the Company. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the remaining 1.76% shares of Chervon Global Holdings are owned by independent third parties.

#### ***2.2. Principal business of the Target Company***

The Target Company is a wholly-owned subsidiary of the Company, which is incorporated in the PRC with limited liability and principally engaged in investment holding.

As of the Latest Practicable Date, the principal business of the Target Company is the holding of 64,671,068 shares of Chervon Auto Precision Technology, representing 23.75% of the total number of issued shares of Chervon Auto Precision Technology. Chervon Auto Precision Technology is principally engaged in the production, sales and research and development of automotive power systems and relevant components. Chervon Auto Precision Technology was established in the PRC with limited liability on March 19, 2012 and its shares are listed on the Shanghai Stock Exchange (stock code: 603982.SH). Save as the shares of Chervon Auto Precision Technology, the Target Company has no other significant asset.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2.3. Financial information of the Target Company

As of December 31, 2024, the unaudited net asset value of the Target Company was approximately RMB491.0 million.

Set out below is a summary of the financial information of the Target Company for the two years ended December 31, 2023 and 2024 as extracted from the audited financial statement for the year ended December 31, 2023 and the management account for the year ended December 31, 2024 of the Target Company:

	<b>For the year ended December 31</b>	
	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Revenue	0	0
Net interest income	181	52
Administrative expenses	778	338
Loss on investment	143,276	123,425
Other expenses	57	2
Profit/(Loss) before Tax	(143,930)	(123,713)
Net Profit/(Loss)	(138,778)	(123,641)
	<b>As at December 31</b>	
	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Current Asset		
– Cash and cash equivalent	7,565	7,141
– Other current asset	1	0
Total Current Asset	7,566	7,140
Non-current Asset		
– Long term investment	615,378	484,172
Total Non-current Asset	615,378	484,172
Liabilities		
– Tax payable	80	(96)
– Other payable	377	362
Total Liabilities	457	266
Net Asset	622,487	491,046

It is noted that save for administrative expenses, the profit and loss of the Target Company for the two years ended December 31, 2023 and 2024 was mainly consist of the loss on investment which attributable to the investment holding of the shares of Chervon Auto Precision Technology.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It is also noted that apart from approximately RMB7.6 million and RMB7.1 million cash and cash equivalent as at December 31, 2023 and 2024, respectively, the net asset of the Target Company is in essence the long term investment in the shares of Chervon Auto Precision Technology.

### 2.4. Financial information of Chervon Auto Precision Technology

Set out below is a summary of the consolidated financial information of the Chervon Auto Precision Technology for the two years ended December 31, 2022 and 2023 and six months ended June 30, 2023 and 2024 as extracted from the annual report for the year ended December 31, 2023 and interim report for the six months ended June 30, 2024 of Chervon Auto Precision Technology:

	For the year ended December 31		For the six months ended June 30	
	2022	2023	2023	2024
	RMB	RMB	RMB	RMB
	million	million	million	million
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue				
– parts for new energy automobiles	645	1,172		
– other auto parts	1,048	930		
– other parts	52	33		
Total Revenue	1,745	2,135	939	1,025
Operation Cost				
– parts for new energy automobiles	580	1,216		
– other auto parts	953	888		
– other parts	49	32		
Total Operation Cost	1,582	2,136	990	1,016
Gross Profit/(Loss)	163	(1)	(51)	9
Net Profit/(Loss)	(154)	(565)	(234)	(254)
	As at December 31		As at June 30	
	2022	2023	2024	
	RMB million	RMB million	RMB million	
	(Audited)	(Audited)	(Unaudited)	
Total Asset	6,291	6,794	6,655	
Total Liabilities	3,439	4,483	4,605	
Net Asset	2,852	2,311	2,050	

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According to the annual report for the year ended December 31, 2023 of Chervon Auto Precision Technology, Chervon Auto Precision Technology was undergoing the transformation from manufacturing and sales of traditional auto parts to that of parts for new energy automobiles.

Such transformation was indicated by the increase in revenue contribution from manufacturing and sales of parts for new energy automobiles, which increased from approximately 37.0% to approximately 54.9% of the total revenue for the year ended December 31, 2022 and 2023, respectively.

However, the cost of the new energy auto parts segment was also relatively high, which resulted in a segment gross loss of approximately 3.8% for the year ended December 31, 2023. Although segment information is not available for the six months ended June 30, 2024, it appears that the trend is continuing as indicated by the thin gross profit margin of approximately 0.9%. Although the segment revenue is in an increasing trend, such thin gross profit margin indicated that the transformation of Chervon Auto Precision Technology is still in mist in the near future in view of the fierce competition on the auto parts industry.

It is further noted that Chervon Auto Precision Technology was loss making for the two years ended December 31, 2022 and 2023, and the six months ended June 30, 2024, and the net asset of Chervon Auto Precision Technology was in a decreasing trend during the same period, and reached approximately RMB2,050 million.

### **3. Reasons and benefits of the Disposal**

The reasons for and benefits of entering into the Equity Transfer Agreement, with reference to the Letter from the Board and as advised by the Management, are mainly as follows:

1. *Strategic Focus:* The Company's core business is focusing on power tools and outdoor power equipment, while Chervon Auto Precision Technology focuses on the production, sales and research and development of automotive power systems and relevant components. The two businesses have different strategic focuses and do not share any operational or commercial synergies. The disposal will allow the Company to concentrate its own resources on its core businesses, which aligns with the Company's long-term strategic objectives.
2. *Financial Performance of Chervon Auto Precision Technology:* Amidst the pressure on the overall auto industry, Chervon Auto Precision Technology has been incurring losses since the financial year ended December 31, 2022. The divestment from Chervon Auto Precision Technology, which is a non-core asset of the Company, will eliminate the financial burden associated with the losses of Chervon Auto Precision Technology and allow the Company to allocate resources more efficiently.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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3. *Enhance Shareholder Value*: The Board believes that the Disposal will enable the Company to focus on its core business, which has stronger growth prospects and profitability. It is expected that the Disposal would enhance shareholder value through different means such as increasing its capacity to declare dividend and/or improving the Company's valuation.

Based on the above, although the Disposal is not in the ordinary and usual course of business of the Group, it is in line with the business strategies of the Group to focus on its core business, having considered (i) the Disposal will stop the sharing of loss from Chervon Auto Precision Technology; (ii) the financial performance of Chervon Auto Precision is still in mist in the near future in view of the fierce competition on the auto parts industry which indicated by gross profit margin of -3.73% of its new energy auto parts segment for the year ended December 31, 2023; and (iii) our analysis on the Consideration under section headed "5. Share price performance of Chervon Auto Precision Technology and Consideration" in this letter below, we concur with the view of the Directors (including all members of the Independent Board Committee, whose opinions have been set out in this circular) that the Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 4. The Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are set out below:

#### **Date**

March 26, 2025

#### **Parties**

- (i) The Company (as the vendor);
- (ii) Chervon Precision Technology Holdings Company Limited (as the purchaser); and
- (iii) Chervon (China) Investment Co., Ltd\* (泉峰(中國)投資有限公司) (as the target company).

#### **Subject matter**

The Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Consideration and Payment

The Consideration is RMB570,000,000 or HK\$ equivalent, which shall be paid in cash within 20 business days after the satisfaction or waiver of the following conditions:

- (a) the approval of the Disposal by the shareholder of the Target Company;
- (b) the approval of the Disposal by the Board and the Independent Shareholders;
- (c) the approval of the declaration and distribution of the Special Dividend by the Board and Independent Shareholders and the Special Dividend having been paid in accordance with the Shareholders' resolution;
- (d) the approval of the Disposal by the shareholders of the Purchaser;
- (e) the Equity Transfer Agreement and all other documents for the purpose of, or in connection with, the Disposal having been executed by each party and become effective;
- (f) all necessary consents and approvals (where applicable) from third parties required for the execution and performance of the Equity Transfer Agreement having been obtained by each party;
- (g) the pledge of shares of Chervon Auto Precision Technology by the Target Company having been released and that the documentary proof of release of pledge having been provided to the Purchaser;
- (h) no occurrence of events, changes or any conditions that may have a material adverse impact on the Disposal since the date of the Equity Transfer Agreement up to the date of payment of the Consideration;
- (i) no laws or governmental orders which will cause the Disposal to become unlawful or restrict or prohibit the Disposal having been formulated, published, promulgated, implemented or adopted by any government authority;
- (j) the representations and warranties of the Company remaining lawful, true and accurate and not misleading since the date of the Equity Transfer Agreement and up to the date of payment of the Consideration.

Conditions set out in sub-paragraph (b), (c), (e), (f) and (i) cannot be waived.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Conditions Precedent

The Equity Transfer Agreement shall become effective on the date when all the following conditions have been fulfilled:

1. the approval of the Disposal by the shareholder of the Target Company;
2. the approval of the Disposal by the Board and the Independent Shareholders;
3. the declaration and approval of the payment of Special Dividend by the Board and the Independent Shareholders; and
4. the approval of the Disposal by the shareholders of the Purchaser.

### Completion

Within 10 business days after the receipt of the Consideration, the Company shall procure the Target Company to complete the industrial and commercial registration in respect of the equity transfer and the Purchaser shall provide necessary assistance.

Completion shall take place on the date when the industrial and commercial registration in respect of the transfer of the entire equity interest of the Target Company from the Company to the Purchaser has been completed. On the date of Completion, the Target Company shall:

- (a) provide the Purchaser with the updated register of members of the Target Company;
- (b) issue the updated capital contribution certificate to the Purchaser; and
- (c) provide the Purchaser with a copy of (i) the business licence issued by the registration authority for the equity transfer (affixed with the Target Company's seal) and (ii) the registered articles of association (affixed with the Target Company's seal).

Within 20 business days after the date of Completion, all parties shall cooperate with the Target Company to complete the filing of change in equity structure of foreign-invested enterprises with the relevant foreign exchange and commerce administrative authorities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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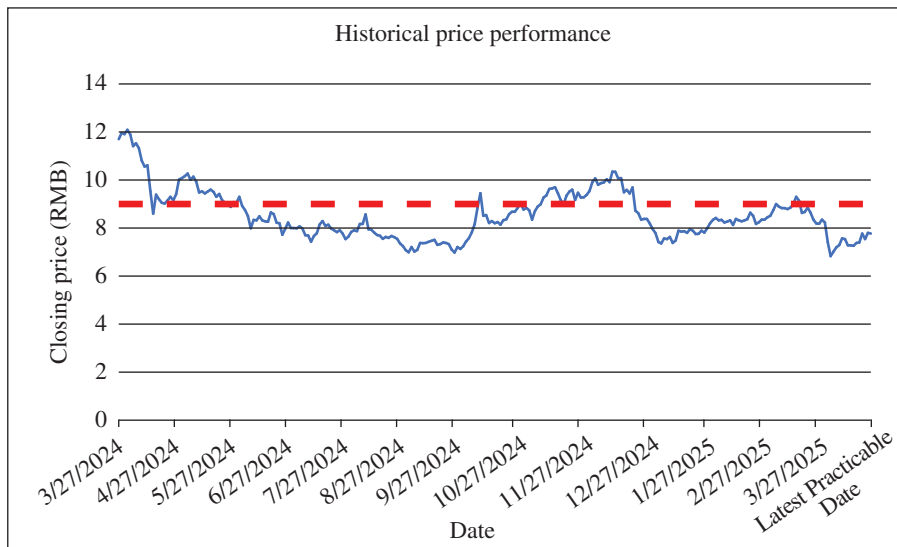
### 5. Share price performance of Chervon Auto Precision Technology and Consideration

As discussed under section headed “2.2. Financial information of the Target Company” in this letter, the principal business of the Target Company is investment holding of the shares of Chervon Auto Precision Technology. We have discussed with the management of the Group and was advised that save as the shares of Chervon Auto Precision Technology, the Target Company has no other significant asset.

As such, in order to assess the fairness and reasonableness of the Consideration, we have considered the following factors:

#### *Share price performance of Chervon Auto Precision Technology*

We have performed a review on the daily closing prices and trading volume of the shares of Chervon Auto Precision Technology (“**CAPT Shares**”) for the period from 27 March 2024 (being one year from the date of announcement of the Disposal (“**Announcement Date**”)) up to the Latest Practicable Date, being an adequate and representative review period and the duration of such period is sufficient for us to perform a thorough analysis on the general trend and level of movement of the closing prices of the CAPT Shares. The graph below illustrates the closing prices of the CAPT Shares during the Review Period.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Consideration of RMB570,000,000 implied approximately RMB8.81 per CAPT Share (being Consideration of RMB570,000,000 divided by the investment holding of 64,671,068 CAPT Shares of the Target Company as at the Latest Practicable Date) represents:

- (i) a premium of approximately 13.4% over the closing price of RMB7.77 per CAPT Share as quoted on the Shanghai Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of approximately 1.7% to the closing price of RMB8.67 per CAPT Share as quoted on the Shanghai Stock Exchange on the trading date immediately prior to the Announcement Date;
- (iii) a discount of approximately 0.5% to the closing price of RMB8.85 per CAPT Share as quoted on the Shanghai Stock Exchange on the Announcement Date;
- (iv) a discount of approximately 1.2% to the average closing price of RMB8.92 per CAPT Share as quoted on the Shanghai Stock Exchange for the last five consecutive trading days up to and including the Announcement Date;
- (v) a discount of approximately 0.9% to the average closing price of approximately RMB8.89 per CAPT Share as quoted on the Shanghai Stock Exchange for the last ten consecutive trading days up to and including the Announcement Date;
- (vi) a premium of approximately 1.1% to the average closing price of approximately RMB8.71 per CAPT Share as quoted on the Shanghai Stock Exchange for the last 20 consecutive trading days up to and including the Announcement Date;
- (vii) a premium of approximately 2.6% over the average closing price of approximately RMB8.58 per CAPT Share as quoted on the Shanghai Stock Exchange for the last 30 consecutive trading days up to and including the Announcement Date; and
- (viii) a premium of approximately 16.1% over the net asset value of the Target Company of approximately RMB491.0 million as at December 31, 2024.

During the Review Period, the highest and lowest closing prices of the CAPT Shares as quoted on the Shanghai Stock Exchange were RMB12.09 recorded on April 1, 2024 and RMB6.98 recorded on September 18, 2024, respectively. The implied price per CAPT Share of the Consideration of approximately RMB8.81 falls within the closing price range of the CAPT Shares as quoted on the Shanghai Stock Exchange during the Review Period and is higher than the closing prices of CAPT Shares for 150 trading days out of the total of 241 trading days during the Review Period. From the beginning of the Review Period, the closing price of the CAPT Shares formed a general decreasing trend and reached RMB6.98 per CAPT Share on September 18, 2024. Thereafter, the closing prices of CAPT Shares fluctuated between RMB7.13 per CAPT Share to RMB10.35 per CAPT Share up to the Last Trading Day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Historical trading liquidity of the CAPT Shares*

The respective percentages of the CAPT Shares' monthly trading volume during the Review Period as compared to the total number of issued CAPT Shares, are tabulated as below:

Month	Approximate % of average daily trading volume to the total number of issued CAPT Shares
2024	
27 to 31 March	5.67
April	2.71
May	1.41
June	1.18
July	0.95
August	1.47
September	1.25
October	2.06
November	2.43
December	3.15
2025	
January	1.54
February	1.54
March	3.07
1 April to the Latest Practicable Date	2.12

During the Review Period, the percentage of the average daily trading volume to the total number of issued CAPT Shares was below 2% in majority trading days during the Review Period. As such, apart from the Disposal, the Group may not be able to realise its investments in the CAPT Shares at a price close to the Consideration, particularly disposal of large number of CAPT Shares in the open market may have adverse impact on the price of CAPT Shares.

### *Comparison with other comparable companies*

We noted that trading multiples analysis is a commonly adopted method for the purpose of assessing the fairness and reasonableness of the Consideration. Price earning ratio and price to book ratio is commonly used for trading multiples analysis. Given that Chervon Auto Precision Technology was loss making, price earning ratio is not relevant, thus price to sales ratio is adopted. Taking into account (i) the principal activities of Chervon Auto Precision Technology (i.e. the research and development, production and sales of key automotive components); and (ii) market capitalization of approximately RMB2.3 billion of Chervon Auto Precision Technology as at the Announcement Date, we have conducted a comparable analysis

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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through identifying comparable companies based on the following selection criteria: (i) listed companies on Shanghai Stock Exchange; (ii) principally engaged in similar line of businesses as Chervon Auto Precision Technology; and (iii) market capitalization lined between RMB2.0 to 2.5 billion.

We have identified, on a best effort basis, an exhaustive list of seven comparable companies (the “**Comparable Companies**”) from Wind database, being an independent reputable source of reference, which forms a representative sample to provide us with the recent market sentiment on valuation of the companies with similar business and scale as Chervon Auto Precision Technology.

Set out below is the summary of the market capitalization, price to sales ratio (“**P/S**”) and price to book ratio (“**P/B**”) of the Comparable Companies:

Stock code	Company name	Principal business	Market capitalization as at the Latest Practicable Date (RMB billion)	P/S	P/B
603089.SH	ADD Industry (Zhejiang) Company	Research and development, production and sales of automotive parts products	2.20	0.95	1.80
603161.SH	Kehua Holdings Company	Production of automobile parts	2.24	0.94	1.54
605151.SH	West Shanghai Automotive Service Company	Research and development, production and sales of auto parts and the provision of comprehensive logistics services for the automotive industry	2.12	1.23	1.57
600148.SH	Changchun Yidong Clutch Company Limited	Research and development, manufacturing and sales of automotive parts	2.37	3.44	5.10

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Stock code	Company name	Principal business	Market capitalization as at the Latest Practicable Date	P/S	P/B
			(RMB billion)		
603048.SH	Zhejiang Liming Intelligent Manufacturing Company Limited	Research and development, manufacturing and sales of automotive precision parts	2.40	3.66	1.85
603190.SH	Yantai Yatong Precision Mechanical Corp	Research and development, production, sales and service of auto parts	2.40	1.35	1.15
603926.SH	Tielu Company Limited	Research and development, production and sales of automotive parts	2.34	0.97	1.39
trading multiples as implied by the Consideration, being approximately RMB8.81 per CAPT Share			Maximum	3.66	5.10
			Minimum	0.94	1.15
			Average	1.79	2.06
				1.12	1.24

*Notes:*

1. P/S of the trading multiples as implied by the Consideration was calculated by dividing 23.75%, being the investment holding of the Target Company, of the revenue of approximately RMB2,135 million Chervon Auto Precision Technology for the year ended December 31, 2023 by the Consideration of RMB570,000,000
2. P/B of the trading multiples as implied by the Consideration was calculated by dividing 23.75%, being the investment holding of the Target Company, of the net asset of approximately RMB1,934 million of Chervon Auto Precision Technology as at September 30, 2024 by the Consideration of RMB570,000,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated from the table above, the P/S of the Comparable Companies ranged from approximately 0.94 times to approximately 3.66 times, while the P/B of the Comparable Companies ranged from approximately 1.15 times to 5.10 times. The implied P/S and P/B by the Consideration as calculated above were approximately 1.12 times and 1.24 times, respectively. It is noted that both the implied P/S and implied P/B are within the range of that of the Comparable Companies. Given (i) Chervon Auto Precision Technology is loss making; (ii) the transformation of Chervon Auto Precision Technology may not be success as indicated by the thin gross profit margin of the new energy automobile parts segment; (iii) as illustrated in section headed “Historical trading liquidity of the CAPT Shares” above, in view of the thin trading volume, disposal of large number of CAPT Shares in the open market may have adverse impact on the price of CAPT Shares; (iv) the Consideration is at a premium of approximately 16.1% over the net asset value of the Target Company of approximately RMB491.0 million as at December 31, 2024; (v) the implied price per CAPT Shares by the Consideration is higher than the closing prices of CAPT Shares for 150 trading days out of the total of 241 trading days during the Review Period; and (vi) the reasons and benefits as mentioned under the section headed “3. Reasons and benefits of the Disposal” above, although both the implied P/S and implied P/B are within the range but below average of that of the Comparable Companies, we consider that the Consideration is fair and reasonable as far as the Independent Shareholders are concerned.

### **6. Use of proceeds and Special Dividends**

As stated in the section headed “7. Proposed Special Dividends” in the Letter from the Board, the Company proposes to declare and pay the Special Dividend of HK\$1.1905 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The aggregate amount of the Special Dividend, if approved by the Independent Shareholders, is expected to be approximately HK\$608.4 million based on the total number of issued Shares as of the Latest Practicable Date and assuming there are no changes to the Company’s share capital up to and including the Record Date. The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.

The payment of the Special Dividend is conditional upon the following conditions having been satisfied:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Special Dividend; and
- (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Equity Transfer Agreement and the Disposal contemplated thereunder.

Payment of the Special Dividend will not take place unless all the above conditions of the Special Dividend have been satisfied.

The Special Dividend of HK\$1.1905 per Share represent a dividend yield of approximately 6.2% and 9.6% based on the closing price of the Share on the date of the Equity Transfer Agreement and the Latest Practicable Date, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company intends to use the net proceeds from the Disposal (i.e. RMB570,000,000 minus professional fees, transaction costs and other expenses) to supplement the general working capital of the Group after the payment of the Special Dividend, which is expected to be paid on or before Monday, June 23, 2025. The Company expects that the difference between the amount of the net proceeds from the Disposal and the amount of the Special Dividend will be used for working capital and other general corporate purposes by December 31, 2025.

Having considered the reasons for and benefits of the Disposal as detailed in the section headed “3. Reasons for and benefits of the Disposal” above, the Special Dividends, if approved, (i) will allow the Shareholders to immediately realise substantial value from their shareholdings in the Company while continuing to be invested in the Company’s remaining businesses; (ii) provides the opportunity for a substantial and immediate cash realisation to the Shareholders from the outcome of the Disposal; and (iii) may be a sweetener to the Shareholders when considering their voting decisions for the resolutions in relation to the Disposal, we concur with the Directors that the proposed distribution of the Special Dividend is, if materialised, in the interests of Company and the Shareholders as a whole.

**The proposal to declare and pay the Special Dividend is subject to the approval by the Independent Shareholders. The Special Dividend, if approved, will not be paid unless the Equity Transfer Agreement and the Disposal contemplated thereunder is also approved by the Independent Shareholders. Accordingly, the Special Dividend may or may not be paid. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### 7. Financial impacts of the Disposals

Upon the Completion, the Target Company will cease to be subsidiaries of the Company, and the financial results of the Target Company will cease to be consolidated in the financial statements of the Group. As such, the Group will no longer share of loss of an associate, being Chervon Auto Precision Technology, in the future.

As a result of the Disposal, it is expected that the Group will recognise a gain on disposal of approximately RMB79.0 million in profit or loss for the year ended December 31, 2025, calculated on the basis of the difference between the Consideration, the carrying value (i.e., RMB491.0 million) of the Target Company as of December 31, 2024, and the transaction costs and professional expenses attributable to the Disposal.

## DISCUSSION AND ANALYSIS

In reaching our opinion and recommendation below, we have taken into account the factors set out under the section headed “3. Principal Factors and Reasons Considered” above, none of which can be considered in isolation. We would like to draw the attention of the Independent Shareholders in particular to the points summarised below:

- (i) the Target Company has no significant asset and operation other than the holding of CAPT Shares;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) Chervon Auto Precision Technology was loss making since the year ended December 31, 2022;
- (iii) the Disposal is in line with the business strategies of the Group to focus on its core business and can reduce the Group's financial burden by stopping to share the loss from Chervon Auto Precision Technology;
- (iv) the Consideration is fair and reasonable so far as the Independent Shareholders are concerned as discussed in section headed "5. Share price performance of Chervon Auto Precision Technology and Consideration" above;
- (v) the terms of the Disposal, including those contemplated under the Equity Transfer Agreement, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and
- (vi) the Special Dividend, which represent approximately 6.2% and 9.6% of the value of the Shares as at the Announcement Date and the Latest Practicable Date respectively, will generate immediate value to Shareholders.

### OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Disposal and the Special Dividend, though not in the ordinary and usual course of business of the Group, is considered in the interests of the Company and the Shareholders as a whole, and that the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to approve the relevant resolutions to be proposed at the EGM.

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Kaiser Wan**  
*Managing Director*

*Mr. Kaiser Wan is a licensed person registered with the Securities and Futures Commission and a responsible officer of Mesis Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 10 years of experience in the accounting and investment banking industries.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular is accurate and complete and 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interest or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO); (b) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

#### *Interest in the Company*

Name of Director	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(2)</sup>
Mr. Pan <sup>(3)</sup>	Interest in controlled corporation	260,226,344 (L)	50.92%
Ms. Zhang <sup>(4)</sup>	Interest in controlled corporation	98,010,850 (L)	19.18%
Mr. Ke <sup>(5)</sup>	Interest in controlled corporation	27,118,822 (L)	5.31%

#### *Notes:*

- (1) The letter “L” denotes the persons’ long position in the Shares.
- (2) As at the Latest Practicable Date, the total number of issued Shares was 511,053,811.
- (3) These shares are held by Panmercy, which is wholly owned by Mr. Pan, who is also a director of Panmercy.
- (4) These shares include (i) 97,637,750 Shares held by Green Hope, which is wholly owned by Ms. Zhang and (ii) 373,100 Shares held by one offshore employee shareholding platform pursuant to an employee incentive arrangement, of which Ms. Zhang is the sole director. Ms. Zhang is deemed to be interested in these Shares for the purposes of the SFO.
- (5) These shares are held by Klamm, which is wholly owned by Mr. Ke.

As at the Latest Practicable Date, save as disclosed below, none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of relevant company and position</b>
Mr. Pan	Director of Panmercy
Ms. Zhang	Director of Green Hope
Mr. Ke	Director of Klamm

*Interest in associated corporations*

<b>Name of director</b>	<b>Nature of interest</b>	<b>Name of the associated corporation/subsidiary</b>	<b>Approximate percentage of shareholding interest</b>
Mr. Pan	Interest in controlled corporation	Chervon Global Holdings Limited (“ <b>Chervon Global</b> ”)	66.72%
		Chervon Assets Management Holdings Limited	85.00%
		Chervon Investment Limited	100.00%
		Chervon Capital Management Limited	100.00%
		Chervon Assets Holdings Limited	100.00%
		Chervon (Nanjing) Management Services Co., Ltd.* (泉峰(南京)管理服務有限公司) (“ <b>Chervon Management Services</b> ”)	100.00%
		Nanjing Chervon International Trading Co., Ltd.* (“ <b>Chervon International Trading</b> ”) (南京泉峰國際貿易有限公司) (“ <b>Chervon International Trading</b> ”)	85.00%
		Nanjing Jiu hao Electromechanical Industry Co., Ltd. (“ <b>Jiu hao Electromechanical</b> ”)	100.00%
		Chervon Precision Technology Holdings Company Limited (“ <b>Chervon Precision Technology</b> ”)	100.00%

Name of director	Nature of interest	Name of the associated corporation/subsidiary	Approximate percentage of shareholding interest
Ms. Zhang	Interest in controlled corporation	Chervon China Investment Co., Ltd.* (泉峰(中國)投資有限公司)	100.00%
		Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司) (“Chervon Auto Precision Technology”) <sup>(1)</sup>	50.18%
		Chervon Auto Precision Technology (Europe) Limited Liability Company	100.00%
		Chervon Auto Precision Technology (Anhui) Co., Ltd.* (泉峰汽車精密技術(安徽)股份有限公司) (“Chervon Anhui”)	100.00%
		Chervon Global	24.66%
		Chervon Assets Management Holdings Limited	85.00%
		Chervon Investment Limited	100.00%
		Chervon Capital Management Limited	100.00%
		Chervon Assets Holdings Limited	100.00%
		Chervon Management Services	100.00%
		Chervon International Trading	85.00%
		Jiuhao Electromechanical	100.00%
		Chervon Precision Technology	100.00%
		Chervon China Investment	100.00%
		Chervon Auto Precision Technology <sup>(1)</sup>	50.18%
		Chervon Auto Precision Technology (Europe) Limited Liability Company	100.00%
		Chervon Anhui	100.00%

Name of director	Nature of interest	Name of the associated corporation/subsidiary	Approximate percentage of shareholding interest
Mr. Ke	Interest in controlled corporation	Chervon Global	6.85%
		Chervon Assets Management Holdings Limited	85.00%
		Chervon Investment Limited	100.00%
		Chervon Capital Management Limited	100.00%
		Chervon Assets Holdings Limited	100.00%
		Chervon Management Services	100.00%
		Chervon International Trading	85.00%
		Jiuhao Electromechanical	100.00%
		Chervon Precision Technology	100.00%
		Chervon China Investment	100.00%
		Chervon Auto Precision Technology <sup>(1)</sup>	50.18%
		Chervon Auto Precision Technology (Europe) Limited	100.00%
		Liability Company	
		Chervon Anhui	100.00%

*Note:*

- (1) 50.18% interest in Chervon Auto Precision Technology is represented by 26.44% personal interest in directly held by Mr. Pan, Ms. Zhang and Mr. Ke in Chervon Auto Precision Technology and 23.75% interest held through the Company.

\* *For identification purpose only*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**(ii) Interests of substantial Shareholders and other persons**

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than the Directors or the chief executive of the Company) have interests in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO or which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(2)</sup>
Panmercy <sup>(3)</sup>	Beneficial owner	260,226,344 (L)	50.92%
Green Hope <sup>(4)</sup>	Beneficial owner	97,637,750 (L)	19.11%
Klamm <sup>(5)</sup>	Beneficial owner	27,118,822 (L)	5.31%
FMR LLC	Interest in controlled corporation	26,517,903 (L)	5.19%

*Notes:*

- (1) The letter “L” denotes the persons’ long position in the Shares.
- (2) As at the Latest Practicable Date, the total number of issued Shares was 511,053,811.
- (3) Panmercy is wholly-owned by Mr. Pan.
- (4) 97,637,750 Shares are held by Green Hope, which is wholly owned by Ms. Zhang.
- (5) Klamm is wholly owned by Mr. Ke.
- (6) FMR LLC holds the Shares through its direct and indirect subsidiaries.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2024, the date of which the latest published audited consolidated financial statements of the Group were made up.

**5. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, the Directors were not aware that any of them or their respective close associates was interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group, which would be required to be disclosed under Rule 8.10 of the Listing Rules.

**6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, save for the Equity Transfer Agreement and the Disposal contemplated thereunder, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be acquired, disposed of or leased to.

As at the Latest Practicable Date, save for the Equity Transfer Agreement and the Disposal contemplated thereunder, there is no contract or arrangement subsisting in which a Director is materially interested and which is significant in relation to the business of the Group.

**7. EXPERT**

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

<b>Name</b>	<b>Qualifications</b>
Messis Capital Limited	A corporation licensed by 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

Messis has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice or references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, Messis did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Messis had no direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be acquired, disposed of or leased to.

## **8. DOCUMENTS ON DISPLAY**

Copy of the Equity Transfer Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://global.chervongroup.com>) for 14 days from the date of this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Chervon Holdings Limited 泉峰控股有限公司

*(Incorporated in Hong Kong with limited liability)*  
(Stock code: 2285)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Chervon Holdings Limited (the “**Company**”) will be held on Thursday, May 22, 2025 at 11:00 a.m. at 99 West Tian-Yuan Road, Nanjing, China for the following purposes:

##### Ordinary resolutions

1. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) the Equity Transfer Agreement (as defined in the circular of the Company dated April 30, 2025, hereinafter referred to as the “**Circular**”) entered into between the Company, Chervon Precision Technology Holdings Company Limited and Chervon (China) Investment Co., Ltd\*, and the transactions contemplated under the Equity Transfer Agreement be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the Equity Transfer Agreement and the transactions contemplated thereunder.”

2. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT** subject to the satisfaction of the Special Dividend Conditions (as defined and set out in the Circular), a special dividend of HK\$1.1905 per Share (the “**Special Dividend**”) be declared and paid to the Shareholders, and any director of the Company be and is hereby authorised to take such action, do such things and execute such further documents as the director may at his/her absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Special Dividend.”

By order of the Board  
**Chervon Holdings Limited**  
**PAN Longquan**  
*Chairman*

Hong Kong, April 30, 2025

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll, vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the extraordinary general meeting. A proxy does need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy 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, must be deposited 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 or via the designated website (<https://evoting.vistra.com>) using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the extraordinary general meeting, 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, May 16, 2025.
5. For determining the entitlement to the proposed special dividend (subject to approval by the shareholders at the extraordinary general meeting), the register of members of the Company will be closed from Wednesday, May 28, 2025 to Thursday, May 29, 2025, both dates inclusive, during the period no transfer of shares will be registered. In order to qualify for the proposed special dividend, 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 the above address for registration not later than 4:30 p.m. on Tuesday, May 27, 2025.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. References to time and dates in this notice are to Hong Kong time and dates.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our principal place of business in Hong Kong. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company’s share registrar and transfer office as follows:

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong  
Email: [is-enquiries@vistra.com](mailto:is-enquiries@vistra.com)  
HK Tel: (852) 2980 1333  
from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays)

*As at the date of this notice, the Board of directors of the Company comprises of Mr. PAN Longquan, Ms. ZHANG Tong, Mr. KE Zuqian and Mr. Michael John CLANCY as executive directors; and Mr. TIAN Ming, Dr. LI Minghui and Mr. JIANG Li as independent non-executive directors.*

\* For identification purpose only