THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Be Friends Holding Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Be Friends Holding Limited
交 個 朋 友 控 股 有 限 公 司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1450)

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION AND NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee

SOMERLEY CAPITAL LIMITED

Capitalised terms on this cover page shall have the same meanings as those defined in "Definitions" in this circular.

A letter from the Board is set out on pages 6 to 34 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-25 of this circular and a letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular.

The Company will convene the EGM on Friday, 7 November 2025 at Building 5, No. 601 Qiuyi Road, Changhe Street, Binjiang District, Hangzhou City, (Zhejiang) Pilot Free Trade Zone, the PRC at 2:00 p.m. (Hong Kong time). The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at hkexnews.hk and the website of the Company at www.befriends.com.cn.

If you do not intend to attend the EGM but wish to exercise your right as a Shareholder, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM (i.e. no later than 2:00 p.m. on Wednesday, 5 November 2025 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

17 October 2025

CONTENTS

DEFINITIONS

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

"Acquisition"	collectively, the Acquisition of the Sale Equity and the Acquisition of the Sale Partnership Interest
"Acquisition of the Sale Equity"	the acquisition of the Sale Equity from the Vendors of the Target Company pursuant to the terms and conditions of the Equity Purchase Agreement (as amended by the Supplemental Agreement)
"Acquisition of the Sale Partnership Interest"	the acquisition of the Sale Partnership Interest from the Vendors of the Partnership pursuant to the terms and conditions of the Equity Purchase Agreement (as amended by the Supplemental Agreement)
"Announcements"	announcement of the Company dated 5 August 2025, 22 August 2025 and 25 September 2025
"Articles of Association"	the amended and restated articles of association of the Company is currently in force
"associates(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of directors of the Company
"Company"	Be Friends Holding Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Acquisition pursuant to the terms and conditions of the Equity Purchase Agreement (as amended by the Supplemental Agreement)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of RMB180.0 million (equivalent to approximately HK$197.9856 million) for the Acquisition payable by the Subsidiaries
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held to approve the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder

"Equity Purchase Agreement"	the equity purchase agreement dated 5 August 2025 entered into among Subsidiary A, the Vendors of the Target Company, the Partnership and the Target Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising all three independent non-executive Directors, established to make recommendations to the Independent Shareholders in respect of the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder
"Independent Financial Adviser"	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who do not have a material interest in the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Latest Practicable Date"	13 October 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transaction by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules

"Mr. Cui"	Mr. Cui (崔東升), the director of Hangzhou Be Friends Wisdom Technology Co., Ltd. * (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company
"Mr. Hao"	Mr. Hao Xijie, a limited partner of Vendor D
"Mr. Liu"	Mr. Liu Jiong, a limited partner of Vendor D
"Mr. Wang"	Mr. Wang Wei, the general partner of Vendor D
"Mr. Xiao"	Mr. Xiao Xin, a limited partner of Vendor D
"Ms. Xu"	Ms. Xu Lixia (徐麗霞), the mother of Mr. Li Liang
"Ms. Zhang"	Ms. Zhang Yajun, a limited partner of Vendor D
"Partnership"	Longquan Mangyuan Technology Partnership (Limited Partnership)* (龍泉莽原科技合夥企業(有限合夥)), a limited partnership established in the PRC and is owned as to 85% and 15% by Ms. Xu, its general partner and Mr. Cui, its limited partner. The Partnership was the Vendor A under the Equity Purchase Agreement as disclosed in the Announcement dated 5 August 2025
"PRC"	the People's Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Equity"	a total of 65.065% of the registered capital of the Target Company, which are owned by the Vendors of the Target Company as at the date of the Equity Purchase Agreement (as amended by the Supplemental Agreement)
"Sale Partnership Interest"	a total of 100% of the partnership interest in the Partnership
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share"	the shares of the Company
"Share Award Plan"	share award plan adopted by the Company on 8 December 2022 and approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 February 2023

"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary A"	Be Friends Selected Technology Limited* (交個朋友優選科技有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company as at the date of this circular
"Subsidiary B"	Hangzhou Yijiang Future Wisdom Technology Co., Ltd.* (杭州易匠未來智慧科技有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company as at the date of this circular
"Subsidiaries"	collectively Subsidiary A and Subsidiary B
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Supplemental Agreement"	the supplemental agreement dated 25 September 2025 entered into among the Subsidiaries, the Vendors of the Target Company, the Vendors of the Partnership, the Partnership and the Target Company to amend and supplement certain terms of the Equity Purchase Agreement and in relation to the Acquisition
"Target Company"	Hangzhou Be Friends Education Technology Co., Ltd.* (杭州交個朋友教育科技有限公司), a limited liability company established in the PRC
"Target Group"	Target Company and its subsidiaries
"Valuation Report"	the valuation report dated 17 October 2025 prepared by the Valuer in respect of the entire equity interests in the Target Company, a summary of which is set out in Appendix I to this circular
"Valuer"	Asia-Pacific Consulting and Appraisal Limited, independent professional valuer
"Vendors"	collectively, the Vendors of the Target Company and the Vendors of the Partnership
"Vendor B" or "Mr. Li Liang"	Mr. Li Liang (李亮), the executive Director and the chief executive officer of the Company, and a connected person of the Company
"Vendor C" or "Mr. Li Jun"	Mr. Li Jun (李鈞), the executive Director and the chairman of the Board, and a connected person of the Company

"Vendor D"	Longquan Be Friends Technology Partnership (Limited Partnership)* (龍泉交個朋友科技合夥企業(有限合夥)) a limited partnership established in the PRC in which, as at the Latest Practical Date, Mr. Wang, who is its general partner, held a 56.25% partnership interest, and no other person held an interest of more than 30%
"Vendor E"	Mr. Li Xiang (李響)
"Vendors of the Partnership"	collectively, being Ms. Xu and Mr. Cui
"Vendors of the Target Company"	collectively, being Vendor B, Vendor C, Vendor D and Vendor E
"%"	per cent

For the purpose of this circular, amounts denominated in HK$ have been translated into RMB at the rate of RMB1 to HK$1.09992 for illustration purposes only. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

Be Friends Holding Limited
交個朋友控股有限公司
(Incorporated under the laws of the Cayman Islands with limited liability)
(Stock Code: 1450)

Executive Directors
Mr. Li Jun *(Chairman)*
Mr. Li Liang *(Chief Executive Officer)*
Ms. Zhao Hui Li

Independent Non-executive Directors
Mr. Kong Hua Wei
(Chief Independent Non-executive Director)
Mr. Ma Zhan Kai
Dr. Yu Guo Jie

Registered Office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head office and Principal Place of Business in the PRC
Building 5, No. 601 Qiuyi Road
Changhe Street, Binjiang District
Hangzhou City
(Zhejiang) Pilot Free Trade Zone
310056
The PRC

Principal Place of Business in Hong Kong
Office 1202A, 12F
Keybond Commercial Building
38 Ferry Street
Kowloon
Hong Kong

17 October 2025

To the Shareholders,

Dear Sir or Madam,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION

INTRODUCTION

Reference is made to the Announcements in relation to the Acquisition.

The purpose of this circular is to provide you with, among other things, (i) further details on the terms of the Acquisition; (ii) the recommendation of the Independent Board Committee in relation to the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules.

THE ACQUISITION

On 5 August 2025 (after trading hours), the Vendors of the Target Company and the Partnership (both as vendors), the Subsidiary A (as purchaser) and the Target Company entered into the Equity Purchase Agreement, pursuant to which the Vendors of the Target Company and the Partnership have conditionally agreed to sell, and the Subsidiary A has conditionally agreed to acquire, 100% equity interests in the Target Company, at a total consideration of RMB180.0 million (equivalent to approximately HK$197.9856 million).

On 25 September 2025 (after trading hours), the Supplemental Agreement was signed by the Subsidiaries and the relevant parties and entered into to amend the terms and the structure of the Acquisition (the "**Amendments**"). Among the Amendments, the Partnership (formerly referred to as Vendor A in the Announcement dated 5 August 2025) will cease to be a vendor selling 34.935% of equity interest in the Target Company under the Equity Purchase Agreement. Instead, the Vendors of the Partnership (being the partners of the Partnership) have agreed to sell, and the Subsidiaries have agreed to purchase, the Sale Partnership Interest, representing 100% partnership interest in the Partnership. The sale and purchase of the Sale Equity, being a total of 65.065% equity interests held by Vendor B, Vendor C, Vendor D and Vendor E in the Target Company remain unchanged.

THE EQUITY PURCHASE AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)

The principal terms of the Equity Purchase Agreement (as amended by the Supplemental Agreement) are summarized as follows:

Date 5 August 2025 (for the Equity Purchase Agreement) and 25 September 2025 (for the Supplemental Agreement)

Parties

(1) the Subsidiaries, as purchasers

(2) the Vendors of the Target Company, as vendors

(3) the Vendors of the Partnership

(4) the Partnership

(5) the Target Company

As at the Latest Practical Date, the Target Company is owned as to 34.935% by the Partnership, 23% by Mr. Li Liang, 21% by Mr. Li Jun, 16.065% by Vendor D and 5% by Vendor E.

Mr. Li Liang and Mr. Li Jun are both executive Directors and therefore connected persons of the Company.

The Partnership is owned as to 85% by Ms. Xu and as to 15% by Mr. Cui. Ms. Xu is the mother of Mr. Li Liang, and therefore she is a connected person of the Company. Mr. Cui is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company and therefore a connected person of the Company at the subsidiary level under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practical Date, Vendor D, its ultimate beneficial owners and Vendor E are Independent Third Parties.

Subject matter

Pursuant to the Equity Purchase Agreement (as amended by the Supplemental Agreement), the Subsidiaries have conditionally agreed to acquire:

(a) the Sale Equity, representing 65.065% of the equity interests in the Target Company, from the Vendors of the Target Company; and

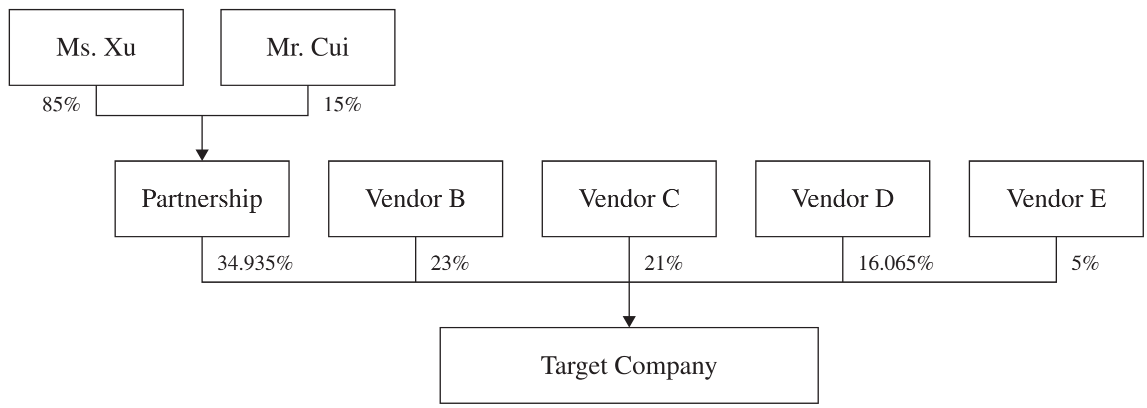
(b) the Sale Partnership Interest, representing 100% of the partnership interest in the Partnership (which in turn holds 34.935% of the equity interest in the Target Company), from the Vendors of the Partnership.

Set out below is the registered capital of the Target Company at the date of the Equity Purchase Agreement (as amended by the Supplemental Agreement):

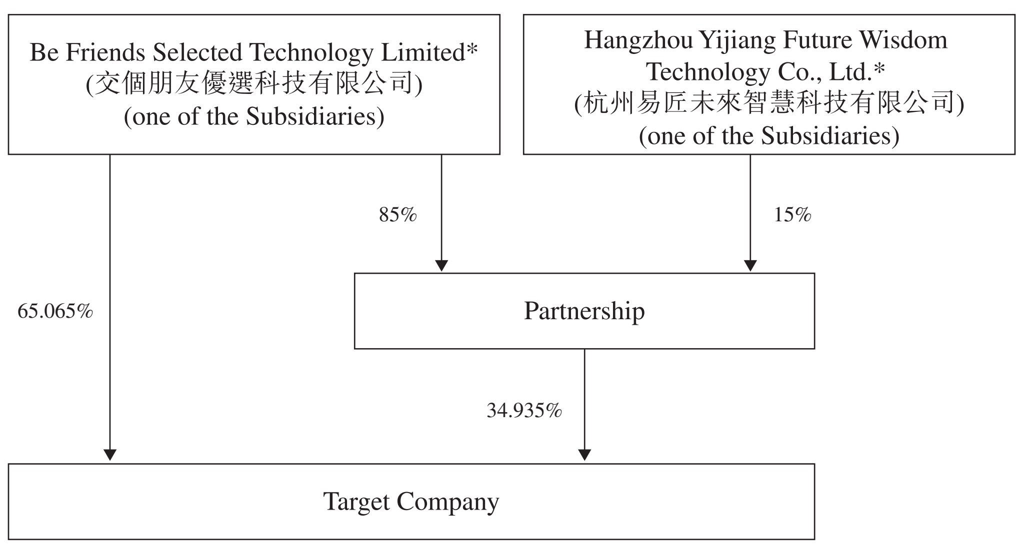
Shareholders	**Registered capital** *(RMB)*	**Paid up capital** *(RMB)*	**Shareholding**
The Partnership	685,000	685,000	34.935%
Mr. Li Liang	450,980	450,980	23%
Mr. Li Jun	411,765	411,765	21%
Vendor D	315,000	315,000	16.065%
Vendor E	98,039	98,039	5%
Total	**1,960,784**	**1,960,784**	**100%**

Upon the Completion, the Partnership will become an indirect wholly-owned partnership owned by the Company, and the Target Company will also become an indirect wholly-owned subsidiary of the Company with the Group holding 65.065% of its equity interest directly via the Subsidiaries and 34.935% indirectly via the Partnership.

Set out below is a shareholding structure chart showing the structure of the Target Company immediately before Completion:



Set out below is a shareholding structure chart showing the structure of the Target Company immediately after Completion:



Consideration

The Consideration for the Acquisition is RMB180.0 million, which shall be paid by the Subsidiaries to the Vendors of the Target Company and the Vendors of the Partnership as follows:

Vendors	Amount of consideration	Equivalent amount in HK$ *(approximate)*
	(RMB million)	*(HK$ million)*
Vendors of the Partnership		
Ms. Xu	53.45055	58.7903
Mr. Cui	9.43245	10.37497
Vendors of the Target Company		
Mr. Li Liang	41.400	45.53669
Mr. Li Jun	37.800	41.57698
Vendor D	28.917	31.80639
Vendor E	9.000	9.89928
Total	**180.0**	**197.9856**

Pursuant to the Equity Purchase Agreement (as amended by the Supplemental Agreement), the total Consideration of RMB180.0 million (equivalent to approximately HK$197.9856 million) shall be paid by the Subsidiaries to the Vendors in two installments:

(a) 50% of the total Consideration shall be paid within 30 business days following the completion date of the relevant transfer.

(b) The remaining 50% of the total Consideration shall be paid on or before 31 December 2025.

As at the Latest Practical Date, it is anticipated that the Consideration for the Acquisition will be satisfied by the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Group and the Vendors having taken into account (i) the historical financial performance and conditions of the business of the Target Group; (ii) the valuation of the Target Group valued at RMB180.0 million as at 30 June 2025, based on the preliminary valuation results by the Valuer, using the income approach with discounted cash flow ("**DCF**") valuation. For details of the valuation, please refer to the Valuation Report as set out in Appendix I; and (iii) the reasons for and benefits of the Acquisition as described under the section headed "Reasons for and benefits of the Acquisition" below.

The Board's Independent Assessment on the Valuation of the Target Group

In determining the basis of consideration for the Acquisition, the Company engaged the Valuer to assess the market value of the Target Group. According to the Valuation Report, the market value of 100% equity interest in the Target Group as at 30 June 2025 was approximately RMB180,000,000, after applying a 20% discount for lack of marketability, using the income approach (discounted cash flow method).

The Board notes that the Valuer considered three generally accepted valuation approaches — asset-based, market, and income approaches, and concluded that the income approach was the most appropriate, given the Target Group's business characteristics and growth stage, and the income approach can clearly incorporate the defined business plans set by the management of the Target Company which demonstrates reasonable revenue growth and margin projection relative to history and peers of the Target Group. The Target Company operates a "asset-light" business model. Its core value is not derived from its tangible assets but from its intangible assets. The asset-based approach was deemed unsuitable as it does not capture synergies between different tangible and intangible assets, including human resource and management structure, and future economic benefits of the relevant assets. The Board acknowledges the Valuer's attempt to apply the market approach by identifying Guideline Public Companies ("**GPCs**"). Three potential comparables were identified: Offcn Education Technology Co., Ltd. (SZSE:002607) ("**Offcn Education**"), Shanghai Action Education Technology Co., Ltd. (SZSE:605098) ("**Action Education**") and Fenbi Ltd. (SEHK:2469) ("**Fenbi**"). Offcn Education reported consecutive net losses from 2021 to 2023 and its price to earnings multiple was 102.7x as at 30 June 2025, an outlier that was significantly higher than industry level in mainland China Education Services, that makes it not appropriate for comparison for the market approach. The other two comparable companies show the larger revenue scale and different profitability compared with the Target Group, the market multiple of the two comparable companies cannot provide a reliable base to estimate the market value of the Target Group. The Board has obtained and reviewed the Valuation Report and the valuation work papers, and has had full communication with the Valuer to understand the source, professionalism, and reliability of the industry data obtained by the Valuer. Based on the above information, the Board concurs with the Valuer's conclusion regarding the insufficiency of comparable companies for the market approach. Furthermore, taking into comprehensive consideration the Target Company's current business development status and the performance guarantee, the Board believes that the income approach is the most appropriate valuation method. Accordingly, the Board concurs with the Valuer that the selection of the discounted cash flow method was fair and reasonable.

In respect of the assumptions adopted by the Valuer in forming its opinion, the Board understands that the Valuer relied on, among other things, the audited financial statements of the Target Group for the years ended 31 December 2023 and 2024 and for the six months ended 30 June 2025, and projections prepared by the management of the Target Company. Key assumptions including stable macroeconomic conditions, the accuracy of financial information provided, and the continued validity of legal and operational licenses, are commonly adopted in valuation of similar nature. After reviewing the Valuation Report and discussing with the Valuer and the Independent Financial Adviser, the Directors conclude that no material factors have been identified which cause the Board to doubt the fairness and reasonableness of the principal bases and assumptions adopted for or information used in the valuation of market value of the Target Company.

Based on the above, together with performance guarantee provided by the Guarantors, the Board is satisfied that the valuation of the Target Group has been conducted in accordance with accepted valuation standards and provides a reasonable basis for determining the consideration for the Acquisition.

The Board understands that the Valuer has considered different valuation methodology, namely market approach, asset-based approach and income approach, in the valuation of 100% equity interests in the Target Group, and adopted the income approach for the valuation. For details of the appraised value of the 100% equity interest in the Target Group, the valuation methodology and the principal assumptions and inputs, please refer to the Valuation Report as set out in Appendix I to this circular. The Board agrees with the selection of the income approach in the valuation by the Valuer, since (i) the Valuer is a qualified independent valuer with extensive experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region, and (ii) the Board noted the limitations of other valuation approaches which are further elaborated by the Valuer in the Valuation Report as set out in Appendix I to this circular, and based on the Board's understanding of the Target Group's business as further elaborated below and the operating and financial conditions of the Target Group, nothing has come to the attention of the Board that causes it to disagree with such selection of valuation method.

The Board has gained a thorough understanding of the Target Group's business, operational, and financial status. The Target Group is primarily engaged in providing diversified live-streaming e-commerce and e-commerce operation training solutions for both corporate and individual clients. Its services include online and offline training courses, as well as exclusive live-streaming e-commerce collaboration programs. Its business is structured around the following core segments:

Training Courses: The Target Group has developed a comprehensive, multi-dimensional curriculum system covering core e-commerce scenarios such as operations, short-form video content creation, anchor training, advertising placement, and distribution for providing standardized e-commerce training courses for individuals and enterprises. Delivered through various online and offline formats, they are aimed at enhancing the learning experience and satisfaction of students.

In-Depth Consulting Services: This service offers end-to-end, meticulous coaching for individual entrepreneurs and merchants with tailor-made comprehensive guidance for the initial stage of e-commerce business development according to the e-commerce business needs of individuals or corporate entrepreneurs and merchants. It encompasses areas including account positioning, operational models, live-stream operations, video content creation, product selection and merchandising, and team building. This service is designed to align closely with clients' actual business conditions, offering one-on-one diagnostic support to help overcome bottlenecks in e-commerce initiatives.

Customized Corporate Training: Centered on specific client needs and following in-depth research into their industry, the Target Group offers customized training services for corporate. The training course systems and content are both developed in a customized manner and the training targets specific personnel arranged by client companies, including executives, department head, and front-line employees. Providing end-to-end training from business strategy to operational processes, the Target Group assists clients in facilitating e-commerce transformation, improving operational efficiency, and ensuring successful implementation.

The Board has also meticulously reviewed the Target Group's financial data and the audit reports issued by its auditors. The Target Company operates on an asset-light model with a sound financial structure. Detailed financial data of the Target Group can be found in the section pertaining to the information on the Target Company in this circular.

Conditions precedent

The Completion is conditional upon the fulfilment (or waiver, except for (a) below, which shall not be waived) of the following conditions:

(a) the Company having complied with the applicable requirements under the Listing Rules in connection with the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, including but not limited to publication of the announcement and this circular and obtaining approval from Independent Shareholders at the EGM;

(b) each of the Subsidiaries and the Vendors having obtained all necessary internal approvals and completed relevant corporate authorisation processes in relation to the transaction contemplated under the Equity Purchase Agreement (as amended by the Supplemental Agreement); and

(c) there being no breach on the part of the Vendors under the Equity Purchase Agreement (as amended by the Supplemental Agreement).

As at the Latest Practicable Date, the conditions precedent (b) as set out above is fulfilled.

Completion

Within 5 business days after the conditions precedent are fulfilled or waived, the Target Company shall convene a shareholders' meeting to approve the equity transfer under the Equity Purchase Agreement (as amended by the Supplemental Agreement) and update the register of shareholders to reflect the Subsidiary as the new shareholder while the Partnership shall convene a partners' meeting to approve the transfer of the partnership interests and update its register of partners to reflect the Subsidiaries as the new partners.

The Target Company and the Partnership shall complete the industrial and commercial registration of the equity transfer under the Equity Purchase Agreement (as amended by the Supplemental Agreement) within 30 business days following the satisfaction (or waiver) of all conditions precedents. The date on which the transfer under the Equity Purchase Agreement (as amended by the Supplemental Agreement) is registered with the relevant PRC authority and a new business licence is issued to the Target Company and the Partnership shall be deemed the completion date of the Sale Equity and the completion date of the Sale Partnership Interest, respectively.

Performance Guarantee

Under the Equity Purchase Agreement (as amended by the Supplemental Agreement), Ms. Xu, Mr. Cui, Mr. Li Liang, and Mr. Li Jun (together, the "**Guarantors**") have provided a performance guarantee in respect of the Target Group's consolidated financial results for the three years ending 31 December 2025, 2026, and 2027 (the "**Performance Guarantee Period**").

The Guarantors have guaranteed that the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company for the Performance Guarantee Period shall not be less than the following amounts:

- RMB18.0 million for the year ending 31 December 2025;
- RMB21.0 million for the year ending 31 December 2026; and
- RMB24.0 million for the year ending 31 December 2027.

Total guaranteed net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company for the Performance Guarantee Period is RMB63.0 million.

If the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company in any year during the Performance Guarantee Period is less than the guaranteed amount for that year, the Subsidiary shall have the right to request the Guarantors to pay, by 30 April of the year following the end of the relevant year of the Performance Guarantee Period, a cash compensation calculated as follows:

Cash compensation = (Shortfall amount) × 2.86

The Cash Compensation Multiple of 2.86 was calculated by dividing the Consideration (RMB180 million) by the aggregate amount of the consolidated net profit committed for the Performance Guarantee Period (RMB63 million). This multiple was determined through commercial negotiations between the Subsidiary and the Vendors, taking into comprehensive consideration both the transaction value and the committed performance. Should the committed net profit fail to be achieved entirely, the Company expects to recover the full consideration of RMB180 million. The calculation method for the Cash Compensation Multiple was agreed upon based on this principle.

The cash compensation shall be borne by the Guarantors in the following proportions:

Guarantor	Proportion of Compensation
Ms. Xu	37.62%
Mr. Cui	6.64%
Mr. Li Liang	29.14%
Mr. Li Jun	26.60%

Each Guarantor is only responsible for its respective portion of the cash compensation and shall not be jointly liable.

The cash compensation shall be paid within 5 business days upon receipt of written notice from the Subsidiary.

The Company will comply with Rule 14A.63 of the Listing Rules if the actual performance fails to meet the guarantee under the Equity Purchase Agreement (as amended by the Supplemental Agreement) as and when appropriate.

INFORMATION ON THE GROUP

The Group is a leading all-media service provider in the PRC, mainly providing services of comprehensive video application involving full-chain services including live-streaming, video content production, product sales and system maintenance to new media platforms, industrial customers and broadcasters, etc.

INFORMATION OF THE SUBSIDIARIES

The Subsidiaries are indirect wholly-owned subsidiaries of the Company and are incorporated in the PRC. They mainly engage in livestreaming e-commerce business.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC. The Target Group principally engages in the business of providing diverse training solutions of livestreaming e-commerce and e-commerce operation for corporate and individual clients, offering online and offline courses and dedicated live-streaming e-commerce partnership for customers. The Target Company is not operating restricted businesses in the PRC.

The Target Company requires and has obtained a business license and a publication business permit for its operations. While the Company has not yet obtained the publication business permit, it is not required to obtain such a permit, as the relevant business will continue to be operated by the Target Company after the Completion.

The Target Company's instructor team comprises professional trainers with extensive hands-on experience in e-commerce and proven expertise in training delivery. Most team members have 5–8 years or more of deep industry experience in internet or education, with each individual having generated a cumulative GMV of over RMB100 million across both public and private digital platforms. Their prior professional backgrounds include, but are not limited to, roles in Fortune 500 companies, university guest lecturing, television hosting, and celebrity streaming at large MCN agencies. They have assisted more than 100 business owners in achieving online customer acquisition and monetization through live-streaming, with over 50 of these cases generating over RMB10 million in revenue per project. The team also possesses substantial practical experience in cross-industry live-streaming operations and commercial implementation. The Target Company's high-value individual and corporate trainees include, but are not limited to: Clarins, L'Oréal, Audi, ByteDance, Xinghua Village Fenxing Distillery, Full Monty, and Usmile.

The Target Group integrates excellent cases and practical methods from the e-commerce industry to provide full-chain solutions such as training courses, hands-on project guidance, and corporate training for individuals and enterprises, which can effectively enhance the comprehensive service capabilities of the Group's new media service business.

(1) The course content originates from the excellent practical experience of the Target Group's instructor team. To date, a comprehensive multi-dimensional systematic course for the e-commerce industry from a foundational to an advanced level has been established, covering core e-commerce business scenarios such as operations, short video, anchor training, advertising placement, and distribution. The existing systematic courses can provide the Group with efficient training and business optimization, enabling effective improvement in service capabilities and operational efficiency.

(2) The Target Company possesses strong course development capabilities, enabling it to extract and refine courses and methodologies based on the latest platform trends, current events, and excellent cases, achieving content co-creation with the Group. These are distilled into standardized methodologies and replicated across the entire organization.

(3) The students and clients of the Target Group can generate substantial cooperative business orders with the Group, jointly building a full-chain service ecosystem for live-streaming e-commerce.

For the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the connected transactions between the Target Company and the Group amounted to a total of approximately RMB0, RMB659,000, RMB544,500, and RMB0, respectively. All such transactions were immaterial in value.

Certain key financial information of the Target Company as extracted from its audited consolidated financial statements for the years ended 31 December 2023 and 31 December 2024 and for the six months ended 30 June 2025 is set out below:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the six months ended 30 June 2025**
	RMB million (audited)	*RMB million (audited)*	*RMB million (audited)*
Revenue	135.91	136.02	72.57
Net profit before tax	2.01	17.21	10.13
Net profit/(loss) after tax	(1.67)	16.09	9.57

As at 30 June 2025, the audited consolidated net assets of the Target Group amounted to approximately RMB37.35 million.

The original acquisition cost of the relevant portion of the Sale Equity held by the Vendors of the Target Company that are connected persons of the Company is as follows:

- Vendor B: RMB9,200,000, being the purchase price paid in September 2022 by Vendor B for the acquisition of the 23.0% equity interest in the Target Company; and

- Vendor C: RMB8,400,000, being the purchase price paid in September 2022 by Vendor C for the acquisition of the 21.0% equity interest in the Target Company.

INFORMATION ON THE PARTNERSHIP

To the best knowledge, information and belief of the Directors, the Partnership is a limited partnership established in the PRC is principally engaged in investment business, and is beneficially owned as to 85% by Ms. Xu who is its general partner, and 15% by Mr. Cui who as its limited partner.

The Partnership has no business operations and, other than its 34.935% equity interest in the Target Company, has no liabilities and has no other large assets. Certain key financial information of the Partnership as extracted from its unaudited consolidated financial statements for the years ended 31 December 2023 and 31 December 2024 and for the six months ended 30 June 2025 is set out below:

	For the year ended 31 December 2023	For the year ended 31 December 2024	For the six months ended 30 June 2025
	RMB thousand (unaudited)	*RMB thousand* (unaudited)	*RMB thousand* (unaudited)
Revenue	0.00	0.00	0.00
Net profit before tax *(Note)*	3.50	0.72	0.00
Net profit after tax *(Note)*	3.50	0.72	0.00

Note: The Partnership has no business operations. The net profit recorded for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 represents bank interest income earned on its bank deposit.

As at 30 June 2025, the unaudited consolidated net assets of the Partnership amounted to approximately RMB689.22 thousand.

The original acquisition costs of the relevant portions of the Sale Partnership Interest held by Ms. Xu and Mr. Cui who are connected persons of the Company is RMB582.25 thousand and RMB102.75 thousand, representing the respective capital contributions made by Ms. Xu and Mr. Cui in respect of their respective Sale Partnership Interest in the Partnership, as its founding partners.

INFORMATION ON THE VENDORS OF THE TARGET COMPANY

Vendor B is the executive Director and chief executive officer of the Company. As at the Latest Practical Date, Vendor B is interested in 95,628,200 Shares, representing approximately 6.89% of the Company's total issued share capital.

Vendor C is the executive Director and the chairman of the Board of the Company. As at the Latest Practical Date, Vendor C is interested in 323,500,334 Shares, representing approximately 23.32% of the Company's total issued share capital. Accordingly, Vendor C is also a substantial shareholder of the Company.

To the best knowledge, information and belief of the Directors, Vendor D is a limited partnership established in the PRC and Mr. Wang Wei, who is its general partner, held a 56.25% partnership interest in Vendor D, and no other person held an interest of more than 30% in Vendor D. Vendor D is principally engaged in investment business. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practical Date, Vendor D and its ultimate beneficial owners are Independent Third Parties.

Vendor E is an investor and resident of mainland China. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practical Date, Vendor E is an Independent Third Party.

INFORMATION ON THE VENDORS OF THE PARTNERSHIP

Ms. Xu is an investor and resident of mainland China. She is the mother of Mr. Li Liang, and is therefore an associate of Mr. Li Liang and a connected person of the Company under the Listing Rules.

Mr. Cui is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company and resident of mainland China. Therefore, Mr. Cui is a connected person of the Company at subsidiary level under the Listing Rules. As of the Latest Practicable Date, Mr. Cui is interested in 52,196,884 Shares, representing approximately 3.76% of the Company's total issued share capital.

VALUATION REPORT OF THE TARGET COMPANY AND PROFIT FORECAST REQUIREMENTS UNDER THE LISTING RULES

In determining the Consideration, the Company made references to, among other things, the valuation of the Target Group as at 30 June 2025 based on the valuation results of the Valuer, using DCF valuation. The DCF valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

For the purpose of Rule 14.60A(1) of the Listing Rules, set out below are details of the principal assumptions (the "**Assumptions**"), including commercial assumptions, upon which the valuation of the Target Group was based. For further detail, please refer to the Valuation Report contained in Appendix I to this circular.

BASIS OF OPINION

The Valuer has conducted the valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of the legal status and financial condition of the Target Group and an assessment of key assumptions, estimates, and representations made by the proprietor as follows:

- The economic outlook in general;
- The nature of business of the subject asset;
- The audited consolidated financial statement for the years ended 31 December 2023 and 31 December 2024 and six months ended 30 June 2025 of the Target Group;
- The projected financial performance of the Target Group;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis of the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to the Target Group's business.

GENERAL ASSUMPTIONS

In determining the market value of the equity interest in the Target Group, the Valuer makes the following assumptions:

- It is assumed that the projected revenue and income will be according to the proposed business plan of the Target Group and could be achieved with the effort of the Target Company's management;
- All relevant legal approvals and business certificates or licenses to operate the business in which the Target Group operates or intends to operate have been or would be officially obtained and renewable upon expiry;
- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, it is assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;
- It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material changes in the political, economic and social environment in which the Target Group operates;
- It is assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- The Valuer has assumed the accuracy of the financial and operational information provided to it by the Target Group and relied to a considerable extent on such information in arriving at its opinion of value; and
- The Valuer has assumed that there are no hidden or unexpected conditions associated with the Target Group that might adversely affect the reported value.

MAJOR ASSUMPTIONS AND PARAMETERS

Major assumptions related to market value of the equity interest in the Target Group under DCF are listed below:

- **Forecast Period:** Forecast period of the Target Group is determined from 1 July 2025 and ending on 31 December 2030.
- **Income Tax Rate:** Reference to the primary income tax rate of the Target Group, being 25% is applied.

FINANCIAL FORECAST

Revenue of the Target Group mainly comprises online and offline short video and e-commerce training courses, e-commerce partnership service and support services for business. The Valuer is provided with the revenue forecasts of the Target Group for the five and a half years forecast period.

The projected costs of goods sold mainly consist of instructor fees, course development fees, video data editing expenses and digital tool product fees. The projected marketing expenses mainly consist of staff costs and online platform service fee. The projected management and administrative expenses mainly consist of staff costs and office expense.

Details of major financial forecast are listed as follows:

	January 2025– June 2025	July 2025– December 2025	2025	2026	2027	2028	2029	2030
YOY Growth Rate	15%	10%	12%	12%	10%	5%	3%	2%
Revenue *(RMB'000)*	72,569	79,771	152,339	170,620	187,682	197,066	202,978	207,038

Note: *The Target Group achieved revenue growth rates of approximately 63% and 0.1% in 2023 and 2024 respectively. During this period, its vocational training business (contributing over 80% of its total revenue) maintained growth with tuition fee increases of approximately 33% and 4% in 2023 and 2024, respectively. In 2022, when the Target Company commenced its operations, its business was relatively narrow, with the majority of its revenue generated from comprehensive Douyin operations (accounting for approximately 58%). In 2023, the Target Group expanded its business lines, offering courses covering all areas of live-streaming e-commerce. Courses such as anchor training, executive programs, and beginner coaching generated significantly higher revenue as compared to 2022. As a result, the proportion of revenue from comprehensive Douyin operations decreased to approximately 33% in 2023. The diversification of courses enabled the Target Group to attract more paying customers, with the number of paying customers increasing by approximately 57% from 10,515 in 2022 to 16,505 in 2023. This contributed to a notable growth in the Target Group's revenue in 2023. The modest 2024 growth was primarily attributed to underperformance of previously contracted channel partners. In response, the Target Group slowed down its channel partners expansion in 2025 and implemented dual strategies for its training business by expanding customer acquisition channels and diversifying product portfolio. Expanding the customer acquisition channel is primarily achieved through two approaches. On one hand, it involves the refined operation of existing channels by optimizing placement strategies and precisely targeting customer segments. On the other hand, it entails continuously exploring new channels, moving beyond Douyin to gradually expand into platforms such as Video Channels, Xiaohongshu, and TikTok. By increasing exposure to potential customers and accurately targeting high-value clients, revenue will be enhanced. Similarly, diversifying product portfolio is also driven by two key sub-strategies. Horizontally, it involves broadening the range of products to meet the diverse needs of a single customer, unlocking the potential for multiple sales to the same individual. Vertically, it includes launching higher-end or more entry-level products to cater to different customer segments. By improving product coverage across diverse demographics, revenue growth will be further stimulated. In the first half of 2025, the growth rate of the Target Group was approximately 15%, calculated based on the revenue of RMB72,568,689 in the first half of 2025 and RMB63,320,150 in the first half of 2024.*

Company name	Estimated revenue growth rate as of 2025	Estimated revenue growth rate as of 2026	Estimated revenue growth rate as of 2027
Offcn Education	9.5%	11.3%	10.3%
Action Education	17.1%	13.2%	12.9%
Fenbi	7.1%	7.6%	N/A
Target Group	**12.0%**	**12.0%**	**10.0%**

Compared to GPCs, Offcn Education's projected revenue growth rates sourced from Capital IQ for 2025, 2026 and 2027 are approximately 9.5%, 11.3% and 10.3%, respectively. Action Education's projected revenue growth rates for 2025, 2026 and 2027 are approximately 17.1%, 13.2% and 12.9%, respectively. Fenbi's projected revenue growth rates for 2025 and 2026 are approximately 7.1% and 7.6%, respectively. Thus, the Target Group's projected revenue growth rates for 2025, 2026 and 2027 of 12%, 12% and 10% are in line with the industry level.

Unit: RMB'000	July 2025–December 2025	2026	2027	2028	2029	2030
Total operational expenses	**68,084**	**143,918**	**158,310**	**166,225**	**171,212**	**174,636**
Cost of goods sold	45,031	96,144	105,759	111,047	114,378	116,666
Operating expenses	23,054	47,774	52,551	55,179	56,834	57,971

	July 2025–December 2025	2026	2027	2028	2029	2030
EBITDA Margin	14.9%	15.8%	15.9%	15.9%	15.9%	15.9%
EBITDA *(RMB'000)*	11,908	27,043	29,813	31,387	32,303	32,877

Note: *EBITDA is the earnings before interest, tax, depreciation and amortization.*

EBITDA = Revenue – Costs of goods sold – Marketing expenses – Management and administrative expenses + Depreciation and amortization

EBITDA has excluded the non-operating and non-recurring items such as gain or loss on disposal of property, plant and equipment, gain or loss on foreign exchange, investment profit, etc.

EBITDA Margin = EBITDA/Revenue

Company name	EBITDA margin as of 2023	EBITDA margin as of 2024	EBITDA margin as of 2025	EBITDA margin as of 2026 and thereafter
Offcn Education	10.0%	18.9%		
Action Education	34.6%	35.5%		
Fenbi	7.8%	8.7%		
Target Group	**6.9%**	**13.4%**	**14.8%**	**15.8%–15.9%**

The EBITDA margins of the Target Group were approximately 6.9% in 2023, 13.4% in 2024 and 14.6% in first half of 2025, which shows a trend of continuous improvement over the last periods. The completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for 2025 and 2026, and to stabilize thereafter resulting a higher EBITDA margin of 14.8% in 2025 and 15.8% in 2026. Compared to GPCs, the EBITDA margins of Fenbi were approximately 7.8% in 2023 and 8.7% in 2024, the EBITDA margins of Action Education were approximately 34.6% in 2023 and 35.5% in 2024, and the EBITDA margins of Offcn Education were approximately 10.0% in 2023 and 18.9% in 2024. This shows that the projected EBITDA margins of the Target Group are in line with the industry levels.

	July 2025–December 2025	2026	2027	2028	2029	2030
EBIT Margin	14.7%	15.7%	15.7%	15.7%	15.7%	15.7%
EBIT*(RMB'000)*	11,686	26,702	29,372	30,841	31,766	32,401

Note: *EBIT is the earnings before interest and tax.*

EBIT = Revenue – Costs of goods sold – Marketing expenses – Management and administrative expenses

EBIT margin = EBIT/Revenue

The EBIT margins of the Target Group were approximately 6.1% in 2023, 12.8% in 2024 and 14.2% in first half of 2025, which shows a trend of continuous improvement over the last periods. The completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for 2025 and 2026, and to stabilize thereafter resulting a higher EBIT margin of 14.7% in 2025 and 15.7% in 2026.

Unit: RMB'000	July 2025–December 2025	2026	2027	2028	2029	2030
EBIAT	8,765	20,027	22,029	23,131	23,825	24,301

Note: *EBIAT is the earnings before interest after tax.*

EBIAT = Revenue – Costs of goods sold – Marketing expenses – Management and administrative expenses – Tax expenses

NET WORKING CAPITAL ("NWC") AND NWC CHANGE

The NWC equals to the current operating assets minus the current operating liabilities. The current operating assets of the Target Group include account receivables, prepaid expenses and inventory. The current operating liabilities include account payables, advances from customers, accrued payroll and taxes payable. The NWC change equals to the NWC in next year minus the NWC in current year. The NWC of the Target Group in 2023 and 2024 are RMB(29.86) million and (25.09) million. The NWC and NWC change in the forecast period are estimated as follows:

Unit: RMB'000	**30 June 2025**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
NWC	(21,451)	(25,329)	(28,328)	(31,161)	(32,719)	(33,701)	(34,375)
NWC Change	N/A	(3,878)	(2,999)	(2,833)	(1,558)	(982)	(674)

Note: The NWC/Revenue ratio of the Target Group was (22.0%), (18.4%) and (14.1%) as of 2023, 2024, and 30 June 2025, respectively. The Valuer referenced the average turnover days of the Target Group as of full-year 2024 and 30 June 2025, as the basis for forecasting future periods. The NWC/Revenue ratio of the Target Group is projected to remain at (16.6%) during the forecast period.

CAPITAL EXPENDITURE ("CAPEX")

According to the management's business plan in the forecasted period, the capital expenditure is estimated based on replacement of necessary equipment and Capex amounts of the Target Group in 2023 and 2024 are RMB372,377 and RMB470,879, respectively. The CAPEX in the forecasted period is estimated as follows:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
CAPEX	250	500	500	500	500	500

Note: The Capex/Revenue ratios for 2023, 2024, and the first half of 2025 were 0.3%, 0.3%, and 0.2%, respectively. During the forecast period, the Capex/Revenue ratio is expected to remain within the range of 0.2%–0.3%.

DEPRECIATION AND AMORTIZATION

Based on the long-term asset register as of the Valuation Date and the forecasted Capex amount, the depreciation and amortization are estimated as follows in the forecasted period:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Depreciation and amortization	221	341	441	546	537	476

Note: The Depreciation and amortisation of the Target Group in 2023 and 2024 are RMB1.09 million and 0.83 million. The Depreciation and amortisation/Revenue ratios for 2023, 2024, and the first half of 2025 were 0.8%, 0.6%, and 0.4%, respectively. During the forecast period, the Depreciation and amortisation/Revenue ratio is expected to remain within the range of 0.2%–0.3%. The difference in the Depreciation and amortisation/Revenue ratio between the forecast period and the historical period is primarily due to the longer real useful life than the accounting useful life of the fixed assets — such as air conditioners and large training room screens — in its early establishment phase (late 2021 to early 2022), with a total purchase value exceeding RMB1 million. According to the accounting depreciation policy, these assets were depreciated over a three-year period and were fully depreciated by late 2024 to early 2025. However, these assets remain in usable condition and do not require replacement in longer period. As a result, the Depreciation and amortisation/Revenue ratio during the historical period was relatively higher.

FREE CASH FLOW TO FIRM ("FCFF") FORECAST

Based on the above the estimated parameters, the net cash flow forecast was calculated as follows:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
FCFF	12,614	22,866	24,803	24,735	24,843	24,951

Note: FCFF = EBIAT – NWC Change – CAPEX + Depreciation and amortization

DISCOUNT RATE

The discount rate applied to the valuation of the equity value of the Target Group under the DCF based on the weighted average cost of capital ("**WACC**"). The WACC is the weighted average of cost of equity and cost of debt. The cost of equity is determined by capital asset pricing model ("**CAPM**"), and the cost of debt refers to the five-year Loan Prime Rate ("**LPR**") from the People's Bank of China, net of tax effect. In arriving at the WACC, the key parameters and calculation are listed as follows:

(i) *risk-free rate:* the risk-free rate adopted is 1.90%, which represented the yield of a China Government bond with maturity of 20 years quoted on the website (www.chinabond.com.cn);

(ii) *equity risk premium:* the equity risk premium adopted is 7.31%, which refers to the "Kroll Cost of Capital Navigator" research regarding equity risk premium published by Kroll, LLC;

(iii) *beta:* the beta adopted is 1.24 which refers to the beta of the comparable companies through Capital IQ data base;

(iv) *other specific risk premium:* other specific risk premium consists of size premium of 4.47%, which refers to the "Kroll Cost of Capital Navigator" research regarding size premium published by Kroll, LLC and 2.00% of other specific risks of the Target Group.

cost of equity = (i)+(ii)*(iii)+(iv) = 1.90%+7.31%*1.24+6.47% = 17.43%

(v) *debt to market capitalization ratio ("**D/E ratio**"):* the D/E ratio adopted is 3.52% which refers to the data from the comparable companies through Capital IQ data base;

(vi) *cost of debt:* the cost of debt adopted is 2.63%, which is determined with reference to the LPR, sourced from the People's Bank of China, net of tax effect.

(vii) *WACC:* the WACC is calculated by multiplying the cost of each capital component by its proportional weight. The formula and calculation are as follows:

WACC = Equity/(Equity+Debt)*cost of equity+Debt/(Equity+Debt)*cost of debt (net of tax effect)

= cost of equity/(1+D/E ratio)+cost of debt (net of tax effect)*D/E ratio/(1+D/E ratio)

= cost of equity/(1+(v)) +(vi)*(v)/(1+(v))

= 17.43%/(1+3.52%) + 2.63%*3.52%/(1+3.52%) = 17.00% (rounded)

CALCULATION OF VALUATION RESULT

The basic formula of DCF model is: Present Value of Net Cash Flow= Net Cash Flow/(1 +Discount rate) ^Discount period

The calculation of the market value of the equity value of the Target Group as at 30 June 2025 (the "**Valuation Date**") is as follows:

Unit: RMB'000		**July 2025–December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
(i)	**Net Cash Flow**	12,614	22,866	24,803	24,735	24,843	24,951	**25,475**
(ii)	Discount rate	17%						
(iii)	Discount period *(Note 1)*	**0.25**	**1.0**	**2.0**	**3.0**	**4.0**	**5.0**	**5.0**
(iv)	Discount factor *(Note 2)*	0.96	0.86	0.74	0.64	0.55	0.48	0.48
(v)	Present Value of Net Cash Flow *(Note 3)*	12,125	19,531	18,107	15,434	13,249	11,373	
(vi)	**Terminal value**							
Terminal growth rate *(Note 4)*		2.00%						**77,412**
(vii)	**Enterprise value of the Target Group**							**167,230**
(viii)	Add: Excess cash and excess assets *(Note 5)*							58,805
(ix)	Less: Debt and excess liabilities *(Note 6)*							818
(x)	Less: Minority interest							—
(xi)	**Equity Value before DLOM (*rounded*)**							**225,220**

Note 1: Since the cash inflows and outflows occur continuously year-round, it could be inaccurate to assume that the cash proceeds are all received at the end of each year. As a compromise, mid-year discounting is often integrated into a DCF model to assume that the cash flows occur evenly throughout the year. The mid-year convention treats forecasted free cash flows as if they were generated at the midpoint of the period. So, the first period is discounted by quarter a year (0.25 years) and the second year by one year.

Note 2: (iv)=1/(1+ii)^(iii)

Note 3: (v)=(i)(iv)*

Note 4: Terminal growth rate of 2% refers to the estimated inflation rate in China, sourced from International Monetary Fund, World Economic Outlook Database, April 2025.

Note 5: Under the DCF model, the free cash flow to firm only incorporates economic values of the operating items including net working capital, property, plant and equipment, intangible assets, etc. while excluding the non-operating items. Thus, the adjustment for excess items includes each item of non-operating assets and liabilities. Excess cash consists of cash and cash equivalent amounting to approximately RMB38.00 million, with reference to its book value. Excess assets consist of other receivables of approximately RMB20.80 million (mainly comprising online platform deposits, borrowings, employee advance fund, etc.). The value of excess cash and excess assets was taken from the audited consolidated balance sheet of the Target Group as of 30 June 2025.

Note 6: Debt and Excess liabilities consist of other payables of approximately RMB0.82 million with reference to its book value. The value of debt and excess liabilities was taken from the audited consolidated balance sheet of the Target Group as of 30 June 2025.

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

Most of the businesses or financial interests that the Valuer is valuing do not enjoy immediate liquidity. The Valuer thus faces the task of making an adjustment from the value it has estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that it is valuing. That adjustment is what the Valuer refers to as the discount for lack of marketability.

In this valuation exercise, the Valuer has assessed the DLOM using the put option method, which is one of the most commonly used theoretical models. The concept is that when comparing a public share and a private share, a holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. The value of put option is determined by "Finnerty Option Pricing Model" ("**Finnerty Model**") with the following parameters:

Parameter	**Value for the Target Group**	**Remarks**
Spot Price	1.00	As the Valuer is calculating a percentage for the DLOM, for simplicity, it sets the spot price to be 1.00 in the valuation.
Exercise Price	1.00	According to the study, the put option is at-the-money, such that the exercise price should equal the spot price.
Volatility	54.90%	With reference to median volatility of the comparable companies which are the same as the comparable companies for determining WACC of the Target Group, as sourced from Capital IQ.
Maturity	3 years	It is an approximation of holding period that assuming a market participant who owns a business entity would dispose of that business entity. The management of the Target Group is satisfied that 3 years would be a reasonable assumption.

By using the Finnerty Model and based on the above assumptions, the estimated DLOM for the Target Group is 20.0% and the Valuer applies 20.0% as DLOM for the Target Group.

CALCULATION OF VALUATION RESULT

Based on the results of the Valuer's investigations and analyses, it is of the opinion that the market value of the Target Group as at the Valuation Date taking into account of DLOM is reasonably stated as follows:

	As at 30 June 2025
100% Equity Value before DLOM *(RMB'000)*	225,220
Adjusted for DLOM at 20.0%	(1–20.0%)
100% Equity Value of the Target Group *(RMB'000)*	180,000

SENSITIVITY ANALYSIS

Sensitivity analysis in market value of 100% equity interest in the Target Group was carried out by varying discount rate and revenue, the results of sensitivity analysis are summarized as follows:

Sensitivity Analysis — Discount Rate

Discount Rate	**Market Value** *(RMB'000)*
18% **(Base+1%)**	172,000
17% **(Base)**	180,000
16% **(Base–1%)**	189,000

Sensitivity Analysis — Revenue

Revenue	**Market Value** *(RMB'000)*
Base *(1+5%)	187,000
Base	180,000
Base *(1–5%)	173,000

The Board has reviewed the Assumptions and is of the view that the profit forecast was made after due and careful enquiry.

Forvis Mazars CPA Limited, the reporting accountant of the Company, has performed an assurance engagement on the profit forecast. The discounted cash flows do not involve the adoption of accounting policies. Pursuant to Rules 14.60A(2)–(3) of the Listing Rules, the letters from Forvis Mazars CPA Limited and the Board are included in Appendix II and Appendix III, respectively, to this Circular.

FINANCIAL EFFECT OF THE ACQUISITION

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company while the Partnership will become an indirect wholly-owned partnership owned the Company. The financial results of the Target Company and the Partnership will be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's strategic acquisition of the Target Group aims to further strengthen its comprehensive service capabilities and core competitiveness in the new media service sector, while solidifying its competitive edge and market influence in live-streaming e-commerce industry. Upon completion of the Acquisition, the Group intends to achieve multidimensional resource integration to enhance synergies between the existing new media business of the Group and the business operations of the Target Group, with the objective of creating greater value for shareholders:

1. Enhancing talent capabilities

The Target Group's elite team of trainers, practical and proven curriculum system, and deep industry insights will strengthen the Group's expertise and execution in key areas such as live-streaming operations, e-commerce strategies, and livestreamer incubation. This will accelerate the Group's capability building and lay a solid talent and technological foundation for future business growth of the Group.

2. Expanding customer reach and deepening engagement

The Target Group has accumulated a substantial pool of highly targeted students and corporate clients through its e-commerce training solutions. Leveraging the Group's existing strengths in live-streaming e-commerce services, the Acquisition is expected to enable the Group to deepen cross-selling opportunities and unlock the potential of long-term customer value, thereby driving its revenue growth. This will enhance the Group's comprehensive service capabilities in live-streaming e-commerce sector and attract more business partners and customers.

3. Enriching live-streaming content and knowledge reserves

The Target Group's extensive course content, practical case studies, and cutting-edge industry insights will become one of the valuable strategic assets of the Group. These resources are expected to continuously support the Group's ongoing business optimization and innovation, ensuring that the Group remains agile and competitive amid rapidly evolving industry dynamics.

Reasons for and benefits of entering into the Supplemental Agreement

The Partnership's bank account has only been used for its initial capital contribution to the Target Company since its set up and has had no other transaction history. Based on recent communications with its bank, the Partnership is subject to an annual outward remittance limit of RMB5 million, which is substantially lower than the consideration it was due to receive under the Equity Purchase Agreement. To resolve this issue, the parties agreed to change the transaction structure. The Board has agreed to enter into the Supplemental Agreement for the following reasons:

(a) The Amendments do not constitute a substantive change to the overall commercial objectives of the Acquisition and are not detrimental to the Company.

(b) In return of such structural change, the Company requested and obtained the Performance Guarantee from Ms. Xu and Mr. Cui directly. This is considered to be commercially more favourable to the Company in enforcing the Performance Guarantee and seeking recourse if the guaranteed performance targets are not met, as under common PRC practice, funds received by a partnership are typically distributed to its partners.

In light of the above, the Directors (save and except (i) Mr. Li Liang, who is the Vendor B and Mr. Li Jun, who is the Vendor C, and each of them has material interests in the Equity Purchase Agreement (as amended by the Supplemental Agreement); and (ii) the independent non-executive Directors who has formed the Independent Board Committee and will express their views after receiving advice from the Independent Financial Adviser) are of the view that the transactions under the Equity Purchase Agreement (as amended by the Supplemental Agreement) are on normal commercial terms, and that the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Vendor B and Vendor C are both executive Directors and therefore connected persons of the Company. Ms. Xu is the mother of Mr. Li Liang, and therefore she is a connected person of the Company. Mr. Cui is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the entering into of the Equity Purchase Agreement (as amended by the Supplemental Agreement) also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTEREST IN THE ABOVE TRANSACTIONS

Each of Mr. Li Liang and Mr. Li Jun was materially interested in the Acquisition and has abstained from voting on the Board resolutions approving the Acquisition. Save as disclosed above, none of the Directors have any material interests in the Equity Purchase Agreement (as amended by the Supplemental Agreement) and are required to abstain from voting on the resolution of the Board for approving the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder.

EGM

A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular and a form of proxy is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not less than 48 hours before the time of the meeting or any adjournment thereof to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof should you so wish.

The record date for determining the entitlement of the holders of Shares to attend and vote at the Meeting will be Friday, 7 November 2025. For the purpose of determining the Shareholder's eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Friday, 7 November 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, all duly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 3 November 2025 for registration.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll.

Any Shareholder having a material interest in the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder shall abstain from voting on the resolution(s) to be proposed at the EGM to approve the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder.

As at the Latest Practicable Date, Vendor B was interested in 95,628,200 Shares, accounting for approximately 6.89% of the issued share capital of the Company. As at the Latest Practicable Date, Vendor C held 323,500,334 shares of the Company, accounting for approximately 23.32% of the issued share capital of the Company. As at the Latest Practical Date, Vendor E is interested in 9,501,660 Shares, representing approximately 0.68% of the Company's total issued share capital. As at the Latest Practicable Date, Mr. Cui was interested in 52,196,884 Shares, accounting for approximately 3.76% of the total issued share capital of the Company. As at the Latest Practicable Date, certain partners of Vendor D (collectively, the

"**Partners of Vendor D**" and each a "**Partner of Vendor D**") were interested in an aggregate of 78,178,882 Shares, accounting for approximately 5.64% of the total issued share capital of the Company. The number of Shares that each Partner of Vendor D is interested are set out as follows:

Mr. Wang was interested in 6,350,000 Shares (representing approximately 0.46% of the total issued share capital of the Company);

Ms. Zhang was interested in 53,131,479 Shares (representing approximately 3.83% of the total issued share capital of the Company);

Mr. Xiao was interested in 17,137,403 Shares (representing approximately 1.24% of the total issued share capital of the Company);

Mr. Hao was interested in 1,550,000 Shares (representing approximately 0.11% of the total issued share capital of the Company); and

Mr. Liu was interested in 10,000 Shares (representing approximately 0.00% of the total issued share capital of the Company).

Vendor B, Vendor C, Vendor E, Mr. Cui, the Partners of Vendor D and their respective associates will be required to abstain from voting in relation to the relevant resolution in relation to the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder to be proposed at the forthcoming EGM and none of them has indicated their intention to vote against the relevant resolution.

Save for the above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the resolution to be proposed at the EGM or will abstain from voting at the EGM.

As at Latest Practicable Date, there were 1,387,203,163 Shares in issue, among which, 2,550,000 Shares were held by the Company as treasury shares and 3,430,854 Shares were held in trust by Tricor Trust (Hong Kong) Limited appointed by the Company for the purpose to service the Share Award Plan. Pursuant to Rules 17.05A and 17.12(2) of the Listing Rules and the rules of the Share Award Plan, Tricor Trust (Hong Kong) Limited shall not exercise voting rights in respect of any Shares held by it in trust, being 3,430,854 Shares, representing approximately 0.25% of the total Shares in issue (excluding treasury shares of the Company) as at the Latest Practicable Date. Treasury shares, if any and registered under the name of the Company, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, solely from the perspective of the Listing Rules, the Company shall, upon depositing any treasury shares in the CCASS, abstain from voting at any of its general meeting(s) in relation to those shares.

Save as disclosed, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

An announcement will be made by the Company following the conclusion of the EGM to inform you of the results of the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider, and make recommendations to the Independent Shareholders regarding, amongst other things, whether the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the above issues. The text of the letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages IFA-1 to IFA-25 of this circular.

RECOMMENDATION

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) considers that the terms of the Acquisition and the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transaction contemplated thereunder are on normal commercial terms, and that the terms of the transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of each of the relevant proposed resolution at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter of advice from the Independent Financial Adviser as set out on pages IFA-1 to IFA-25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the Acquisition.

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

Yours faithfully,
For and on behalf of the Board
Be Friends Holding Limited
Li Jun
Chairman

Be Friends Holding Limited
交個朋友控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1450)

17 October 2025

To the Independent Shareholders,

Dear Sir or Madam,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION

We refer to the circular dated 17 October 2025 (the "**Circular**") issued by the Company of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the terms of the and the entering into of the Equity Purchase Agreement (as amended by the Supplemental Agreement). Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 34 of this Circular and the text of a letter from the Independent Financial Adviser, as set out on pages IFA-1 to IFA-25 of this Circular, both of which provide details of the transaction for the transactions contemplated under the Equity Purchase Agreement (as amended by the Supplemental Agreement). Your attention is also drawn to the additional information set out in the appendices to the Circular.

Having considered the terms of the Equity Purchase Agreement (as amended by the Supplemental Agreement), the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the and the entering of the Equity Purchase Agreement (as amended by the Supplemental Agreement), and the transactions contemplated under the Equity Purchase Agreement (as amended by the Supplemental Agreement) are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution for approving the terms of and the transactions contemplated under the Equity Purchase Agreement (as amended by the Supplemental Agreement) to be proposed at the EGM.

Yours faithfully,
the Independent Board Committee

Mr. Kong Hua Wei	**Mr. Ma Zhan Kai**	**Dr. Yu Guo Jie**
Independent non-executive Director (Chief Independent Non-executive Director)	*Independent non-executive Director*	*Independent non-executive Director*

The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

17 October 2025

To: the independent board committee and the independent shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee and the independent shareholders of Be Friends Holding Limited (the "**Company**") in relation to the proposed acquisition (the "**Acquisition**") of 100% equity interests in Hangzhou Be Friends Education Technology Co., Ltd.* (杭州交個朋友教育科技有限公司) (the "**Target Company**"). Details of the Acquisition are set out in the "Letter from the Board" (the "**Board Letter**") contained in the circular of the Company dated 17 October 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 5 August 2025 (after trading hours), the Vendors of the Target Company and the Partnership (both as vendors), the Subsidiary A (as purchaser) and the Target Company entered into the Equity Purchase Agreement, pursuant to which the Vendors of the Target Company and the Partnership have conditionally agreed to sell, and the Subsidiary has conditionally agreed to acquire, the Sale Equity, representing 100% equity interests in the Target Company, at a total consideration of RMB180.0 million (equivalent to approximately HK$197.9856 million). On 25 September 2025 (after trading hours), the Subsidiaries and the relevant parties entered into the Supplemental Agreement to amend certain terms and the structure of the Acquisition (the "**Amendments**"), pursuant to which the Partnership (formerly referred to as Vendor A) will cease to be a vendor selling 34.935% of equity interest in the Target Company under the Equity Purchase Agreement, and instead, the Vendors of the Partnership (being the partners of the Partnership) have agreed to sell, and the Subsidiaries have agreed to purchase, the Sale Partnership Interest, representing 100% partnership interest in the Partnership. The sale and purchase of the Sale Equity of the Target Company, being a total of 65.065% equity interests held by Vendor B, Vendor C, Vendor D and Vendor E in the Target Company remain unchanged.

According to the Board Letter, as one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules. In addition, Vendor B (i.e. Mr. Li Liang) and Vendor C (i.e. Mr. Li Jun) are both executive Directors and therefore connected persons of the Company. Ms. Xu, being a vendor of the Partnership, is the mother of Mr. Li Liang, and is therefore an associate of Mr. Li Liang and a connected person of the Company under the Listing Rules. Mr. Cui, being another vendor of the Partnership, is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company, and therefore is a connected person of the Company at subsidiary level under the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kong Hua Wei, Mr. Ma Zhan Kai and Dr. Yu Guo Jie, has been established to advise the Independent Shareholders in relation to the Acquisition. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard (the "**Engagement**").

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as a hindrance to the independence of Somerley Capital Limited as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the Engagement. In the past two years, there has been no other engagement between the Company and Somerley Capital Limited. During the past two years preceding the Latest Practicable Date, apart from normal professional fees paid or payable to us in connection with the Engagement, no arrangement exists whereby we will receive any fees or benefits from the Company.

In formulating our opinion, we have relied on the information as contained in the Circular and the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (the "**Management**"). We have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group or the Vendors, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion with respect to the Acquisition, we have taken into account the principal factors and reasons set out below.

1. Information on the parties to the Acquisition

Information on the Group

The Group is a leading all-media service provider in the PRC, mainly providing services of comprehensive video application involving full-chain services including live-streaming, video content production, product sales and system maintenance to new media platforms, industrial customers and broadcasters, etc.

Set out below are the audited consolidated financial information of the Group for each of the two years ended 31 December 2023 ("**FY2023**") and 31 December 2024 ("**FY2024**") as extracted from the Company's annual report for FY2024 (the "**2024 Annual Report**") and the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 ("**HY2024**") and the six months ended 30 June 2025 ("**HY2025**") as extracted from the Company's interim report for HY2025 (the "**2025 Interim Report**"):

	For the year ended 31 December 2024	**For the year ended 31 December 2023**	**Year-on-year ("YOY") change**
	RMB'000	*RMB'000*	*%*
Revenue	1,250,504	1,074,335	16.40
— New media services	*1,138,144*	*988,732*	*15.11*
— Television broadcasting business	*112,360*	*85,603*	*31.26*
Gross profit	606,744	566,910	7.03
Profit for the year	72,230	113,971	(36.62)
Profit attributable to owners of the Company	81,708	119,462	(31.60)

The Group recorded revenue of approximately RMB1.25 billion for FY2024, representing an increase of approximately 16.40% as compared to that for FY2023. During FY2024 and FY2023, the new media services segment has contributed majority of the Group's revenue (representing approximately 91.01% and 92.03% of the total revenue of the Group respectively), while the remaining of the Group's revenue were generated from the television broadcasting business segment.

Revenue from the new media services segment increased from approximately RMB0.99 billion for FY2023 to approximately RMB1.14 billion for FY2024; and revenue from the television broadcasting business segment increased from approximately RMB85.60 million for FY2023 to approximately RMB112.36 million for FY2024. According to the 2024 Annual Report, the increase in revenue from the new media services segment was mainly due to the Group's in-depth exploration of the live-streaming scenarios and the deepening of cooperation along the industrial belt during FY2024; while the increase in revenue from the television broadcasting business segment was mainly due to the gradual expansion in business scope and customer base of the television broadcasting business during FY2024.

The Group recorded gross profit of approximately RMB606.74 million for FY2024, representing an increase of approximately 7.03% as compared to that for FY2023. As advised by the Management, such increase in gross profit was mainly attributable to the aforesaid increase in revenue. The Group recorded profit attributable to owners of the Company of approximately RMB81.71 million for FY2024, representing a decrease of approximately 31.60% as compared to that for FY2023. As advised by the Management, such decrease in profit was mainly attributable to the increase in expenses (such as selling expenses and administrative expenses which increased by approximately 22.00% and 10.88% respectively during FY2024 as compared to those for FY2023) as a result of the staff recruitment and reserve plan of the Group during FY2024 as the Group continued to strengthen its core businesses.

	For the six months ended 30 June 2025 *RMB'000*	**For the six months ended 30 June 2024** *RMB'000* *(restated)*	**YOY change** *%*
Revenue from continuing operations	618,861	563,645	9.80
Gross profit from continuing operations	270,687	303,186	(10.72)
Profit for the year from continuing operations	55,367	88,418	(37.38)
Profit attributable to owners of the Company from continuing operations	57,662	88,689	(34.98)

The Group recorded revenue from continuing operations of approximately RMB618.86 million for HY2025, representing an increase of approximately 9.80% as compared to that for HY2024. During HY2025, all of the Group's revenue from continuing operations came from the new media services segment. According to the 2025 Interim Report, the increase in revenue was mainly due to the expansion of the matrix live-streaming channels and the multiplatform strategies of the Group's new media services business.

As mentioned in the 2025 Interim Report, given the rapid growth of new media formats (e.g. short videos and live-streaming e-commerce) and their impacts on traditional radio and television businesses, the Group's traditional television broadcasting operations faced challenges, such as audience fragmentation, shrinking advertising demand and singular profit model, resulting in the growth of traditional television broadcasting business lagging behind the Group's overall strategic direction. On 28 March 2025, the Group entered into an agreement with an independent third party to dispose of 100% equity interest of its subsidiary which principally engages in television broadcasting business of the Group, and the disposal was completed on 31 July 2025. For further details of the disposal, please refer to the Company's announcements dated 28 March 2025 and 23 April 2025, and circular dated 23 May 2025.

The Group recorded gross profit from continuing operations of approximately RMB270.69 million for HY2025, representing a decrease of approximately 10.72% as compared to that for HY2024. As advised by the Management, such decrease in gross profit was mainly attributable to the rising platform traffic acquisition cost of the new media services business. The Group recorded profit attributable to owners of the Company from continuing operations of approximately RMB57.66 million for HY2025, representing a decrease of approximately 34.98% as compared to that for HY2024. As advised by the Management, such decrease in profit was mainly attributable to the aforesaid decrease in gross profit as a result of the increase in the cost of platform traffic promotion.

Information on the Subsidiary

The Subsidiary is an indirect wholly-owned subsidiary of the Company and is incorporated in the PRC. It mainly engages in livestreaming e-commerce business.

Information on the Partnership

According to the Board Letter:

The Partnership is a limited partnership established in the PRC, which is principally engaged in investment business, and is beneficially owned as to 85% by Ms. Xu, who is its general partner, and 15% by Mr. Cui, who is its limited partner.

The Partnership has no business operations and, other than its 34.935% equity interest in the Target Company, has no liabilities and has no other large assets. Set out below are certain key financial information of the Partnership as extracted from its unaudited consolidated financial statements for the years ended 31 December 2023 and 31 December 2024 and for the six months ended 30 June 2025 according to the Board Letter:

	For the year ended 31 December 2023 *RMB'000*	**For the year ended 31 December 2024** *RMB'000*	**For the six months ended 30 June 2025** *RMB'000*
Revenue	Nil	Nil	Nil
Net profit before tax *(note)*	3.50	0.72	Nil
Net profit after tax *(note)*	3.50	0.72	Nil

Note: The Partnership has no business operations. The net profit recorded for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 represents bank interest income earned on its bank deposit.

As at 30 June 2025, the unaudited consolidated net assets of the Partnership amounted to approximately RMB689.22 thousand.

The original acquisition costs of the relevant portions of the Sale Partnership Interest held by Ms. Xu and Mr. Cui who are connected persons of the Company is RMB582.25 thousand and RMB102.75 thousand, representing the respective capital contributions made by Ms. Xu and Mr. Cui in respect of their respective Sale Partnership Interest in the Partnership, as its founding partners.

Information on the Vendors of the Partnership

According to the Board Letter:

— Ms. Xu is an investor and resident of mainland China. She is the mother of Mr. Li Liang.

— Mr. Cui is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company and resident of mainland China.

Information on the Vendors of the Target Company

According to the Board Letter:

— Vendor B is the executive Director and chief executive officer of the Company. As at the Latest Practicable Date, Vendor B is interested in 95,628,200 Shares, representing approximately 6.89% of the Company's total issued share capital.

— Vendor C is the executive Director and the chairman of the Board of the Company. As at the Latest Practicable Date, Vendor C is interested in 323,500,334 Shares, representing approximately 23.32% of the Company's total issued share capital. Accordingly, Vendor C is also a substantial shareholder of the Company.

— Vendor D is a limited partnership established in the PRC and Mr. Wang Wei, who is its general partner, held a 56.25% partnership interest in Vendor D, and no other person held an interest of more than 30% in Vendor D. Vendor D is principally engaged in investment business. As at the Latest Practicable Date, Vendor D and its ultimate beneficial owners are Independent Third Parties.

— Vendor E is an investor and resident of mainland China. As at the Latest Practicable Date, Vendor E is an Independent Third Party.

Information on the Target Group

The Target Company is a limited liability company incorporated in the PRC. The Target Group principally engages in the business of providing diverse training solutions of livestreaming e-commerce and e-commerce operation for corporate and individual clients, offering online and offline courses and dedicated live-streaming e-commerce partnership for customers. The Target Company is not operating restricted businesses in the PRC.

As mentioned in the Board Letter, the Target Company requires and has obtained a business license and a publication business permit for its operations. While the Company has not yet obtained the publication business permit, it is not required to obtain such a permit, as the relevant business will continue to be operated by the Target Company after the Completion.

As advised by the Management, the Target Group was established in and has commenced operation since November 2021. The Target Group was found and led by industry professionals who have extensive experience in the education industry. Throughout the last few years, the Target Group has solidified its unique competitiveness by accumulating extensive experience in training, training cases and customer base, and the Target Group customers include not only individual marketing talents, but also corporate merchants in different industry. The services of the Target Group include online and offline courses, as well as exclusive live-streaming e-commerce collaboration programs. Its business is structured around the following core segments:

Training Courses:

The Target Group has developed a comprehensive, multi-dimensional curriculum system covering core e-commerce scenarios such as operations, short-form video content creation, anchor training, advertising placement, and distribution. Delivered through various online and offline formats, they are aimed at enhancing the learning experience and satisfaction of students.

In-Depth Consulting Services:

This service offers end-to-end, meticulous coaching for individual entrepreneurs and merchants. It encompasses areas including account positioning, operational models, live-stream operations, video content creation, product selection and merchandising, and team building. This service is designed to align closely with clients' actual business conditions, offering one-on-one diagnostic support to help overcome bottlenecks in ecommerce initiatives.

Customized Corporate Training:

Centered on specific client needs and following in-depth research into their industry, the Target Group offers customized training services for corporate executives, department head, and front-line employees. Providing end-to-end training from business strategy to operational processes, the Target Group assists clients in facilitating ecommerce transformation, improving operational efficiency, and ensuring successful implementation.

Upon the Completion, all core management will remain at the Target Group, and the Acquisition will not affect the operation of the Target Group.

Set out below is a summary of the audited consolidated financial information of the Target Group for FY2023, FY2024 and HY2025 as extracted from the Board Letter:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the six months ended 30 June 2025**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	135.91	136.02	72.57
Net profit before tax	2.01	17.21	10.13
Net profit/(loss) after tax	(1.67)	16.09	9.57

The Target Group recorded revenue of approximately RMB136.02 million for FY2024, representing a slight increase of approximately 0.08% as compared to that for FY2023. We understand that the modest growth for FY2024 was primarily attributed to the underperformance of the Target Group's channel partners, who did not achieve the expected level of business referrals. In response, the Target Group slowed down such partnerships in 2025 and implemented dual strategies for its training business by expanding its own customer acquisition channels and diversifying product portfolio.

The Target Group recorded net profit after tax of approximately RMB16.09 million for FY2024, as compared to net loss after tax of approximately RMB1.67 million for FY2023. We understand that such turnaround to profitability was mainly attributable to the non-recurring loss in FY2023 from the closure of a subsidiary engaging in the overseas business and the discontinuation of business of one subsidiary established in Guangzhou.

According to the Board Letter, the audited consolidated net assets of the Target Group amounted to approximately RMB37.35 million as at 30 June 2025.

2. Reasons for and benefits of the Acquisition

As mentioned in the sub-section headed "Information on the Group" above, revenue from new media services segment contributed approximately 91.01% and 92.03% of the total revenue of the Group for FY2024 and FY2023 respectively. Under the new media services segment, the Group provides marketing and promotion services to merchants on the e-commerce platforms. As mentioned in the sub-section headed "Information on the Target Company" above, the Target Group principally engages in the business of providing diverse training solutions of livestreaming e-commerce and e-commerce operation for corporate and individual clients, offering online and offline courses and dedicated live-streaming e-commerce partnership for customers. Throughout the last few years, the Target Group has solidified its unique competitiveness by accumulating extensive experience in training, training cases and customer base.

According to the Board Letter, the Group's strategic acquisition of the Target Group aims to further strengthen its comprehensive service capabilities and core competitiveness in the new media service sector, while solidifying its competitive edge and market influence in live-streaming e-commerce industry. Upon Completion, the Group intends to achieve multidimensional resource integration to enhance synergies between the existing new media business of the Group and the business operations of the Target Group, with the objective of creating greater value for shareholders:

(a) Enhancing talent capabilities

As advised by the Management, upon completion of the Acquisition, not only will the Target Group be able to provide training to the Group's marketing talents and the Group's corporate clients (the merchants), the expertise of the Target Group in e-commence strategies, traffic distribution and product positioning is also expected to strengthen the core competitiveness of the Group.

The Target Group's elite team of trainers, practical and proven curriculum system, and deep industry insights will strengthen the Group's expertise and execution in key areas such as live-streaming operations, e-commerce strategies, and livestreamer incubation. This will accelerate the Group's capability building and lay a solid talent and technological foundation for future business growth of the Group.

(b) Expanding customer reach and deepening engagement

As advised by the Management, the Target Group provides training to both individual marketing talents and corporate merchants, and the Target Group has accumulated a substantial pool of highly targeted students and corporate clients through its e-commerce training solutions. We understand from the Management that the Target Company's instructor team comprises professional trainers with extensive hands-on experience in e-commerce and proven expertise in training delivery. Most team members have 5 to 8 years or more of deep industry experience in internet or education, with each individual having generated a cumulative gross merchandise value of over RMB 100 million across both public and private digital platforms. Their prior professional backgrounds include, but are not limited to, roles in Fortune 500 companies, university guest lecturing, television hosting, and celebrity streaming at large multi-channel network agencies. They have assisted more than 100 business owners in achieving online customer acquisition and monetization through live-streaming, with over 50 of these cases generating over RMB10 million in revenue per project. The team also possesses substantial practical experience in cross-industry live-streaming operations and commercial implementation. The Target Company's high-value individual and corporate trainees include, but are not limited to: Clarins, L'Oréal, Audi, ByteDance, Xinghua Village Fenxing Distillery, Full Monty, and Usmile.

The Target Group integrates excellent cases and practical methods from the e-commerce industry to provide full-chain solutions such as training courses, hands-on project guidance, and corporate training for individuals and enterprises, which can effectively enhance the comprehensive service capabilities of the Group's new media service business. In particular:

(1) The course content originates from the excellent practical experience of the Target Group's instructor team. A comprehensive multi-dimensional systematic course for the e-commerce industry from a foundational to an advanced level has been established, covering core e-commerce business scenarios such as operations, short video, anchor training, advertising placement, and distribution. The existing systematic courses can provide the Group with efficient training and business optimization, enabling effective improvement in service capabilities and operational efficiency.

(2) The Target Company possesses strong course development capabilities, enabling it to extract and refine courses and methodologies based on the latest platform trends, current events, and excellent cases, achieving content co-creation with the Group. These are distilled into standardized methodologies and replicated across the entire organization.

(3) The students and clients of the Target Group can generate substantial cooperative business orders with the Group, jointly building a full-chain service ecosystem for live-streaming e-commerce.

Leveraging the Group's existing strengths in live-streaming e-commerce services and the Target Group's deep understanding of the behavior of both marketing talents and the merchants, the Acquisition is expected to enable the Group to deepen cross-selling opportunities and unlock the potential of long-term customer value, thereby driving its revenue growth. This will enhance the Group's comprehensive service capabilities in live-streaming e-commerce sector and attract more business partners and customers.

(c) Enriching live-streaming content and knowledge reserves

The Target Group's extensive course content, practical case studies, and cutting-edge industry insights will become one of the valuable strategic assets of the Group. These resources are expected to continuously support the Group's ongoing business optimization and innovation, ensuring that the Group remains agile and competitive amid rapidly evolving industry dynamics.

As mentioned in the sub-section headed "Information on the Group" above, we noted that the Group's new media services segment has achieved positive results relatively during FY2024. The Group's new media services segment recorded an increase in revenue of approximately 16.40% as compared to for FY2023; and according to the 2024 Annual Report, the Group's new media services segment achieved a gross merchandise value (GMV) of approximately RMB15.08 billion for FY2024, an increase of 19.58% as compared to that for FY2023. As mentioned in the 2024 Annual Report, the Group is committed to leveraging its video technologies and services to further expand its service capabilities in the all-media market, especially in the new media market.

From an industry point of view, we noted that the new media industry in the PRC has developed rapidly over the past few years. In particular, according to a statistical report as published in January 2025 (https://www.cnnic.com.cn/IDR/ReportDownloads/202505/P020250514564119130448.pdf) by the China Internet Network Information Center (a unit under the Ministry of Industry and Information Technology of the PRC which undertakes the responsibilities as the national internet network information center), the number of online video users in the PRC had reached 1,070 million as at December 2024, representing an increase of approximately 3.47 million from December 2023, accounting for approximately 96.6% of all internet users. According to an article published by the Ministry of Commerce on 23 January 2025 (https://www.mofcom.gov.cn/xwfb/sjfzrfb/art/2025/art_7cbe60243e0c486191d459b73dadb32a.html), the online retail sales grew by approximately 7.2% in 2024, and the contribution of online retail sales of physical goods amounted to approximately 26.8% of the total retail sales in 2024. As mentioned in an article published by Xinhua News Agency on 25 January 2025 (https://www.gov.cn/lianbo/bumen/202501/content_7001116.htm) (the official state news agency of the PRC), the PRC has been the world's largest online retail market for 12 consecutive years. Accordingly, we are of the view that the Group has a large market space and development potential in the field of new media services and the acquisition will further strengthen the Group's comprehensive service capabilities and core competitiveness in the new media service sector and solidify the Group's competitive edge and market influence in live-streaming ecommerce industry, is in line with the development trend of the Group.

According to the Board Letter, the Partnership's bank account has only been used for its initial capital contribution to the Target Company since its set up and has had no other transaction history. Based on recent communications with its bank, the Partnership is subject to an annual outward remittance limit of RMB5 million, which is substantially lower than the consideration it was due to receive under the Equity Purchase Agreement. To resolve this issue, the parties agreed to change the transaction structure. The Board has agreed to enter into the Supplemental Agreement for the following reasons:

(a) The Amendments do not constitute a substantive change to the overall commercial objectives of the Acquisition and are not detrimental to the Company.

(b) In return of such structural change, the Company requested and obtained the Performance Guarantee from Ms. Xu and Mr. Cui directly. This is considered to be commercially more favourable to the Company in enforcing the Performance Guarantee and seeking recourse if the guaranteed performance targets are not met, as under common PRC practice, funds received by a partnership are typically distributed to its partners.

Taking into account the above, in particular, that (i) the Acquisition is in line with the development trend of the Group; and (ii) the potential synergies to be brought to the Group through the Acquisition as highlighted above, we concur with the Management's view that the Acquisition is in the interests of the Company and the Shareholders as a whole and is in the ordinary and usual course of business of the Group.

3. Principal terms of the Acquisition

Set out below are the principal terms of the Equity Purchase Agreement (as amended by the Supplemental Agreement), details of which are set out in the section headed "THE EQUITY PURCHASE AGREEMENT" of the Board Letter:

Date: 5 August 2025 (the Equity Purchase Agreement)
25 September 2025 (the Supplemental Agreement)

Parties:

(1) the Subsidiaries, as purchasers

(2) the Vendors of the Target Company, as vendors

(3) the Vendors of the Partnership

(4) the Partnership

(5) the Target Company

Subject matter: Pursuant to the Equity Purchase Agreement (as amended by the Supplemental Agreement), the Subsidiaries have conditionally agreed to acquire:

(a) the Sale Equity, representing 65.065% of the equity interests in the Target Company, from the Vendors of the Target Company; and

(b) the Sale Partnership Interest, representing 100% of the partnership interest in the Partnership (which in turn holds 34.935% of the equity interest in the Target Company), from the Vendors of the Partnership.

Set out below is the registered capital of the Target Company at the date of the Equity Purchase Agreement:

Shareholders	Registered capital *(RMB)*	Paid up capital *(RMB)*	Shareholding
The Partnership	685,000	685,000	34.935%
Mr. Li Liang	450,980	450,980	23%
Mr. Li Jun	411,765	411,765	21%
Vendor D	315,000	315,000	16.065%
Vendor E	98,039	98,039	5%
Total	**1,960,784**	**1,960,784**	**100%**

Consideration: Pursuant to the Equity Purchase Agreement (as amended by the Supplemental Agreement), the total Consideration of RMB180.0 million (equivalent to approximately HK$197.9856 million) shall be paid by the Subsidiaries to the Vendors in two installments:

(i) 50% of the total Consideration shall be paid within 30 business days following the Completion Date; and

(ii) the remaining 50% of the total Consideration shall be paid on or before 31 December 2025.

The Consideration that the Subsidiaries shall pay to the Vendors of the Target Company and the Vendors is as follows:

Shareholders	**Amount of consideration** *(RMB million)*	**Equivalent Amount in HK$** *(approximate)* *(HK$ million)*
Vendors of the Partnership		
Ms. Xu	53.45055	58.7903
Mr. Cui	9.43245	10.37497
Vendors of the Target Company		
Mr. Li Liang	41.400	45.53669
Mr. Li Jun	37.800	41.57698
Vendor D	28.917	31.80639
Vendor E	9.000	9.89928
Total	**180.0**	**197.9856**

Conditions precedent:

The Completion is conditional upon the fulfilment (or waiver, except for (a) below, which shall not be waived) of the following conditions:

(a) the Company having complied with the applicable requirements under the Listing Rules in connection with the Equity Purchase Agreement and the transactions contemplated thereunder, including but not limited to publication of the Announcement and the circular and obtaining approval from Independent Shareholders at the EGM;

(b) each of the Subsidiary and the Vendors having obtained all necessary internal approvals and completed relevant corporate authorisation processes in relation to the transactions contemplated under the Equity Purchase Agreement; and

(c) there being no breach on the part of the Vendors under the Equity Purchase Agreement.

As at the Latest Practicable Date, the conditions precedent (b) as set out above is fulfilled.

Completion:

Within 5 business days after the conditions precedent are fulfilled or waived, the Target Company shall convene a shareholders' meeting to approve the equity transfer under the Equity Purchase Agreement and update the register of shareholders to reflect the Subsidiary as the new shareholder while the Partnership shall convene a partners' meeting to approve the transfer of the partnership interests and update its register of partners to reflect the Subsidiaries as the new partners.

The Target Company shall complete the industrial and commercial registration of the equity transfer under the Equity Purchase Agreement within 30 business days following the satisfaction (or waiver) of all conditions precedents. The date on which the equity transfer under the Equity Purchase Agreement is registered with the relevant PRC authority and a new business license is issued to the Target Company shall be deemed the Completion Date.

Performance Guarantee: Ms. Xu, Mr. Cui, Vendor B (i.e. Mr. Li Liang), and Vendor C (i.e. Mr. Li Jun) (together, the "**Guarantors**") have provided a performance guarantee in respect of the Target Group's consolidated financial results for the three years ending 31 December 2025, 2026, and 2027 (the "**Performance Guarantee Period**").

The Guarantors have guaranteed that the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company for the Performance Guarantee Period (the "**Guaranteed Profit(s)**") shall not be less than the following amounts:

(i) RMB18.0 million for the year ending 31 December 2025;

(ii) RMB21.0 million for the year ending 31 December 2026; and

(iii) RMB24.0 million for the year ending 31 December 2027.

Total guaranteed net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company for the Performance Guarantee Period is RMB63.0 million.

If the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company in any year during the Performance Guarantee Period is less than the guaranteed amount for that year, the Subsidiary shall have the right to request the Guarantors to pay, by 30 April of the year following the end of the relevant year of the Performance Guarantee Period, a cash compensation calculated as follows:

Cash compensation = (Shortfall amount) × 2.86

The cash compensation multiple of 2.86 was calculated by dividing the Consideration (RMB180 million) by the aggregate amount of the consolidated net profit committed for the earn-out period (RMB63 million). The cash compensation shall be borne by the Guarantors in the following proportions:

Guarantor	Proportion of Compensation
Ms. Xu	37.62%
Mr. Cui	6.64%
Mr. Li Liang	29.14%
Mr. Li Jun	26.60%

Each Guarantor is only responsible for its respective portion of the cash compensation and shall not be jointly liable.

The cash compensation shall be paid within 5 business days upon receipt of written notice from the Subsidiary.

4. Analysis on the Consideration

As mentioned in the Board Letter, the Consideration was determined after arm's length negotiations between the Group and the Vendors having taken into account (i) the historical financial performance and condition of the business of the Target Group; (ii) the valuation of the Target Group valued at RMB180.0 million as at 30 June 2025, based on the preliminary valuation results of AsiaPacific Consulting and Appraisal Limited (the "**Valuer**"), an independent professional valuer, using the income approach with discounted cash flow ("**DCF**") valuation; and (iii) the reasons for and benefits of the Acquisition.

The valuation report (the "**Valuation Report**") on the valuation of the equity value of the Target Group as at 30 June 2025 (the "**Valuation**") has been issued by the Valuer, details of which are set out in Appendix I to the Circular. For our due diligence purpose, we have reviewed the Valuation Report prepared by the Valuer, and have discussed with the Valuer regarding the Independent Valuation with details set out below.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification in relation to the preparation of the valuation report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the Valuation. From the engagement letter and the relevant information provided by the Valuer and based on our interview with them, we were satisfied with the terms of engagement of the Valuer as well as their qualification for preparation of the Valuation and the Valuation Report. The Valuer also confirmed that they are independent to the Group, the Target Group and the Vendors.

Based on our discussion with the Valuer and review of the Valuation Report, it is noted that the Valuer selected income approach to conclude the Valuation. We understand that the Valuer has considered the three commonly used valuation approaches for valuation of a company, namely the asset-based approach, the market approach and the income approach:

(i) Asset-based approach:

As the asset-based approach does not directly incorporate the synergies between different tangible and intangible assets, including human resource and management structure, and cannot directly reflect the future economic benefits of the relevant assets, the Valuer considers that the asset-based approach is not appropriate in this case.

(ii) Market approach:

The Valuer attempted to identify public comparable companies based on the business models and financial conditions of the Target Group. According to the screening criteria adopted, the Valuer had identified three public comparable companies (the "**Comparable Companies**"). The Valuer has considered multiples related including price to earnings ("**P/E**") multiple, enterprise value to earnings before interest and tax multiple and enterprise value to earnings before interest, tax, depreciation and amortization (EBITDA) ("**EV/EBITDA**") multiple and price to book ("**P/B**") multiple. For revenue multiples, the Valuer considered that revenue multiples are more appropriate to assess the value of unprofitable, sales driven, and high volatile profitability companies, such as high-tech company with high sales growth, start-up companies and bio-tech companies. Besides, for companies in the growth stage that have achieved a certain revenue scale but not yet turned profitable, the price to sales multiple is one of the only feasible market approach multiples. However, such multiples ignore differences in profitability and tend to overvalue low-quality revenue. Taking into account that the Target Company has moderate growth expectation, stable profitability (as mentioned in the Valuation Report, the Target Group has achieved relatively stable operating profitability; excluding the one-off non-recurring losses incurred by the Target Group in FY2023, it would have generated pre-tax profit exceeding RMB8 million) and not sales driven, the Valuer considered that the price to sales multiple is not an appropriate market multiple. The P/B multiple is considered not appropriate for the Valuation because it is mainly used in capital intense and assets-driven industry, such as financial industry, industrial manufacturing industry and etc. Considering the industry of the Target Group is neither capital-intensive nor asset intensive industry, the Valuer considered that the P/E multiple, which is a widely adopted valuation multiple, is more appropriate in the Valuation as compared to EV/EBITDA multiple and P/B multiple. The Valuer has conducted a comparative analysis of the public comparable companies' market capitalization, revenue scale, profit margins and P/E multiples to evaluate the applicability of the market approach for the Target Group. Among the three public Comparable Companies identified, one of which is not appropriate for market approach as consecutive losses incurred by the subject company in the previous financial periods had led to significantly higher multiple than its market peers. As the remaining two Comparable Companies show the larger revenue scale and different profitability compared with the Target Group, the market multiple of the two Comparable Companies cannot provide a reliable base to estimate the market value of the Target Group, thus the Valuer considers that the market approach is not appropriate.

(iii) Income approach:

As (a) the Target Group is in a growth stage, the DCF method can better reflect its future cash flow potential; (b) the DCF method incorporates Management's clear defined business plans; and (c) the forecasts prepared by the Management demonstrate reasonable revenue growth and margin projection relative to historical and peers of the Target Group, the Valuer has adopted the income approach for the Valuation.

Based on the above, and taking into account our discussions with the Valuer regarding their selection of valuation approach, we consider that the use of income approach in valuing the Target Group to be reasonable.

We further reviewed and enquired into the Valuer on the methodology adopted and the basis and assumptions adopted in the valuation report in order for us to understand the valuation report. We also discussed the key assumptions and parameters under the Valuation, including revenue, operational expenses, free cash flow to firm, discount rate (derived by weighted average cost of capital), discount for lack of marketability, etc. Details of the above are set out below:

(a) Revenue

Revenue of the Target Group mainly comprises online and offline live-streaming e-commerce training courses and live-streaming e-commerce partnership service. The projected revenue of the Target Group represented YOY growth of 12%, 12%, 10%, 5%, 3% and 2% during each of years ended 31 December 2025 ("**FY2025**"), 2026 ("**FY2026**"), 2027 ("**FY2027**"), 2028 ("**FY2028**"), 2029 ("**FY2029**") and 2030 ("**FY2030**") respectively.

Despite that the Target Group recorded YOY revenue growth of approximately 63% for FY2023, the Target Group only recorded YOY revenue growth of approximately 0.1% for FY2024 due to underperformance of previously contracted channel partners. As the Target Group slowed down its channel partner expansion in 2025 and implemented dual strategies for its training business by expanding customer acquisition channels and diversify product portfolio, the financial performance improved, and the Target Group recorded YOY revenue growth of approximately 15% for HY2025.

In relation to the aforesaid dual strategies, we have inquired about the details of the aforesaid dual strategies. We understand that expanding the customer acquisition channel is primarily achieved through (i) the refined operation of existing channels by optimizing placement strategies and precisely targeting customer segments and (ii) continuously exploring new channels, moving beyond Douyin to gradually expand into platforms such as Video Channels, Xiaohongshu, and TikTok. By increasing exposure to potential customers and accurately targeting high-value clients, revenue will be enhanced. Similarly, diversify product portfolio is also driven by two key sub-strategies: (i) Horizontally, it involves broadening the range of products to meet the diverse needs of a single customer, unlocking the potential for multiple sales to the same individual; and (ii) Vertically, it includes launching higher-end or more entry-level products to cater to different customer segments. By improving product coverage across diverse demographics, revenue growth will be further stimulated. For our due diligence, we have further obtained and reviewed introduction documents regarding the aforesaid dual strategies, which include, among other things, how increasing exposure and accurate customers targeting are achieved and details of product offerings of the Target Group. We have also obtained certain key operating data in relation to the aforesaid dual strategies of the Target Group. In particular, we noted that the Target Group's advertising expenses used in customer acquisition channels amounted to approximately RMB29.93 million for HY2025, representing approximately 67.2% of that for FY2024; and as at 30 June 2025, the Target Group offered 29 training courses of different content, as compared to 18 and 24 courses respectively as at 31 December 2023 and 31 December 2024. As confirmed by the management of the Target Company, the implementation of the aforesaid dual strategies had resulted in the increase in the Target Group's revenue in FY2024 and HY2025. The management of the Target Company considered that the implementation of the aforesaid dual strategies will continue to bring positive impact to the financial performance of the Target Group and took into account such dual strategies in the forecast.

The projected revenue of the Target Group for FY2025 to FY2030 were estimated by the management of the Target Company with reference to the historical financial performance and business plans of the Target Group. For each of FY2025, FY2026 and FY2027, the expected YOY revenue growth rates of the Target Group of 12%, 12% and 10% respectively are in line with the projected growth rates of the Comparable Companies. Although the Valuer considered that the trading multiples of the Comparable Companies are not appropriate for the market approach, the Comparable Companies' revenue growth rates are appropriate as reference for comparison as they have similar business models and are in the same industry as the Target Group. For our due diligence purpose, we have independently verified the selection of Comparable Companies based on the screening criteria adopted by the Valuer, and we are satisfied that the Comparable Companies have met the aforesaid screening criteria and are in the same industry as the Target Group. For each of FY2028, FY2029 and FY2030, a moderate and decreasing YOY growth rates of 5%, 3% and 2% were adopted by the management of the Target Company after the high growth stage.

(b) Operational expenses, earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortization (EBITDA)

The major operational expenses of the Target Group include costs of goods sold, marketing expenses and management and administrative expenses. The projected costs of goods sold mainly consist of instructor fees, course development fees, video data editing expenses and digital tool product fees. The projected marketing expenses mainly consist of staff costs and online platform service fee. The projected management and administrative expenses mainly consist of staff costs and office expenses.

For FY2023, FY2024 and HY2025, the EBIT margins (being EBIT/revenue, where EBIT = revenue – costs of goods sold – marketing expenses – management and administrative expenses) of the Target Group were approximately 6.1%, 12.8% and 14.2% respectively. The management of the Target Company expects that the completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for FY2025 and FY2026, and to stabilize thereafter resulting a higher EBIT margin in FY2025 and FY2026. Based on the forecast, the EBIT margins of the Target Group are approximately 14.7% for the six months ending 31 December 2025 and 15.7% for FY2026, FY2027, FY2028, FY2029 and FY2030.

For FY2023, FY2024 and HY2025, the Target Group recorded EBITDA margins (being EBITDA/revenue, where EBITDA = EBIT + depreciation and amortization) of approximately 6.9%, 13.4% and 14.6% respectively. The management of the Target Company expects that the completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for FY2025 and FY2026, and to stabilize thereafter resulting a higher EBITDA margin in FY2025 and FY2026. Based on the forecast, the EBITDA margins of the Target Group are approximately 14.9% and 15.8% for the six months ending 31 December 2025 and FY2026 and 15.9% for FY2027, FY2028, FY2029 and FY2030.

According to the management of the Target Company, the operating model of the Target Group is expected to remain stable after the earlier years of development and the forecasted EBIT and EBITDA margins of the Target Group are expected to remain stable from 2026 to 2030.

(c) Free cash flow to firm

Based on the forecast, the free cash flow to firm is based on the earnings before interest after tax adjusted for the change in net working capital, capital expenditure and depreciation and amortization (being EBIT — tax expenses — changes in net working capital — capital expenditure + depreciation and amortization).

The tax expenses are forecasted based on the corporate tax rate in the PRC, while the changes in net working capital are estimated based on the forecasted financial performance and historical turnover days of working capital items of the Target Group. The net working capital of the Target Group in FY2023 and FY2024 are negative RMB29.86 (i.e. -29.86) million and negative RMB25.09 (i.e. -25.09) million respectively. The net working capital/revenue ratio of the Target Group was approximately -22.0%, -18.4%, -14.1% for FY2023, FY2024, and HY2025, respectively. Based on the forecast, the net working capital/revenue ratio of the Target Group is projected to remain at -16.6% during the forecast period.

For the capital expenditure, it is based on the Target Group's business plan for replacement of necessary equipment in the forecasted period. The capital expenditure amounts of the Target Group in 2023 and 2024 are RMB372,377 and RMB470,879, respectively. The capital expenditure /revenue ratios of the Target Group for FY2023, FY2024, and HY2025 were approximately 0.3%, 0.3%, and 0.2%, respectively. During the forecast period, the capital expenditure/revenue ratio of the Target Group is expected to remain within the range of approximately 0.2% to 0.3%.

The depreciation and amortization are estimated based on the existing fixed assets and expected capital expenditure of the Target Group according to its accounting policy. The depreciation and amortisation of the Target Group in FY2023 and FY2024 are RMB1.09 million and RMB0.83 million respectively. The depreciation and amortisation/revenue ratios of the Target Group for FY2023, FY2024, and HY2025 were approximately 0.8%, 0.6%, and 0.4%, respectively. During the forecast period, the depreciation and amortisation/revenue ratio of the Target Group is expected to remain within the range of approximately 0.2% to 0.3%. The difference in the depreciation and amortisation/revenue ratio between the forecast period and the historical period is primarily due to the longer real useful life than the accounting useful life of the fixed assets, such as air conditioners and large training room screens, in its early establishment phase (late 2021 to early 2022), with a total purchase value exceeding RMB1 million. According to the accounting depreciation policy of the Target Company, these assets were depreciated over a three-year period and were fully depreciated by late 2024 to early 2025. However, these assets remain in usable condition and do not require replacement in longer period. As a result, the depreciation and amortisation/revenue ratio during the historical period was relatively higher.

(d) Discount rate

The discount rate applied to the valuation of the equity value of the Target Group under the DCF is based on the weighted average cost of capital (the "**WACC**"). The WACC is the weighted average of cost of equity and cost of debt. The cost of equity is determined by capital asset pricing model ("**CAPM**"), and the cost of debt refers to the five-year Loan Prime Rate ("**LPR**") from the People's Bank of China, net of tax effect. In arriving at the WACC, we have inquired with the Valuer the key parameters and calculation considered, details of which are listed as follows:

Risk-free rate

The risk-free rate adopted is 1.90%, which represented the yield of a China Government bond with maturity of 20 years.

Equity risk premium

The equity risk premium adopted is 7.31%, which refers to the "Kroll Cost of Capital Navigator" research regarding equity risk premium published by Kroll, LLC.

Beta

The beta adopted is 1.24, which refers to the beta of the comparable companies through Capital IQ data base.

Other specific risk premium

Other specific risk premium consists of size premium of 4.47%, which refers to the "Kroll Cost of Capital Navigator" research regarding size premium published by Kroll, LLC and 2.00% of other specific risks of the Target Group.

Debt to market capitalization ratio

The debt to market capitalization ratio adopted is 3.52%, which refers to the data from the comparable companies through Capital IQ data base.

Cost of debt

The cost of debt adopted is 2.63%, which is determined with reference to the LPR, sourced from the People's Bank of China, net of tax effect.

We have obtained the supporting document from the Valuer and noted that the Valuer has calculated the discount rate of approximately 17% based on the WACC.

(e) Discount for lack of marketability (DLOM)

As the Target Company is a private company, the Valuer has applied a DLOM of 20% due to reduced level of marketability of a private company. We have discussed with the Valuer the concept of the DLOM and noted that the DLOM was commonly applied in valuation exercise on unlisted companies. We understand from the Valuer that they have estimated the DLOM with reference to the put option pricing model, which is a commonly used method in the market in estimating the DLOM. The DLOM is resulted from the inability to exercise a right to sell and the cost of the put option reflects the DLOM of the shares as the shareholder is assumed to lose the ability to sell the shares at this price during the entire restriction period regardless of volatility. We have obtained the supporting document from the Valuer and noted that the Valuer has calculated the DLOM of 20% based on the put option pricing model.

During our discussion with the Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the valuation report.

As the Valuer adopted the income approach to appraise the equity interest of Target Group, in such case, it is stipulated under Rule 14.60A of the Listing Rules that the Company is required to obtain (i) a letter from its auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report; and (ii) a report from its financial advisers confirming that they are satisfied that the forecasts in such valuations have been made by the directors after due and careful enquiry, if no financial advisers have been appointed in connection with the transaction, the Company must provide a letter from the Board confirming they have made the forecast after due and careful enquiry. We consider that the above stipulation of the Listing Rules could safeguard the interest of the Shareholders and we noted that the Company has complied with the said requirements (see Appendix II and Appendix III to the Circular).

From Appendix II to the Circular, we noted that in the Company's auditors' opinion, so far as the arithmetical accuracy of the calculations of the DCF forecast which the valuation report is based on (the "**Forecast**") is concerned, the Forecast has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors. From Appendix III to the Circular, we noted that the Board has confirmed that the Forecast has been made by the Directors after due and careful enquiry.

Having considered the above and that the Consideration is equivalent to the Valuation, we are of the view that the Consideration is fair and reasonable.

5. Analysis on the performance guarantee

Based on the Forecast, we noted that the Target Group is expected to achieve net profit (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company of approximately RMB8.8 million, RMB20.0 million and RMB22.0 million (the "**Forecasted Profits**") for the six months ended 31 December 2025, FY2026 and FY2027 respectively. On the other hand, the Guaranteed Profits are higher than the forecast amounts for each of the respective years under the Guarantee Period. As advised by the Management, the Guaranteed Profits were determined under due and careful consideration and after arm's length negotiations between the Company and the Vendors (including Guarantors) with reference to the Forecast. In assessing the Guaranteed Profits, the Management has reviewed the Forecast together with the relevant supporting documents and discussed with the Vendor regarding the basis of preparation and the underlying assumptions therein. The Management considers that the Forecasted Profits will likely be met by Target Group for the Performance Guaranteed Period, while the Guaranteed Profits, which are set at higher level than the Forecasted Profits, will serve as a protection to the Company.

Having considered that (i) Guaranteed Profits were determined after arm's length negotiations between the Company and the Vendors (including Guarantors) with reference to the Forecast; and (ii) the performance guarantee (with the Guaranteed Profits being set at higher level than the Forecasted Profits) provided by the Guarantors serves as a protection to the Shareholders' interests under the Acquisition without having to incur any extra costs on the part of the Group, we are of the view that the performance guarantee arrangement is fair and reasonable.

Taking into account the above, we consider that the terms of the Acquisition are fair and reasonable.

6. Possible financial effects of the Acquisition

According to the Board Letter, upon the Completion, the Partnership will become an indirect wholly-owned partnership owned the Company, and the Target Company will also become an indirect wholly-owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

As set out in the sub-section headed "Information of the Target Group" of this letter above, the Target Group recorded revenue of approximately RMB136.02 million and net profit of approximately RMB16.09 million in FY2024. As advised by the Management, it is expected that the revenue and profits of the Group will increase upon Completion as a result of the consolidation of financial performance of the Target Group.

As advised by the Management, the total assets and liabilities of the Group will increase upon completion of the Acquisition as enlarged by the assets and liabilities of the Target Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that (i) the terms of the Acquisition are on normal commercial terms and are fair and reasonable; and (ii) the Acquisition is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Clifford Cheng
Director

Mr. Clifford Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has fifteen years of experience in the corporate finance industry.

The following contents are the text of the Valuation Report dated 17 October 2025, prepared for the purpose of incorporation in this circular by Asia-Pacific Consulting and Appraisal Limited, independent professional valuer, in connection with the market value of the entire equity interests in the Target Group as at 30 June 2025.

APA CONSULTING & APPRAISAL 亚太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/RM A 12/F Kiu Fu Commercial Bldg,
300 Lockhart Road,
Wan Chai, Hong Kong

October 17, 2025

The Board of Directors
Be Friends Holding Limited
Unit 1202A, 12F
Keybond Commercial Building
38 Ferry Street
Kowloon
Hong Kong

Dear Sirs,

In accordance with the instructions received from Be Friends Holding Limited ("**Be Friends**" or the "**Group**"), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited ("**APA**") to express an independent opinion on the market value of 100% equity interest of Hangzhou Be Friends Education Technology Co., Ltd.* (杭州交個朋友教育科技有限公司) ("**Be Friends Education Technology**" or the "**Target Company**"), and its subsidiaries (collectively, the "**Target Group**") as at June 30, 2025 (the "**Valuation Date**").

The purpose of this valuation is for circular reference of the Group.

Our valuation was carried out on a market value basis which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

We will not accept any responsibility or liability to any person other than the Group in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

INTRODUCTION

APA understands that Be Friends Selected Technology Limited* (交個朋友優選科技有限公司), an indirect wholly-owned subsidiary of the Company will acquire 65.065% equity interest in the Target Company from the existing shareholders of the Target Company and 85% partnership interest in Longquan Mangyuan Technology Partnership (Limited Partnership)* (龍泉莽原科技合夥企業(有限合夥)) (the "**Partnership**") which in turn holds 34.935% of the equity interest in the Target Company, and Hangzhou Yijiang Future Wisdom Technology Co., Ltd.* (杭州易匠未來智慧科技有限公司), another indirect wholly-owned subsidiary of the Company, will acquire 15% partnership interest in the Partnership. Certain shareholders of the Target Company and certain partnership holders of the Partnership have provided a performance guarantee in respect of the Target Group's consolidated results for the three years ending December 2025, 2026 and 2027 with the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company shall not be less than the following amount:

- RMB18.0 million for the year ending December 31, 2025;
- RMB21.0 million for the year ending December 31, 2026; and
- RMB24.0 million for the year ending December 31, 2027.

The Target Company is a limited liability company incorporated in the PRC. The Target Group principally engages in the business of providing a diverse training solutions of live-steaming e-commerce and e-commerce operation for corporate and individual clients, offering online and offline courses and dedicated live-streaming e-commerce partnership for customers.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is extracted from the audited consolidated financial statements for the two years ended December 31, 2023 and December 31, 2024 and the audited consolidated financial statements for the six months ended June 30, 2025 of the Target Group:

	For year ended December 31, 2023	**For year ended December 31, 2024**	**For six months ended June 30, 2025**
	RMB'000	*RMB'000*	*RMB'000*
	audited	audited	audited
Revenue	135,906	136,017	72,569
EBITDA *(Note 1)*	9,377	18,201	10,601
Net profit	(1,669) *(Note 2)*	16,090	9,568

Note 1: EBITDA is the earnings before interest, tax, depreciation and amortization.

EBITDA = Revenue – Costs of goods sold – Marketing expenses – Management and administrative expenses + Depreciation and amortization

EBITDA has excluded the non-operating and non-recurring items such as gain or loss on disposal of property, plant and equipment, gain or loss on foreign exchange, investment profit, etc.

Note 2: The loss position of net profit as of the year ended December 31, 2023 was primarily due to impairment loss on assets of RMB1.00 million, expected credit loss of RMB4.40 million and non-operating expenses of RMB1.09 million. The impairment loss on assets refers to the bad debt loss on accounts receivable, and the expected credit loss pertains to the impairment loss on long-term equity investments. Both of these losses were generated by the Target Group's overseas subsidiary business and were fully accrued in 2023. The non-operating expenses primarily consist of losses from the disposal of fixed assets and penalty payments. These were largely due to the reintegration of the Target Group's Guangzhou subsidiary, which had been operating at a loss, back into the parent company, resulting in losses from the disposal of the subsidiary's assets. These losses were also fully accrued in 2023.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely asset-based approach, market approach and income approach.

Asset-based approach refers to the valuation methodology to determine the value of the subject on a reasonable basis by valuating an enterprise's value contribution to the overall on-balance-sheet and off-balance-sheet assets and liabilities, based on the balance sheet of the subject as at the valuation date. The asset-based approach is a hybrid valuation method, this method requires us to conduct valuations for each individual assets and liabilities of the subject entity. The asset-based approach is commonly adopted in capital-intensive companies, such as manufacturing (e.g., machinery, automotive, steel), energy & infrastructure (e.g., power, oil & gas, ports), real estate, banking and other financial or investment sectors or there are substantial limitations on using market approach and income approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the characteristics of the Target Group, there are substantial limitations for the asset-based approach and the market approach, the income approach is more appropriate for valuing the underlying asset, specifically:

Firstly, the asset-based approach does not directly incorporate the synergies between different tangible and intangible assets, including human resource and management structure, and cannot directly reflect the future economic benefits of the relevant assets, therefore the asset-based approach is not appropriate in this case.

Secondly, we considered guideline public comparable companies ("**GPCs**") method under market approach in this exercise. Based on the business model and financial conditions of the Target Group, we identified the GPCs for the Target Group by adopting the following four screening criteria:

- The GPCs are operating in mainland China;

- The GPCs operate in the "Education Services" sector with reference to Capital IQ's industry classification, which is a reliable third-party database service provider designed by Standard & Poor's;

- The GPCs derive over 50% of their revenue from vocational education services during recent three years;

- The GPCs have positive net profit in 2024, considering the Target Group has remained profitable from its first full operational year (i.e., 2022) through the Valuation Date (The loss incurred by the Target Group in 2023 was primarily attributable to one-off non-operating losses. Excluding the impact of these items, the Target Group would have achieved a pre-tax profit of RMB8 million in 2023. As a result, loss-making companies are not comparable to the Target Group from a profitability perspective).

As sourced from Capital IQ, an exhaustive list of GPCs satisfying the above criteria was obtained on a best effort basis and the details of these comparable companies are shown below:

Company Name and Stock Code	Company Description	FY 2024 Revenue % derived from vocational education business
Offcn Education Technology Co., Ltd. (SZSE:002607)	Offcn Education Technology Co., Ltd. operates as a multi-category vocational education institution in China. The company provides recruitment examinations, enrollment examination, and vocational ability enhancement training services. It also offers educational technology consulting, technology development, technology promotion, technology transfer, and technical services; educational consulting; conference services; cultural and corporate management consulting services; corporate investment consulting services; computer technology training services; public relations services; human resources services; and telecommunications operation services. In addition, the company hosts exhibitions, and organizes cultural and artistic exchange activities.	approximately 98%
Shanghai Action Education Technology Co., Ltd. (SHSE:605098)	Shanghai Action Education Technology Co., Ltd. offers management training services to private entrepreneurs in China. It provides full-life cycle management education services, including management courses, on-the-job counseling, annual consulting, learning tools, etc. It also provides enterprise management consulting and training services.	approximately 81%
Fenbi Ltd. (SEHK:2469)	Fenbi Ltd., an investment holding company, provides non-formal vocational education and training services in the People's Republic of China. The company operates through tutoring services and sales of books segments. It offers tutoring services through classroom-based teachings to the students who physically attend the lectures in tutoring centers and tutoring bases/campuses, as well as online platforms comprising courses services, membership package, challenge exercise, etc. It also manufactures and sells books and offers book printing and technical services.	approximately 84%

Source: Capital IQ and annual reports of the GPCs

Three companies met these criteria: Offcn Education Technology Co., Ltd. (SZSE:002607) ("**Offcn Education**"), Shanghai Action Education Technology CO.,Ltd. (SZSE:605098) ("**Action Education**") and Fenbi Ltd. (SEHK:2469) ("**Fenbi**"). We believe the selection criteria is fair and reasonable and each of the GPCs is principally engaged in similar business as the Target Group.

We have considered multiples related to profit and revenue: profit multiples include price to earnings multiple ("**P/E Multiple**"), enterprise value to earnings before interest and tax multiple ("**EV/EBIT Multiple**") and enterprise value to EBITDA multiple ("**EV/EBITDA Multiple**"). Considering the industry of the Target Group is neither capital-intensive nor asset-intensive industry, the P/E Multiple is a widely adopted valuation multiple and more appropriate in this valuation.

As for revenue multiples, they are more appropriate to assess the value of the unprofitable, sales driven, and high volatile profitability companies, such as high-tech company with high sales growth, start-up companies and bio-tech companies. Besides, for companies in the growth stage that have achieved a certain revenue scale but not yet turned profitable, the price to sales multiple ("**P/S Multiple**") is one of the only feasible market approach multiples. However, such multiples ignore differences in profitability and tend to overvalue low-quality revenue.

In this case, considering the following reasons:

- The Target Group has achieved relatively stable operating profitability (as mentioned previously, it incurred one-off non-recurring losses in 2023; excluding these, it would have generated pre-tax profit exceeding RMB8 million).

- The vocational training industry to which the Target Group belongs is not sales-driven. Companies in this sector do not typically make large upfront investments to pursue market share, and the Target Group's revenue growth during the forecast period remains relatively moderate. The growth rate in 2025, 2026 and 2027 are 12%, 12% and 10% respectively. The revenue trend of the Target Group is consistent with the characteristics of the industry.

- In this transaction, the parties have adopted profit as the performance commitment target, reflecting that profit, rather than sales, serves as the value determiner for the Target Group.

Based on the analysis above, the Target Company has moderate growth expectation, stable profitability and not sales driven. P/S Multiple is not an appropriate market multiple in this case.

When applying the market approach for valuation, it is often challenging to identify the "TURE" comparable companies for the target, thus, it is a common practice to include a larger number of GPCs (usually, at least three GPCs) to get a better picture of industry market multiple level. We conducted a comparative analysis of the GPCs' revenue scale, profit margins and P/E Multiple to evaluate the applicability of the market approach for the Target Group:

Company Name	**Revenue Scale as of 2024**	**Net Margin as of 2024**	**P/E Multiple as at the Valuation Date**
	RMB'000	*%*	
Offcn Education	2,626,625	7.0%	102.7x
Action Education	783,434	34.3%	15.9x
Fenbi	2,789,781	8.6%	20.8x
Target Group	**136,017**	**11.8%**	**N/A**

We note that Offcn Education reported consecutive net losses from 2021 to 2023 and its P/E Multiple of 102.7x is significantly higher than industry level in mainland China Education Services, that therefore Offcn Education is not appropriate for the market approach. And other two comparable companies show the larger revenue scale and different profitability compared with the Target Group, the market multiple of the two comparable companies cannot provide a reliable base to estimate the market value of the Target Group, thus, the market approach is not appropriate in this case.

Thirdly, we considered the discounted cash flow method ("**DCF**") under income approach in forming our opinion because: i) as the Target Group is currently in a growth stage, the DCF method can better reflect its future cash flow potential; ii) the DCF method incorporates clear defined business plans by the management of the Target Company; and iii) the forecasts prepared by the Target Company's management demonstrate reasonable revenue growth and margin projection relative to historical and peers of the Target Group, details refer to section "**MAJOR ASSUMPTIONS AND PARAMETERS**".

In view of the above, in forming our opinion, we relied solely upon the income approach to determine the equity value of the Target Group.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of the legal status and financial condition of the Target Group and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business of the subject asset;
- The audited consolidated financial statement for the years ended December 31, 2023 and December 31, 2024 and six months ended June 30, 2025 of the Target Group;
- The projected financial performance of the Target Group;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis of the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to the Target Group's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Target Group.

VALUATION ASSUMPTIONS

In determining the market value of the equity interest in the Target Group, we make the following assumptions:

- It is assumed that the projected revenue and income will be according to the proposed business plan of the Target Group and could be achieved with the effort of the Target Company's management;
- All relevant legal approvals and business certificates or licenses to operate the business in which the Target Group operates or intends to operate have been or would be officially obtained and renewable upon expiry;
- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;
- It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material changes in the political, economic and social environment in which the Target Group operates;
- It is assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have assumed the accuracy of the financial and operational information provided to us by the Target Group and relied to a considerable extent on such information in arriving at our opinion of value; and
- We have assumed that there are no hidden or unexpected conditions associated with the Target Group that might adversely affect the reported value.

MAJOR ASSUMPTIONS AND PARAMETERS

Major assumptions related to market value of the equity interest in the Target Group under DCF are listed below:

Forecast Period

Forecast period of the Target Group is determined from July 1, 2025 and ending on December 31, 2030.

Income Tax Rate

Reference to the primary income tax rate of the Target Group, being 25% is applied.

Financial Forecast

Revenue of the Target Group mainly comprises online and offline short video and e-commerce training courses, e-commerce partnership and support services for businesses. We are provided with the revenue forecasts of the Target Group for the five and a half years forecast period.

The projected costs of goods sold mainly consist of instructor fees, course development fees, video data editing expenses and digital tool product fees. The projected marketing expenses mainly consist of staff costs and online platform service fee. The projected management and administrative expenses mainly consist of staff costs and office expenses.

Details of major financial forecast are listed as follows:

	January 2025– June 2025	July 2025– December 2025	2025	2026	2027	2028	2029	2030
YOY Growth Rate	15%	10%	12%	12%	10%	5%	3%	2%
Revenue *(RMB'000)*	72,569	79,771	152,339	170,620	187,682	197,066	202,978	207,038

Note: The Target Group achieved revenue growth rates of approximately 63% and 0.1% in 2023 and 2024 respectively. During this period, its vocational training business (contributing over 80% of its total revenue) maintained growth with tuition fee increases of approximately 33% and 4% in 2023 and 2024, respectively. In 2022, when the Target Company commenced its operations, its business was relatively narrow, with the majority of its revenue generated from comprehensive Douyin operations (accounting for approximately 58%). In 2023, the Target Group expanded its business lines, offering courses covering all areas of live-streaming e-commerce. Courses such as anchor training, executive programs, and beginner coaching generated significantly higher revenue as compared to 2022. As a result, the proportion of revenue from comprehensive Douyin operations decreased to approximately 33% in 2023. The diversification of courses enabled the Target Group to attract more paying customers, with the number of paying customers increasing by approximately 57% from 10,515 in 2022 to 16,505 in 2023. This contributed to a notable growth in the Target Group's revenue in 2023. The modest 2024 growth was primarily attributed to underperformance of previously contracted channel partners. In response, the Target Group slowed down its channel partners expansion in 2025 and implemented dual strategies for its training business by expanding customer acquisition channels and diversify product portfolio. Expanding the customer acquisition channel is primarily achieved through two approaches. On one hand, it involves the refined operation of existing channels by optimizing placement strategies and precisely targeting customer segments. On the other hand, it entails continuously exploring new channels, moving beyond Douyin to gradually expand into platforms such as Video Channels, Xiaohongshu, and TikTok. By increasing exposure to potential customers and accurately targeting high-value clients, revenue will be enhanced. Similarly, diversifying product portfolio is also driven by two key sub-strategies. Horizontally, it involves broadening the range of products to meet the diverse needs of a single customer, unlocking the potential for multiple sales to the same individual. Vertically, it includes launching higher-end or more entry-level products to cater to different customer segments. By improving product coverage across diverse demographics, revenue growth will be further stimulated. In the first half of 2025, the growth rate of the Target Group was approximately 15%, calculated based on the revenue of RMB72,568,689 in the first half of 2025 and RMB63,320,150 in the first half of 2024.

Company Name	Estimated Revenue Growth Rate as of 2025	Estimated Revenue Growth Rate as of 2026	Estimated Revenue Growth Rate as of 2027
Offcn Education	9.5%	11.3%	10.3%
Action Education	17.1%	13.2%	12.9%
Fenbi	7.1%	7.6%	N/A
Target Group	**12.0%**	**12.0%**	**10.0%**

Compared to GPCs, Offcn Education's projected revenue growth rates sourced from Capital IQ for 2025, 2026 and 2027 are approximately 9.5%, 11.3% and 10.3%, respectively. Action Education's projected revenue growth rates for 2025, 2026 and 2027 are approximately 17.1%, 13.2% and 12.9%, respectively. Fenbi's projected revenue growth rates for 2025 and 2026 are approximately 7.1% and 7.6%, respectively. Thus, the Target Group's projected revenue growth rates for 2025, 2026 and 2027 of 12%, 12% and 10% are in line with the industry level.

Unit: RMB'000	July 2025–December 2025	2026	2027	2028	2029	2030
Total operational expenses	**68,084**	**143,918**	**158,310**	**166,225**	**171,212**	**174,636**
Cost of goods sold	45,031	96,144	105,759	111,047	114,378	116,666
Operating expenses	23,054	47,774	52,551	55,179	56,834	57,971

	July 2025–December 2025	2026	2027	2028	2029	2030
EBITDA Margins	14.9%	15.8%	15.9%	15.9%	15.9%	15.9%
EBITDA *(RMB'000)*	11,908	27,043	29,813	31,387	32,303	32,877

Note: EBITDA Margin = EBITDA/Revenue

Company Name	EBITDA Margin as of 2023	EBITDA Margin as of 2024	EBITDA Margin as of 2025	EBITDA Margin as of 2026 and thereafter
Offcn Education	10.0%	18.9%		
Action Education	34.6%	35.5%		
Fenbi	7.8%	8.7%		
Target Group	**6.9%**	**13.4%**	**14.8%**	**15.8%–15.9%**

Note: The EBITDA margins of the Target Group were approximately 6.9% in 2023, 13.4% in 2024 and 14.6% in first half of 2025, which shows a trend of continuous improvement over the last periods. The completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for 2025 and 2026, and to stabilize thereafter resulting a higher EBITDA margin of 14.8% in 2025 and 15.8% in 2026. Compare to GPCs, the EBITDA margins of Fenbi were approximately 7.8% in 2023 and 8.7% in 2024, the EBITDA margins of Action Education were approximately 34.6% in 2023 and 35.5% in 2024, and the EBITDA margins of Offcn Education were approximately 10.0% in 2023 and 18.9% in 2024. This shows that the projected EBITDA margins of the Target Group are in line with the industry levels.

	July 2025–December 2025	**2026**	**2027**	**2028**	**2029**	**2030**
EBIT Margins	14.7%	15.7%	15.7%	15.7%	15.7%	15.7%
EBIT*(RMB'000)*	11,686	26,702	29,372	30,841	31,766	32,401

Note: EBIT = Revenue – Costs of goods sold – Marketing expenses – Management and administrative expenses

EBIT margin = EBIT/Revenue

The EBIT margins of the Target Group were approximately 6.1% in 2023, 12.8% in 2024 and 14.2% in first half of 2025, which shows a trend of continuous improvement over the last periods. The completion of corporate relocation by the end of 2024 is expected to result in a modest reduction in management and administrative expenses for 2025 and 2026, and to stabilize thereafter resulting a higher EBIT margin of 14.7% in 2025 and 15.7% in 2026.

Unit: RMB'000	**July 2025–December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
EBIAT	8,765	20,027	22,029	23,131	23,825	24,301

Note: EBIAT is the earnings before interest after tax.

EBIAT = Revenue – Costs of goods sold – Marketing expenses — Management and administrative expenses – Tax expenses

Net Working Capital ("NWC") and NWC Change

The NWC equals to the current operating assets minus the current operating liabilities. The current operating assets of the Target Group include account receivables, prepaid expenses and inventory. The current operating liabilities include account payables, advances from customers, accrued payroll and taxes payable. The NWC change equals to the NWC in next year minus the NWC in current year. The NWC of the Target Group in 2023 and 2024 are RMB(29.86) million and (25.09) million. The NWC and NWC change in the forecast period are estimated as follows:

Unit: RMB'000	**June 30, 2025**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
NWC	(21,451)	(25,329)	(28,328)	(31,161)	(32,719)	(33,701)	(34,375)
NWC Change	N/A	(3,878)	(2,999)	(2,833)	(1,558)	(982)	(674)

Note: The NWC/Revenue ratio of the Target Group was (22.0%), (18.4%) and (14.1%) as of 2023, 2024, and June 30, 2025, respectively. We referenced the average turnover days of the Target Group as of full-year 2024 and June 30, 2025, as the basis for forecasting future periods. The NWC/Revenue ratio of the Target Group is projected to remain at (16.6%) during the forecast period.

Capital Expenditure ("CAPEX")

According to the management's business plan in the forecasted period, the capital expenditure is estimated based on replacement of necessary equipment and Capex amounts of the Target Group in 2023 and 2024 are RMB372,377 and RMB470,879, respectively. The CAPEX in the forecasted period is estimated as follows:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
CAPEX	250	500	500	500	500	500

Note: The Capex/Revenue ratios for 2023, 2024, and the first half of 2025 were 0.3%, 0.3%, and 0.2%, respectively. During the forecast period, the Capex/Revenue ratio is expected to remain within the range of 0.2%–0.3%.

Depreciation and amortization

Based on the long-term asset register as of the Valuation Date and the forecasted Capex amount, the depreciation and amortization are estimated as follows in the forecasted period:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Depreciation and amortization	221	341	441	546	537	476

Note: The Depreciation and amortisation of the Target Group in 2023 and 2024 are RMB1.09 million and 0.83 million. The Depreciation and amortisation/Revenue ratios for 2023, 2024, and the first half of 2025 were 0.8%, 0.6%, and 0.4%, respectively. During the forecast period, the Depreciation and amortisation/Revenue ratio is expected to remain within the range of 0.2%–0.3%. The difference in the Depreciation and amortisation/Revenue ratio between the forecast period and the historical period is primarily due to the longer real useful life than the accounting useful life of the fixed assets-such as air conditioners and large training room screens-in its early establishment phase (late 2021 to early 2022), with a total purchase value exceeding RMB1 million. According to the accounting depreciation policy, these assets were depreciated over a three-year period and were fully depreciated by late 2024 to early 2025. However, these assets remain in usable condition and do not require replacement in longer period. As a result, the Depreciation and amortisation/Revenue ratio during the historical period was relatively higher.

Free Cash Flow to Firm ("FCFF") Forecast

Based on the above the estimated parameters, the net cash flow forecast was calculated as follows:

Unit: RMB'000	**July 2025– December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
FCFF	12,614	22,866	24,803	24,735	24,843	24,951

Note: FCFF = EBIAT – NWC Change – CAPEX + Depreciation and amortization

Discount Rate

The discount rate applied to the valuation of the equity value of the Target Group under the DCF based on the weighted average cost of capital ("**WACC**"). The WACC is the weighted average of cost of equity and cost of debt. The cost of equity is determined by capital asset pricing model ("**CAPM**"), and the cost of debt refers to the five-year Loan Prime Rate ("**LPR**") from the People's Bank of China, net of tax effect. In arriving at the WACC, the key parameters and calculation are listed as follows:

(i) *risk-free rate:* the risk-free rate adopted is 1.90%, which represented the yield of China Government bond with maturity of 20 years quoted on the website (www.chinabond.com.cn);

(ii) *equity risk premium:* equity risk premium adopted is 7.31%, which refers to the "Kroll Cost of Capital Navigator" research regarding equity risk premium published by Kroll, LLC;

(iii) *beta:* the beta adopted is 1.24, which refers to the beta of the comparable companies through Capital IQ data base;

(iv) *other specific risk premium:* other specific risk premium consists of size premium of 4.47%, which refers to the "Kroll Cost of Capital Navigator" research regarding size premium published by Kroll, LLC and 2.00% of other specific risks of the Target Group.

cost of equity=(i)+(ii)*(iii)+(iv) = 1.90%+7.31%*1.24+6.47% = 17.43%

(v) *debt to market capitalization ratio ("**D/E ratio**"):* the D/E ratio adopted is 3.52%, which refers to the data from the comparable companies through Capital IQ data base;

(vi) *cost of debt:* the cost of debt adopted is 2.63%, which is determined with reference to the LPR, sourced from the People's Bank of China, net of tax effect.

(vii) *WACC:* the WACC is calculated by multiplying the cost of each capital component by its proportional weight. The formula and calculation are as follows:

WACC = Equity/(Equity+Debt)*cost of equity+ Debt/(Equity+Debt)*cost of debt (net of tax effect)

= cost of equity/(1+D/E ratio) + cost of debt (net of tax effect)*D/E ratio/(1+D/E ratio)

= cost of equity/(1+(v))+(vi)*(v)/(1+(v))

= 17.43%/(1+3.52%) + 2.63%*3.52%/(1+3.52%) = 17.00% (rounded)

CALCULATION OF VALUATION RESULT

The basic formula of DCF model is: Present Value of Net Cash Flow= Net Cash Flow/(1 +Discount rate) ^Discount period

The calculation of the market value of the equity value of the Target Group at the Valuation Date is as follows:

Unit: RMB'000		**July 2025–December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
(i)	**Net Cash Flow**	12,614	22,866	24,803	24,735	24,843	24,951	**25,475**
(ii)	Discount rate	17%						
(iii)	Discount period *(Note 1)*	**0.25**	**1.0**	**2.0**	**3.0**	**4.0**	**5.0**	**5.0**
(iv)	Discount factor *(Note 2)*:	0.96	0.86	0.74	0.64	0.55	0.48	0.48
(v)	Present Value of Net Cash Flow *(Note 3)*	12,125	19,531	18,107	15,434	13,249	11,373	
(vi)	**Terminal value**							
Terminal growth rate *(Note 4)*		2.00%						**77,412**
(vii)	**Enterprise value of the Target Group**							**167,230**
(viii)	Add: Excess cash and excess assets *(Note 5)*							58,805
(ix)	Less: Debt and excess liabilities *(Note 6)*							818
(x)	Less: Minority interest							—
(xi)	**Equity Value before DLOM (*rounded*)**							**225,220**

Note 1: Since the cash inflows and outflows occur continuously year-round, it could be inaccurate to assume that the cash proceeds are all received at the end of each year. As a compromise, mid-year discounting is often integrated into the DCF model to assume that the cash flows occur evenly throughout the year. The mid-year convention treats forecasted free cash flows as if they were generated at the midpoint of the period. So, the first period is discounted by quarter a year (0.25 years) and the second year by one year.

Note 2: (iv)=1/(1+ii)^(iii)

Note 3: (v)=(i)(iv)*

Note 4: Terminal growth rate of 2% refers to the estimated inflation rate in China, sourced from International Monetary Fund, World Economic Outlook Database, April 2025.

Note 5: Under the DCF model, the free cash flow to firm only incorporates economic values of the operating items including net working capital, property, plant and equipment, intangible assets, etc. while excluding the non-operating items. Thus, the adjustment for excess items includes each item of non-operating assets and liabilities.

Excess cash consists of cash and cash equivalent amounting to approximately RMB38.00 million, with reference to its book value. Excess assets consist of other receivables of approximately RMB20.80 million (mainly comprising online platform deposits, borrowings, employee advance fund, etc.). The value of excess cash and excess assets was taken from the audited consolidated balance sheet of the Target Group as of June 30, 2025.

Note 6: Debt and Excess liabilities consist of other payables of approximately RMB0.82 million with reference to its book value. The value of debt and excess liabilities was taken from the audited consolidated balance sheet of the Target Group as of June 30, 2025.

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

The level of a company's value can be described as follows: the marketable minority interest value which refers to the price quoted in public market less the DLOM equals to the non-marketable minority interest value, which represents the non-controlling shareholder of a private company.

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a privately-held company is worth less because no established market exists.

Most of the businesses or financial interests that we are valuing do not enjoy immediate liquidity. We thus face the task of making an adjustment from the value we have estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that we are valuing. That adjustment is what we refer to as the discount for lack of marketability.

In this valuation exercise, we have assessed the DLOM using the put option method, which is one of the most commonly used theoretical models. The concept is that when comparing a public share and a private share, holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. The value of put option is determined by "Finnerty Option Pricing Model" ("**Finnerty Model**") with the following parameters:

Parameter	**Value for the Target Group**	**Remarks**
Spot Price	1.00	As we are calculating a percentage for the DLOM, for simplicity, we set the spot price to be 1.00 in the valuation.
Exercise Price	1.00	According to the study, the put option is at-the-money, such that the exercise price should equal the spot price.
Volatility	54.90%	With reference to median volatility of the comparable companies which are the same as the comparable companies for determining WACC of the Target Group, as sourced from Capital IQ.
Maturity	3 years	It is an approximation of holding period that assuming a market participant who owns a business entity would dispose of that business entity. The management of the Target Group is satisfied that 3 years would be a reasonable assumption.

By using the Finnerty Model and based on the above assumptions, the estimated DLOM for the Target Group is 20.0% and we apply 20.0% as DLOM for the Target Group.

CALCULATION OF VALUATION RESULT

Based on the results of our investigations and analyses, we are of the opinion that the market value of the Target Group as at the Valuation Date taking into account of DLOM is reasonably stated as follows:

	As at June 30, 2025
100% Equity Value before DLOM *(RMB'000)*	225,220
Adjusted for DLOM at 20.0%	(1–20.0%)
100% Equity Value of the Target Group *(RMB'000)*	180,000

SENSITIVITY ANALYSIS

Sensitivity analysis in market value of 100% equity interest in the Target Group was carried out by varying discount rate and revenue, the results of sensitivity analysis are summarized as follows:

Sensitivity Analysis — Discount Rate

Discount Rate	**Market Value** *(RMB'000)*
18% **(Base+1%)**	172,000
17% **(Base)**	180,000
16% **(Base–1%)**	189,000

Sensitivity Analysis — Revenue

Revenue	**Market Value** *(RMB'000)*
Base *(1+5%)	187,000
Base	180,000
Base *(1–5%)	173,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group, the Group and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Group over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest of the Target Group as at the Valuation Date is reasonably stated approximately at the amount of **RMB180,000,000 (RENMINBI ONE HUNDRED EIGHTY MILLION YUAN ONLY).**

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

Jack W. J. Li
CFA, MRICS, MBA
Partner

Note: Jack W. J. Li is a Chartered Surveyor who has over 15 years' experience in the valuation in the PRC, Hong Kong and the Asia-Pacific region.

David G.D Cheng
MRICS
Partner

Note: David G.D. Cheng is a Chartered Surveyor who has over 20 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

forvis mazars

42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel電話: +852 2909 5555
Fax傳真: +852 2810 0032
forvismazars.com/hk

22 August 2025

The Directors
Be Friends Holding Limited
Unit 1202A, 12F
Keybond Commercial Building
38 Ferry Street
Kowloon
Hong Kong

Dear Sirs,

BE FRIENDS HOLDING LIMITED ("THE COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS "THE GROUP")

REPORT ON CALCULATIONS OF DISCOUNTED CASH FLOWS FORECAST IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTERESTS IN HANGZHOU BE FRIENDS EDUCATION TECHNOLOGY CO., LTD.* (杭州交個朋友教育科技有限公司) (THE "TARGET COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY THE "TARGET GROUP")

We have completed our assurance engagement to report on the calculations of the discounted cash flows forecast (the "**Forecast**") on which the valuation prepared by Asia-Pacific Consulting and Appraisal Limited in respect of entire equity interests in Target Group as at 30 June 2025 is based (the "**Valuation**"). The Valuation based on the Forecast is regarded as profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and is set out in the announcement issued by the Company dated 22 August 2025 in connection with the disclosable and connected transaction in relation to the acquisition of entire issued equity interests in Target Company (the "**Announcement**").

Directors' Responsibilities

The directors of the Company are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the directors of the Company. The Assumptions are set out in the Announcement.

* *For identification purposes only*

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

It is our responsibility to express an opinion on the arithmetical accuracy of the calculations of the Forecast and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. The Forecast does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the Forecast, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the entire equity interests in the Target Group. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, so far as the calculations of the Forecast are concerned, the Forecast has been properly compiled, in all material respects in accordance with the Assumptions.

Yours faithfully,

Forvis Mazars CPA Limited
Certified Public Accountants

22 August 2025

To: The Listing Division

The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

Re: **Disclosable and Connected Transaction — Acquisition of entire equity interests in the Target Company**

Reference is made to the announcement of Be Friends Holding Limited (the "**Company**") dated 5 August 2025 (the "**Announcement**") in relation to the acquisition of the entire equity interests in the Target Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, in determining the Consideration, the Company made references to, among other things, the valuation of the Target Group as at 30 June 2025 based on the preliminary valuation results of Asia-Pacific Consulting and Appraisal Limited (the "**Valuer**"), an independent professional valuer, using the income approach with discounted cash flow ("**DCF**") valuation. The DCF valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has (i) reviewed the basis and the Assumptions (as defined in the announcement of the Company dated the even date); (ii) reviewed the report to the Board from the Valuer regarding the calculations of the DCF valuation; (iii) reviewed the relevant work conducted by Valuer in relation to the DCF valuation and the historical performance of the Target Group; and (iv) considered the report from the Company's reporting accountant, Forvis Mazars CPA Limited, regarding the calculations of the DCF valuation.

Based on the above, the Board confirms that the profit forecast in the aforesaid DCF valuation has been made after due and careful enquiry.

The Board of Directors
Be Friends Holding Limited

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 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 INTEREST

A. Interests and short positions of Directors and Chief Executive

As at the Latest Practicable Date, the Directors and the chief executive, and their respective associates had the following interests in the Shares and underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 are taken or deemed to have been taken under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Director	Name of Group member/ associated corporations	Capacity/ Nature of interests	Number of Shares and underlying Shares held[1]	Approximate percentage of Shares in issue (including treasury shares)
Mr. Li Jun	The Company	Interest of controlled corporation	323,500,334 (L)[2]	23.32% (L)
	Starlink Vibrant Holdings Ltd. ("**Starlink Vibrant**")	Beneficial owner	1 share	100%
Mr. Li Liang	The Company	Beneficial owner	95,628,200 (L)[3]	6.89% (L)
Ms. Zhao Hui Li	The Company	Beneficial owner	2,200,000 (L)[4]	0.15% (L)

Notes:

(1) The letter "L" denotes a person's or corporation's long position in the Shares. The letter "S" denotes a person's or a corporation's short position in the Shares.

(2) These Shares were held by Starlink Vibrant, which was wholly owned by Mr. Li Jun. Pursuant to the SFO, Mr. Li Jun was deemed to be interested in a total of 323,500,334 Shares.

(3) Among which, 56,290,000 Shares were held by Mr. Li Liang beneficially and 39,338,200 Shares are Awarded Shares conditionally granted to him at 10 January 2023 under the Share Award Plan.

(4) Such shares are awarded shares granted to Ms. Zhao Hui Li at 10 January 2023 and 10 April 2025 under the Share Award Plan.

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as at the Latest Practicable Date.

B. Interests and short positions of Substantial Shareholders

So far as the Directors and the chief executive of the Company are aware of, as at the Latest Practicable Date, the following persons (other than Directors or chief executives of the Company or their associates) had or deemed to have interests or short positions (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity/ Nature of interests	Number of Shares and underlying Shares held(1)	Approximate percentage of Shares in issue (including treasury shares)
Starlink Vibrant	Beneficial owner	323,500,334 (L)(2)	23.32% (L)

Notes:

(1) The letter “L” denotes a person’s or a corporation’s long position in the Shares. The letter “S” denotes a person’s or a corporation’s short position in the Shares.

(2) These Shares were held by Starlink Vibrant, which was wholly owned by Mr. Li Jun. Pursuant to the SFO, Mr. Li Jun was deemed to be interested in a total of 323,500,334 Shares.

Save as disclosed above, as of the Latest Practicable Date, no other persons (other than Directors or chief executives of the Company or their associates) had any interests or short positions (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

As at the Latest Practicable Date, so far as was known to the Directors, Mr. Li Jun is also the sole director of Starlink Vibrant, being a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, and no other Director is also a director or employee of company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ INTERESTS IN SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contracts with any member of the Group which is not expiring or may not be terminated by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS’ INTERESTS IN COMPETING INTEREST

As of the Latest Practicable Date, none of the Directors, so far as is known to them, any of their respective close associates (as defined in the Listing Rules), was considered to have interests in the businesses (apart from the Group’s business) which are considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

Save for the Equity Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting entered into by any member of the Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group made up).

7. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have provided advice referred to or contained in this circular:

Name	**Qualification**
Somerley Capital Limited	A corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Asia-Pacific Consulting and Appraisal Limited	Independent Valuer
Forvis Mazars CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the experts named above had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the experts named above did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letters, reports, recommendations, opinion, and/or references to its name in the form and context in which it appears.

8. MISCELLANEOUS

(i) All references to times and dates in this circular refer to Hong Kong times and dates.

(ii) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

9. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (https://www.befriends.com.cn/) for a period of 14 days from the date of this circular:

(a) the Equity Purchase Agreement;

(b) the Supplemental Agreement;

(c) the letter from the Independent Board Committee;

(d) the letter from the Independent Financial Adviser;

(e) the Valuation Report, the text of which is set out in Appendix I to this circular;

(f) the report from Forvis Mazars CPA Limited, the text of which is set out in Appendix II to this circular;

(g) the letter from the Board relating to the profit forecast, the text of which is set out in Appendix III to this circular;

(h) the written consents referred to in the section headed "Consent and Qualification of Experts" in this appendix.

Be Friends Holding Limited
交個朋友控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1450)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Be Friends Holding Limited (the "**Company**") will be held at Building 5, No. 601 Qiuyi Road, Changhe Street, Binjiang District, Hangzhou City, (Zhejiang) Pilot Free Trade Zone, the PRC on Friday, 7 November 2025 at 2:00 p.m. for considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(i) the Equity Purchase Agreement dated 5 August 2025 (the "**Equity Purchase Agreement**") (as amended by the supplemental agreement dated 25 September 2025 (the "**Supplemental Agreement**"), details of which are disclosed in the circular of the Company dated 17 October 2025 (the "**Circular**"), entered into in connection with the Acquisition (as defined in the Circular) and the transactions thereunder be and are hereby ratified, confirmed and approved; and

(ii) any one director of the Company be and is hereby generally and unconditionally authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to or otherwise in connection with or incidental to the Equity Purchase Agreement (as amended by the Supplemental Agreement) referred to in paragraph (i) above and all the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company and its shareholders."

By order of the Board
Be Friends Holding Limited
Li Jun
Chairman

Hong Kong, 17 October 2025

Notes:

(i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. On a poll, votes may be given either personally or by proxy.

(ii) In the case of joint holders, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(iii) 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 or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time of holding the EGM (i.e. not later than 2:00 p.m. on Wednesday, 5 November 2025, Hong Kong time) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder from attending and voting in person at the EGM (or any adjournment thereof) and, in such event, the form of proxy shall be deemed to be revoked.

(iv) The record date for determining the entitlement of the holders of Shares to attend and vote at the Meeting will be Friday, 7 November 2025. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Friday, 7 November 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 EGM, unregistered holders of the shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch 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. (Hong Kong time) on Monday, 3 November 2025.

(v) Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be voted by poll at the EGM.

(vi) Treasury shares, if any and registered under the name of the Company, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, solely from the perspective of the Listing Rules, the Company shall, upon depositing any treasury shares in the CCASS, abstain from voting at any of its general meeting(s) in relation to those shares.

The Circular (in both English and Chinese versions) has been posted on the Company's website at www.befriends.com.cn.

Shareholders may request for printed copy of the Circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to is-ecom@vistra.com.

Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of the Circular since both languages are bound together into one booklet.