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**Beisen Holding Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9669)**

**(1) DISCLOSEABLE TRANSACTION ACQUISITION OF  
EQUITY INTEREST IN THE TARGET COMPANY  
AND  
(2) SHARE TRANSACTION INVOLVING ISSUE OF  
CONSIDERATION SHARES UNDER GENERAL MANDATE**

**THE ACQUISITION**

The Board announced that on 14 January 2025 (after trading hours), the Onshore Holdco and the Vendors entered into the Onshore Equity Transfer Agreement, pursuant to which the Onshore Holdco has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire equity interest in the Target Company at the Cash Consideration in the aggregate amount of RMB180,000,000 subject to adjustment.

The Group will continue to operate the ordinary course of business of the Target Company under the brand of “Cool College” after the Acquisition Completion. Notwithstanding the change of shareholding in the Target Company, the management team of the Target Company has committed to continue to support the business of the Target Company.

The Cash Consideration will be payable in two instalments and will be satisfied by the Group by way of internal resources (and not by the proceeds from the Global Offering).

Pursuant to the applicable PRC laws, rules and regulations, the principal business of the Target Company, including the provision of online audio-visual program services and internet-based cultural services in the PRC, is completely prohibited from foreign ownership (“**Prohibited Business**”). Accordingly, the Company proposes to undertake a series of reorganization upon the Acquisition Completion, pursuant to which (i) the Onshore Holdco will transfer the entire equity interest in the Target Company to the new registered shareholders nominated by the Company at nil/nominal consideration; and (ii) the Company will set up the New WFOE and the New WFOE shall enter into the New Contractual Arrangements with the new registered shareholders of the Target Company. After the completion of the above reorganization, the New WFOE shall gain effective control (and obtain the economic benefits of) the Target Company through the New Contractual Arrangements. The terms and conditions of the New Contractual Arrangements will duplicate, to the extent that is relevant and applicable, those of the Existing Contractual Arrangements.

### **CONCURRENT SHARE TRANSACTION**

On the same day, the Company and the Share Exchange Vendors also entered into the BVI Share Subscription Agreement and the Offshore Share Purchase Agreement. Pursuant to the agreements, the Share Exchange Vendors will first subscribe 99% (on as-diluted basis) of the share capital of the BVI Company at the aggregate consideration of RMB127,583,905 (assuming the Net Cash Consideration is not adjusted), representing 100% of the Net Cash Consideration receivable by the Share Exchange Vendors under the Onshore Equity Transfer Agreement (except for Toutoushidao, whose consideration will only equal to 30% of the Net Cash Consideration receivable by it), and then the Company will purchase 99% of the share capital of the BVI Company from the Share Exchange Vendors by allotting and issuing the Consideration Shares under the General Mandate. The Consideration Shares will be subjected to a six (6) months lock-up following the Share Exchange Completion.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Following the Share Exchange Completion, the Cash Consideration under the Acquisition will be equal to RMB52,416,095 (assuming the Net Cash Consideration is not adjusted) and the Consideration Shares.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, as the consideration under the Concurrent Share Transaction will be satisfied by the allotment and issuance of the Consideration Shares and all percentage ratios for the Concurrent Share Transaction are less than 5%, the Concurrent Share Transaction constitutes a share transaction of the Company under Chapter 14 of the Listing Rules. Each of the Acquisition and the Concurrent Share Transaction is subject to the notification and announcement requirements, but is exempted from the Shareholders' approval requirement under the Listing Rules.

The issue of the Consideration Shares will not be subject to the Shareholders' approval and the Consideration Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 20 September, 2024. Pursuant to the General Mandate, the Directors were granted authority to allot, issue and deal with up to 140,485,157 Shares, representing 20% of the total number of Shares in issue (excluding treasury Shares) as at the date of passing the resolution. The Company has not issued any Shares pursuant to the General Mandate as of the date of this announcement.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company will seek confirmation from the Stock Exchange that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules, as set out in the IPO Waiver, and are exempt from (i) the announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver. The Company will make further announcements as and when appropriate in relation to the New Contractual Arrangements.

## (A) THE ACQUISITION

### THE ONSHORE EQUITY TRANSFER AGREEMENT

The principal terms of the Onshore Equity Transfer Agreement are as follows:

#### Date

14 January 2025 (after trading hours)

#### Parties

- (1) the Target Company;
- (2) the Vendors; and
- (3) the Onshore Holdco

#### Subject Matter

The Onshore Holdco has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the equity interest in the Target Company as set out below subject to adjustment:

Name of Vendor	Percentage of the equity interest in the Target Company <i>(approximately)</i>	Cash Consideration <i>(RMB)</i>	Payment terms
The Founders	47.8%	Nil	/
Qiming Rongxin	13.4%	43,934,661	First instalment: RMB39,541,195 Second instalment: RMB4,393,466
Yunzhou	12.0%	35,315,127	First instalment: RMB31,783,614 Second instalment: RMB3,531,513
Suzhou Cathay Growth	8.0%	50,008,523	First instalment: RMB45,007,671 Second instalment: RMB5,000,852

<b>Name of Vendor</b>	<b>Percentage of the equity interest in the Target Company (approximately)</b>	<b>Cash Consideration (RMB)</b>	<b>Payment terms</b>
Yuanshuo	6.1%	24,999,703	First instalment: RMB22,499,733 Second instalment: RMB2,499,970
Huagai Capital	4.7%	6,454,872	First instalment: RMB5,809,385 Second instalment: RMB645,487
Toutoushidao	4.2%	10,321,648	First instalment: RMB9,289,483 Second instalment: RMB1,032,165
Suzhou Yizhong	3.9%	8,965,466	First instalment: RMB8,068,919 Second instalment: RMB896,547
<b>Total</b>	<b>100%</b>	<b>180,000,000</b>	<b>/</b>

*Note:* Any discrepancies in the above table between the total and the sum of the amounts listed therein are due to rounding.

The Cash Consideration will be payable in two instalments and will be satisfied by the Group by way of internal resources (and not by the proceeds from the Global Offering).

The Group will continue to operate the ordinary course of business of the Target Company under the brand of “Cool College” after the Acquisition Completion. Notwithstanding the change of shareholding in the Target Company, the management team of the Target Company has committed to continue to support the business of the Target Company.

## **Conditions Precedent to the First Instalment**

The obligation of the Onshore Holdco to pay the first instalment of the Cash Consideration on the Date of First Instalment Payment (as defined below) is subject to the satisfaction of all of the following conditions precedent (which may be waived in whole or in part by the Onshore Holdco at its own discretion):

- (a) all the transaction documents have been duly executed and delivered to the Onshore Holdco and remain effective as of the Date of First Instalment Payment;
- (b) the representations and warranties in respect of the parties as set forth in the Onshore Equity Transfer Agreement are true, accurate and complete and shall remain true, accurate and complete as of the Date of First Instalment Payment. All the undertakings and commitments to be performed before the Date of First Instalment Payment as set forth in the Onshore Equity Transfer Agreement have been performed by the relevant parties;
- (c) there are no existing or potential claims from any government department or any other entity that may restrict, hinder or prohibit the transactions contemplated by the Onshore Equity Transfer Agreement or impose any material adverse impact on the conditions to the transactions contemplated by the Onshore Equity Transfer Agreement;
- (d) no law or governmental order has been enacted, promulgated, implemented or passed by any governmental authority that would render the transactions contemplated by the Onshore Equity Transfer Agreement unlawful or otherwise limit or prohibit the transactions contemplated by the Onshore Equity Transfer Agreement;
- (e) no event that individually or jointly would cause a material adverse effect has occurred, and there is no reasonable expectation that any event that may individually or jointly cause a material adverse effect will occur;
- (f) unless specified in the Onshore Equity Transfer Agreement, all consents, approvals and notices (if any) required by the parties to execute and deliver the Onshore Equity Transfer Agreement and complete the transactions contemplated by the Onshore Equity Transfer Agreement have been obtained or completed and remain in full force and effect, including but not limited to: (i) approval, permission or registration by supervising government departments (except for Registration of Changes by the Administration for Market Regulation), (ii) the consent or exemption from third-party enterprises, units or individuals, and (iii) notification obligations (if any) to any entity;

- (g) the shareholders and directors of the Target Company have formally passed written resolutions: (i) approving the signing and execution of the Onshore Equity Transfer Agreement, and existing shareholders of the Target Company waiving their pre-emptive rights and any other rights that may affect the Acquisition, (ii) passing the new articles of association of the Target Company, (iii) removing the Target Company’s current legal representative, person in charge, directors, supervisors, managers, contact persons, and financial officers (“**Resignation of Industrial and Commercial Registration Officers**”), and electing the new legal representative, person in charge, directors, supervisors, managers, contact persons, and financial officers of the Target Company appointed by the Onshore Holdco (“**New Industrial and Commercial Registration Officers**”), and (iv) approving the termination of incentive stock options and all employee incentive plans;

*Note:* For the avoidance of doubt, the majority of the management team will not be affected by the change in Industrial and Commercial Registration Officers.

- (h) the Undertaking Parties have signed termination agreements, to the satisfaction of the the Onshore Holdco, with the grantees who were awarded sixty (60) percent of all the incentive stock options granted by the Target Company as of the date of the Onshore Equity Transfer Agreement, which shall clearly specify: (i) all incentive stock options granted to these grantees, whether vested or exercisable, shall be terminated before the Date of First Instalment Payment (“**Phase I termination of the incentive stock options**”), and (ii) the arrangements of paying any consideration by Anji Kuxuan to the grantees regarding the Phase I termination of the incentive stock options (if any);
- (i) in order to complete the registration and filing of the Acquisition with the Administration for Market Regulation (“**Registration of Changes**”), including: (i) registering the Onshore Holdco as the owner of the equity interest being transferred, and (ii) completing the filings and registration of the Resignation of Industrial and Commercial Registration Officers and the election of the New Industrial and Commercial Registration Officers with the Administration for Market Regulation, the Undertaking Parties and each existing shareholders of the Target Company have signed and completed all the materials and documents required to complete the Registration of Changes;
- (j) the Target Company and Vendors have signed the termination agreement pursuant to the Onshore Equity Transfer Agreement;

- (k) the Onshore Holdco has completed all due diligence on the business, legal and financial aspects of the Target Group and the equity interest being transferred, and is satisfied with the results of the investigation (this condition is deemed to have been satisfied on the date of the Onshore Equity Transfer Agreement);
- (l) the internal investment decision-making body of the Onshore Holdco has approved the execution and performance of the Onshore Equity Transfer Agreement and the payment of the first instalment of the Cash Consideration (this condition is deemed to have been satisfied on the date of the Onshore Equity Transfer Agreement);
- (m) the Vendors have issued a payment notice to the Onshore Holdco stating the receiving account information and the payment amount under the first instalment; and
- (n) the Undertaking Parties and all Vendors have submitted to the Onshore Holdco a letter confirming that all conditions precedent to the first instalment have been met.

### **Conditions Precedent to the Second Instalment**

The obligation of the Onshore Holdco to pay the second instalment of the Cash Consideration on the Date of Second Instalment Payment (as defined below) is subject to the satisfaction of all of the following conditions precedent (which may be waived in whole or in part by the Onshore Holdco at its own discretion):

- (a) the consideration of the Acquisition (after adjustment, if any) has been finalized in accordance with the Onshore Equity Transfer Agreement;
- (b) the representations and warranties in respect of the parties as set forth in the Onshore Equity Transfer Agreement are true, accurate and complete and shall remain true, accurate and complete as of the Date of Second Instalment Payment. All the undertakings and commitments to be performed before the Date of Second Instalment Payment as set forth in the Onshore Equity Transfer Agreement have been performed by the relevant parties;
- (c) there are no existing or potential claims from any government department or any other entity that may restrict, hinder or prohibit the transactions contemplated by the Onshore Equity Transfer Agreement or impose any material adverse impact on the conditions to the transactions contemplated by the Onshore Equity Transfer Agreement;
- (d) no law or governmental order has been enacted, promulgated, implemented or passed by any governmental authority that would render the transactions contemplated by the Onshore Equity Transfer Agreement unlawful or otherwise limit or prohibit the transactions contemplated by the Onshore Equity Transfer Agreement;



- (e) no event that individually or jointly would cause a material adverse effect has occurred, and there is no reasonable expectation that any event that may individually or jointly cause a material adverse effect will occur;
- (f) the Target Company has completed the Registration of Changes and the Undertaking Parties have provided the Onshore Holdco with corresponding supporting documents (including but not limited to the updated business license, etc.);
- (g) the Target Company has obtained (a) prior written approval from its banks in relation to the Acquisition and ; (b) written confirmation from its business partners that the service agreements between the Target Company and such business partners will not be terminated because of the Acquisition;
- (h) the Undertaking Parties have signed termination agreements, to the satisfaction of the Onshore Holdco, with the grantees who were awarded one-hundred (100) percent of all the incentive stock options granted by the Target Group as of the date of the Onshore Equity Transfer Agreement, which shall clearly specify: (i) all incentive stock options granted to these grantees, whether vested or exercisable, shall be terminated before the Date of Second Instalment Payment (“**Phase II termination of the incentive stock options**”), and (ii) the arrangements of paying any consideration by Anji Kuxuan to the grantees regarding the Phase II termination of the incentive stock options (if any);
- (i) the Target Company has terminated the employment relationships with two employees;
- (j) the Vendors have issued a payment notice to the Onshore Holdco stating the receiving account information and the payment amount under the second instalment; and
- (k) the Undertaking Parties have submitted to the Onshore Holdco a letter confirming that all conditions precedents to the second instalment have been met.

## **Completion and Payment of the Cash Consideration**

### ***First instalment***

The first instalment of the Cash Consideration shall be payable by the Onshore Holdco within seven (7) business days by electronic funds transfer to the designated bank account of each Vendor (or any other time as agreed between the Onshore Holdco and the Vendors in writing) after all the conditions precedent to the first instalment has been fully satisfied (unless being waived by the Onshore Holdco). The date of payment of the first instalment is the “**Date of First Instalment Payment**”.

On the Date of First Instalment Payment, the Undertaking Parties shall hand over the seals, items, files, documents and other materials listed in the Onshore Equity Transfer Agreement to the Onshore Holdco or its designated person. All the backend data and source code of the Target Group shall have been made available for review by the Onshore Holdco or its designated person; and the Undertaking Parties should deliver the register of members of the Target Company to the Onshore Holdco, which shows that the Onshore Holdco has been registered in the register of members holding 100% of the equity interest in the Target Company.

### ***Second instalment***

Subject to the adjustment of the Cash Consideration as stipulated in the Onshore Equity Transfer Agreement, the second instalment of the Cash Consideration shall be payable by the Onshore Holdco within seven (7) business days by electronic funds transfer to the designated bank account of each Vendor (or any other time as agreed between the Onshore Holdco and the Vendors in writing) after all the conditions precedent to the second instalment has been fully satisfied (unless being waived by the Onshore Holdco). The date of payment of the second instalment is the “**Date of Second Instalment Payment**”.

The Acquisition Completion shall take place on the Date of Second Instalment Payment. The Acquisition Completion is independent of the Concurrent Share Transaction.

### ***Joint Custody Account***

The parties agreed that within five (5) business days (or any other time as agreed between the Onshore Holdco and the Founders in writing), (a) the Onshore Holdco, the Founders and its designated person (if any) shall enter into a joint custody agreement in respect of a bank account owned by the Onshore Holdco (the “**Joint Custodian Account**”), pursuant to which the Founders or their designated person shall be the joint approvers of the Joint Custody Account so that any outgoing payment from the Joint Custody Account shall be jointly approved by the Onshore Holdco and the Founders’ designated person; (b) the Onshore Holdco shall deposit the Cash Consideration into the Joint Custody Account. On the earlier of the termination date of the Onshore Equity Transfer Agreement and the Date of Second Instalment Payment, the Founders and their designated person shall assist the Onshore Holdco to terminate the joint custody arrangement.

## ***Cash Consideration Adjustment***

The parties agreed that as of 30 June 2024 (the “**Base Date**”), the net asset value of the Target Company was – RMB33,009,280 (“**Base Net Asset**”). Within fifteen (15) business days after the Date of First Instalment Payment, the Onshore Holdco and its designated person will complete the summary financial analysis of the Target Group from the Base Date to 31 December 2024 (the “**Analysis Date**”), and is entitled to adjust the amount of the second instalment pursuant to the terms of the Onshore Equity Transfer Agreement.

The adjustment amount shall be the sum of the following items:

- (a) net asset adjustment amount: if the Target Group’s net asset amount on the Analysis Date is lower than the Base Net Asset, the net asset adjustment amount is equal to the Base Net Asset minus the analyzed Target Group’s net asset amount on the Analysis Date. If the net asset amount of the Target Group on the Analysis Date is higher than or equal to the Base Net Asset, the net asset adjustment amount shall be nil. The parties further agreed that if the net asset amount is less than the Base Net Asset by 30% or less, then the net asset adjustment amount shall be nil;
- (b) amount of asset impairment on the Date of First Instalment Payment (if any): the existing cash assets, accounts receivable, inventory and other assets of the Target Group on the Date of First Instalment Payment should be retained in the Target Company’s account (i.e., in the ownership of the Onshore Holdco). The above assets of the Target Company shall not be transferred, assigned, abandoned or disposed by the Vendors, otherwise the corresponding impairment amount shall be included in the price adjustment amount; and
- (c) unusual expenses amount (if any): from the Base Date to the Date of First Instalment Payment, the Target Group can only incur general expenditures and expenses in its ordinary course of business as in the past, and the items and amounts paid must not exceed the scope of ordinary business transactions, otherwise the corresponding expenses amount should be included in the adjustment amount.

For the avoidance of doubt, (i) the adjustment amount shall be capped at the amount of the second instalment; (ii) the expenses and the adjustment to the net asset value of the Target Group caused by Phase I and Phase II termination of the incentive stock options shall be excluded from the calculation of the adjustment amount.

The Onshore Holdco is entitled to deduct the corresponding adjustment amount from the second instalment. For the avoidance of doubt, (i) the Vendors should bear the adjustment amount in proportion to their respective cash consideration; and (ii) any deduction made to the Cash Consideration shall not affect the other rights of the Onshore Holdco to obtain relief pursuant to the applicable law and the Onshore Equity Transfer Agreement.

If the second instalment (after deducting the corresponding adjustment amount) is nil or a negative amount, then the Onshore Holdco does not need to pay the second instalment.

## **BASIS OF DETERMINATION OF THE CASH CONSIDERATION**

The Cash Consideration was determined after arm's length negotiation among the parties of the Onshore Equity Transfer Agreement (and the cash consideration receivable by each Vendor is a result of the negotiation among the Vendors) and with reference to the market value of 100% equity interest in the Target Company, which is in the range of RMB171 million to RMB189 million as at the Valuation Date according to the valuation results prepared by the independent Valuer based on the market approach.

### **Valuation Approach**

Generally, there are three valuation approaches: the cost approach, the market approach, and the income approach. The three valuation approaches are summarized as follows:

- (i) The cost approach is a technique that uses the reproduction or replacement cost as an initial basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.
- (ii) The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject asset and similar assets that have recently sold or are offered for sale in the market. The transaction or offering prices of the comparable assets are adjusted for dissimilarities in characteristics including location, age, time of sale, size, and utility, among others. The adjusted prices of the comparable assets provide an indication of value for the subject asset.
- (iii) The income approach explicitly recognizes that the current value of an asset (liability) is premised on the expected receipt (payment) of future economic benefits (obligations) generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

Based on the communication between the Valuer and the management of the Target Company, the Valuer's understanding of the business model, revenue composition, financial conditions, and business plan of the Target Company, the Valuer has adopted the market approach to perform the valuation of 100% equity interest in the Target Company. The Valuer considered the income approach to be inadequate given that this approach relies to a great extent of profit projection, and the management of the Target Company considered profit projection is subject to high uncertainty. The Valuer considered the cost approach to be inadequate given that approach fails to consider the going concern of the Target Company.

### **Market Multiples**

The market approach estimates the indicative value of the Target Company by applying estimated market multiples, generally including earning multiple, assets multiple, revenue multiple and other specific multiples. When selecting, calculating and applying value multiples, the Valuer usually considers:

- The selected multiples are reasonable;
- The appropriate valuation parameters (e.g. the control premium) are applied; and
- The multiple calculated is apple to apple.

The Valuer has analyzed and selected the appropriate market multiples based on the industry characteristics and financial position of the Target Company. Considering that the Target Company is a asset-light company with negative net assets, the asset multiple is not suitable. Additionally, due to historical annual losses of the Target Company, the Valuer also considers the use of earnings multiples inappropriate. The enterprise value-to-sales (EV/S) ratio compares the enterprise value (EV) of a company to its annual sales. The EV/S multiple provides investors with a quantifiable metric to value a company based on its sales while taking into account both the company's equity and debt. Furthermore, the Target Company has demonstrated maturity through its many years of operation, resulting in a stable and representative revenue track record. Based on these attributes, the Valuer has selected EV/S as the most appropriate method for valuing the Target Company.

## **Selection of Comparable Companies**

After discussion with the management of the Target Company and having conducted wide research on publicly available information, the Valuer carried out the following procedures to ensure the list of comparable companies is exhaustive and representative:

Firstly, the Valuer selected the comparable companies based on the following criteria:

- the companies are listed in major exchanges such as the Shanghai Stock Exchange (SHSE), Shenzhen Stock Exchange (SZSE), Hong Kong Exchanges and Clearing (SEHK), New York Stock Exchange (NYSE), and National Association of Securities Dealers Automated Quotations (NASDAQ);
- operates in the application software industry (business operations include software as a service and learning); and
- operates business in the PRC.

Subsequently, the Valuer applied the following additional filters to enhance comparability:

- the comparable companies have the ability to continue as a going concern;
- more than 50% of revenue of the comparable companies is generated from software service; and
- excludes companies whose stocks have been suspended for trading for a long time.

## Calculation of 100% Equity Interest of the Target Company

By using the public data available at Capital IQ, the Valuer has identified 5 comparable companies on an exhaustive basis. The EV/S multiples of the 5 comparable companies based on the market data extracted from Capital IQ are as follows:

Comparable Companies	Business Description	EV/S multiple
YXT. COM Group Holding Limited (NasdaqGM:YXT)	YXT. COM Group Holding Limited, through its subsidiaries, provides digital corporate learning solution in the People's Republic of China. The company offers corporate learning platform, personalized e-learning system, teaching tools, and online courses, as well as offline courses and courseware recording service. It also engages in the technology development; and sale of Software-as-a-Service and content.	2.59x
Beisen Holding Limited (SEHK:9669)	Beisen Holding Limited, an investing holding company, provides cloud based human capital management (HCM) solutions for enterprises to recruit, evaluate, manage, develop, and retain talents.	1.51x
Yonyou Network Technology Co., Ltd. (SHSE:600588)	Yonyou Network Technology Co., Ltd., together with its subsidiaries, provides digital software and services to enterprises and public organizations in China and internationally.	4.09x
BeiJing Seeyon Internet Software Corp. (SHSE:688369)	BeiJing Seeyon Internet Software Corp. provides collaborative management software, solutions, platforms, and cloud services for organizational customers.	1.71x
Weaver Network Technology Co., Ltd. (SHSE:603039)	Weaver Network Technology Co., Ltd. engages in the research and development, sale, and service of collaborative management and mobile office software products.	4.42x
	<b>Median</b>	<b>2.59x</b>
	<b>Average</b>	<b>2.86x</b>

Source: Capital IQ

To determine the equity value of the Target Company, the Valuer multiplied the Target Company's revenue for the period from 1 October 2023 to 30 September 2024 by the median and the average EV/S multiple of comparable companies (denoted as 2.59x and 2.86x) to derive the enterprise value of the Target Company. The net debt was then subtracted from the enterprise value, resulting in an adjusted total equity value of the Target Company.

Based on the above analysis, the range of 100% equity interest in the Target Company as of the Valuation Date is RMB171 million to RMB189 million.

### **Major Assumptions Adopted in the Valuation**

The Valuer has adopted certain specific assumptions for the Valuation and the major ones are as follows:

- The Target Company has obtained or will obtain all relevant legal approvals, business certificates or licenses for its current or proposed business operations, and each of which will be renewed upon expiration;
- there will be no significant changes in the political, legal, economic and social environment in which the Target Company operates or plans to operate;
- the interest rates and exchange rates in the regions where the Target Company operates will remain consistent with current rates;
- the operational and contractual terms specified in relevant contracts and agreements will be complied with;
- the financial and operational information regarding the Target Company is accurate, and this information has been heavily relied upon in reaching the valuation opinion;
- there are no hidden or unexpected circumstances related to the valued assets that could adversely affect the reported value;
- the revenue of the Target Company for the period from 1 October 2023 to 30 September 2024 are maintainable; and
- the market values of comparable companies (i.e., the share price multiplied by the number of shares) as of 31 December 2024 are representative of the best estimate of the market participants.



## **Marketability Discount and Control Premium**

As indicated by the Valuer in the Valuation Report, compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. The marketability discount captures the factor of lack of liquidity that the value of a share of stock in a privately held company has higher transaction cost in market than a public company. A discount for lack of marketability of 33.50% was adopted by the Valuer in arriving at the market value of the Target Company for the Valuation, with reference to the figures published by Wind, CVsource and Equity Exchange. In addition, as the Valuer considered the market value of the Target Company from the perspective of controlling interest, the equity control premium of 13.12% has been adopted to reflect the higher marketability of a controlling interest compared to a minority interest with reference to the Control Premium Study published by Wind, CVsource and Equity Exchange.

## **THE NEW CONTRACTUAL ARRANGEMENTS**

Pursuant to the applicable PRC laws, rules and regulations, the principal business of the Target Company, including the provision of online audio-visual program services and internet-based cultural services in the PRC, is a Prohibited Business. Accordingly, the Company proposes to undertake a series of reorganization upon the Acquisition Completion, pursuant to which (i) the Onshore Holdco will transfer the entire equity interest in the Target Company to the new registered shareholders nominated by the Company at nil/nominal consideration; and (ii) the Company will set up the New WFOE and the New WFOE shall enter into the New Contractual Arrangements with the new registered shareholders of the Target Company. After the completion of the above reorganization, the New WFOE shall gain effective control (and obtain the economic benefits of) the Target Company through the New Contractual Arrangements. The terms and conditions of the New Contractual Arrangements will duplicate, to the extent that is relevant and applicable, those of the Existing Contractual Arrangements.

As of the date of this announcement, no contract in relation to the above reorganization has been entered into by the Group.

## **(B) CONCURRENT SHARE TRANSACTIONS**

On 14 January 2025, the Company, the BVI Company and the Share Exchange Vendors also entered into the BVI Share Subscription Agreement and the Offshore Share Purchase Agreement. Pursuant to the agreements, the Share Exchange Vendors will first subscribe 99% (on as-diluted basis) of the share capital of the BVI Company at the aggregate consideration of RMB127,583,905 (assuming the Net Cash Consideration is not adjusted), representing 100% of the Net Cash Consideration receivable by the Share Exchange Vendors under the Onshore Equity Transfer Agreement (except for Toutoushidao, whose consideration will only equal to 30% of the Net Cash Consideration receivable by it), and then the Company will purchase 99% of the share capital of the BVI Company from the Share Exchange Vendors by allotting and issuing the Consideration Shares under the General Mandate. The Consideration Shares will be subjected to a six (6) months lock-up following the Share Exchange Completion.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Following the Share Exchange Completion, the Cash Consideration under the Acquisition will be equal to RMB52,416,095 (assuming the Net Cash Consideration is not adjusted) and the Consideration Shares.

## **THE BVI SHARE SUBSCRIPTION AGREEMENT**

The principal terms of BVI Share Subscription Agreement are as follows:

### **Date**

14 January 2025 (after trading hours)

### **Parties**

- (1) the Company;
- (2) the BVI Company; and
- (3) the Share Exchange Vendors

## Subject Matter

The Share Exchange Vendors have conditionally agreed to subscribed and the BVI Company has conditionally agreed to issue a total of 99 shares in the BVI Company as set out below:

Share Exchange Vendor	Subscription Shares	Subscription Price <i>(assuming the Net Cash Consideration is not adjusted)</i>	Percentage ownership following Subscription Completion
Suzhou Cathay Growth	38 shares	RMB48,243,742	38%
Qiming Rongxin	33 shares	RMB42,366,615	33%
Yunzhou	26 shares	RMB34,026,268	26%
Toutoushidao	2 shares	RMB2,947,280	2%
<b>Total</b>	<b>99 shares</b>	<b>RMB127,583,905</b>	<b>99%</b>

The Subscription Price payable by each Share Exchange Vendor shall equal to 100% of the Net Cash Consideration receivable by such Share Exchange Vendors under the Onshore Equity Transfer Agreement (except for Toutoushidao, whose consideration will only equal to 30% of the Net Cash Consideration receivable by it) after adjustment.

The BVI Company is a shelf company without any business operation, liability and employee as of the date of this announcement. The BVI Company will own 100% of the equity interest in the New WFOE indirectly under the New Contractual Arrangements. Immediately after the Subscription Completion but immediately before the Share Exchange Completion, the BVI Company will be owned as to 99% by the Share Exchange Vendors and 1% by the Company.

Notwithstanding the above, since (a) the board of directors of the BVI Company will continue to be appointed by the Company; and (b) each of the Share Exchange Vendors will grant a proxy and power of attorney in favour of the Company with respect to all shares and all voting rights that are owned and registered in such Share Exchange Vendor's name from time to time in the BVI Company, the BVI Company will continue to be a subsidiary of the Company and its financial results will continue to be consolidated in the Company's financial accounts after the Subscription Completion.

## **ODI Approval Matters**

Each Share Exchange Vendor whose subscription of the Subscription Shares is subject to authorisation and registration processes required by any competent governmental authority in the PRC (including, if and as applicable, the overseas direct investment approval by or filing with the local counterparts of National Development and Reform Commission (or its local counterparts) and Ministry of Commerce of the PRC (or its local counterparts) respectively, and related foreign exchange registration with the local counterparts of the State Administration of Foreign Exchange of the PRC or its authorized bank) (such approvals and registration processes, collectively, the “**ODI Approval**”) shall use its reasonable best efforts to obtain the ODI Approval as soon as possible following the date hereof, but in any event, no later than 30 June 2025 (or any longer period as mutually agreed upon by the Company and the Share Exchange Vendors in writing). Each Share Exchange Vendor shall keep the Company reasonably apprised as to the status of such ODI Approval, and shall provide prompt written notice together with the evidencing documents to the Company upon completion of its ODI Approval.

## **Conditions Precedent to the Subscription Completion**

The Subscription Completion is conditional upon the satisfaction or waiver of the following conditions:

- (a) the Company has applied and the Listing Committee of the Stock Exchange has granted the listing of and permission to deal in the Consideration Shares being (and such permission and listing not subsequently being revoked);
- (b) the warranties remaining and continuing to be true and correct in all respects and not misleading as of Subscription Completion;
- (c) the Share Exchange Vendors having obtained the ODI Approval by 30 June 2025 (or any longer period as mutually agreed upon by the Company and the Share Exchange Vendors in writing) subject to the BVI Share Subscription Agreement;
- (d) the completion of the Onshore Equity Transfer Agreement;
- (e) the Offshore Share Purchase Agreement has not been terminated by either the Company or the Share Exchange Vendors and continues and remains in full force and effect; and
- (f) the formation of New Contractual Arrangements having been completed and the Company having obtained the requisite waiver/confirmation from the Stock Exchange (and the New Contractual Arrangements remains valid as of the Subscription Completion).

Any condition may be waived, in whole or in part, at any time by mutual consent between the BVI Company and the Share Exchange Vendors in writing. Any non-fulfilment of the conditions as set out in paragraphs (a), (c) or (f) above shall not be considered as a breach provided that the cause of such non-fulfilment can be attributed to the action (or non-action) from any governmental authority/the Stock Exchange (as the case may be) notwithstanding the reasonable endeavours from the relevant party to procure the fulfilment of such conditions.

If the conditions are not fulfilled on or prior to 30 June 2025 or such later date as may be agreed between the BVI Company and the Share Exchange Vendors, the party not in default has the right to terminate the BVI Share Subscription Agreement immediately by written notice to the other party.

### **Completion and Payment of the Subscription Price**

Subject to the fulfilment and satisfaction (or waiver) of all conditions, the Subscription Completion shall take place on the second business day immediately after the date upon which all of the conditions have been satisfied or at such other time or date as may be agreed in writing between the parties.

On the Subscription Completion, each Share Exchange Vendor shall pay its Subscription Price in full to the BVI Company's bank account in immediately available funds. Notwithstanding the failure of any Share Exchange Vendor to fulfil its obligations under the BVI Share Subscription Agreement, if any of the Share Exchange Vendors has fulfilled all of its obligations, then the BVI Company and such Share Exchange Vendor may mutually consent to proceed to the Subscription Completion with respect to the Subscription Shares agreed to be subscribed by such Share Exchange Vendor in the BVI Share Subscription Agreement, without prejudice to the rights of the Company or the BVI Company in those circumstances.

### **Post-Completion Undertaking**

The BVI Company undertakes that, and the Company undertakes to procure the BVI Company that, the BVI Company shall return the Subscription Price to the Share Exchange Vendors' bank accounts, as shall be notified by the Share Exchange Vendors to the BVI Company, if the completion of the Offshore Share Purchase Agreement does not take place within twenty (20) Business Days after the date of Subscription Completion, and the Subscription Shares should be canceled forthwith, provided that the non-completion of the Offshore Share Purchase Agreement is not attributed to the Share Exchange Vendors' breach of obligation under the Offshore Share Purchase Agreement. The Share Exchange Vendors shall deliver any document that is reasonably requested by the BVI Company and the Company to facilitate such share repurchase/cancelation of the Subscription Shares in those circumstances.

## **Proxy and Power of Attorney**

Each Share Exchange Vendor shall appoint the Company as its proxy, authorized representative and attorney with full power and authority with respect to all shares and all voting rights that are owned and registered in its name from time to time in the BVI Company.

## **Management and Operation of the BVI Company**

The BVI Company shall establish a board of directors that is solely composed of members appointed by the Company and the post of secretary of the BVI Company will be held by a nominee appointed by the Company.

Each Share Exchange Vendor shall not, whilst it remains a party to the BVI Share Subscription Agreement, sell, transfer, mortgage, charge, encumber, grant options over or otherwise dispose of any legal or beneficial interest in any of the shares in the BVI Company now or subsequently beneficially owned by it except with the prior written consent of the Company and in accordance with the constitution of the BVI Company.

## **Termination of the New Contractual Arrangements**

If the New Contractual Arrangements are eventually terminated due to any reason, then the BVI Share Subscription Agreement shall terminate forthwith and cease to have effect, save that each of the Share Exchange Vendors shall continue to use its best endeavours to procure that the new registered shareholders of the Target Company to transfer all of the interest in the Target Company at nil cost to an entity designated by the Company.

## **THE OFFSHORE SHARE PURCHASE AGREEMENT**

The principal terms of Offshore Share Purchase Agreement are as follows:

### **Date**

14 January 2025 (after trading hours)

### **Parties**

- (1) the Company;
- (2) the BVI Company; and
- (3) the Share Exchange Vendors

## **Subject Matter**

The Share Exchange Vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase the Subscription Shares, representing 99% of the total issued shares of the BVI Company after the Subscription Completion, in consideration of the allotment and issue of Consideration Shares to the Share Exchange Vendors under the General Mandate. Immediate after the Share Exchange Completion, the BVI Company will be owned as to 100% by the Company.

## **Consideration**

The purchase price of the Subscription Shares is equal to the Subscription Price (which is also equal to the Net Cash Consideration receivable by the Share Exchange Vendors under the Onshore Equity Transfer Agreement), which shall be satisfied by allotment and issue of the Consideration Shares (i.e., a maximum of 34,761,638 Shares assuming the Net Cash Consideration is not adjusted, representing approximately 5.0% of the existing issued Shares (excluding treasury shares) as of the date of this announcement and approximately 4.7% of the issued Shares (excluding treasury shares) after the allotment and issuance of the Consideration Shares) to the Share Exchange Vendors, subject to the Share Exchange Vendors' lock-up undertaking under the Offshore Share Purchase Agreement.

The average Consideration Share Price of HK\$4.07 per Share represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on the date of the Offshore Share Purchase Agreement; and
- (ii) a discount of approximately 8.5% to the average closing price of approximately HK\$4.45 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Offshore Share Purchase Agreement.

The Consideration Share Price was determined after arm's length negotiation between the Company and the Share Exchange Vendors with reference to the recent market price of the Shares and the prevailing market conditions. The Directors consider that the Consideration Share Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent to the Share Exchange**

### ***Conditions which may be waived by the Company in whole or in part***

The obligation of the Company to consummate the Share Exchange Completion shall be conditional upon the fulfilment of all of the following conditions precedent (unless waived by the Company):

- (a) the Share Exchange Vendors' warranties being true, complete, accurate in all material respects and not misleading in any material respect when made and as of the Share Exchange Completion (as the case may be);
- (b) none of the undertakings, covenants or warranties of Share Exchange Vendors under the Offshore Share Purchase Agreement, the BVI Share Subscription Agreement and the Onshore Equity Transfer Agreement having been materially breached as of Share Exchange Completion. The Share Exchange Vendors having performed all of its obligations under Offshore Share Purchase Agreement, the BVI Share Subscription Agreement and the Onshore Equity Transfer Agreement required to be performed by them on or prior to the Share Exchange Completion;
- (c) all corporate proceedings on the part of the Share Exchange Vendors in connection with execution and performance of the Offshore Share Purchase Agreement shall be reasonably satisfactory in substance and form to the Company, and the Company shall have received all such counterpart originals or certified copies of such documents as it may reasonably request;
- (d) the Share Exchange Vendors, the BVI Company and its subsidiaries having obtained all necessary authorizations from and completed all necessary registrations and filings (if applicable) with the governmental authorities or any third parties in respect of the Onshore Equity Transfer Agreement;
- (e) the Onshore Equity Transfer Agreement having been completed and the Share Exchange Vendors have complied with all of their respective undertakings and obligations (including but not limited to all conditions precedent and conditions subsequent) therein up to the Share Exchange Completion;
- (f) the BVI Share Subscription Agreement having been completed, after which the Share Exchange Vendors shall have become the legal and beneficial owners of the sale shares without any encumbrance;



- (g) the Share Exchange Vendors shall provide reasonably satisfactory evidence to the satisfaction of the Company that the Subscription Price has been debited into the bank account of the BVI Company pursuant to the BVI Share Subscription Agreement. The full amount of the Subscription Price, less any applicable bank charge, shall be debited into the account of the New WFOE as an equity investment by the HK Company in the New WFOE, and remain on the account of the New WFOE as of the Share Exchange Completion, free from any encumbrance, and that the New WFOE is the absolute owner of the full amount of the Subscription Price, less any applicable bank charge, as of the Share Exchange Completion;
- (h) there not having occurred any material breach of the Onshore Equity Transfer Agreement and the BVI Share Subscription Agreement on the part of the Share Exchange Vendors;
- (i) the formation of New Contractual Arrangements having been completed (including obtaining any waiver/confirmation from the Stock Exchange) and the New Contractual Arrangements remains valid as of the Share Exchange Completion;
- (j) the listing committee of the Stock Exchange shall have granted approval for the listing of, and permission to deal in, the Consideration Shares; and
- (k) there not having occurred, any material adverse change and there is no statute, regulation or decision which would prohibit, restrict or materially delay the transaction contemplated by the Offshore Share Purchase Agreement having been proposed, enacted or taken by any governmental authority.

Except paragraph (j) above, the Company is entitled to waive all or any of the above conditions precedent at its absolute discretion and the Company may impose any condition to such waiver.

***Conditions which may be waived by the Share Exchange Vendors in whole or in part***

The obligation of the Share Exchange Vendors to consummate the Share Exchange Completion shall be conditional upon the fulfilment of all of the following conditions precedent (unless waived by the Share Exchange Vendors):

- (a) the Company's warranties being true, complete, accurate and not misleading in any material respect when made and as of the Share Exchange Completion (as the case may be);

- (b) none of the undertakings, covenants or warranties of the Company (including the Company's warranties) under the Offshore Share Purchase Agreement having been materially breached as of the Share Exchange Completion. The Company having performed all of its obligations thereunder required to be performed by it on or prior to the Share Exchange Completion;
- (c) all corporate proceedings on the part of the Company in connection with execution and performance of Onshore Equity Transfer Agreement shall be reasonably satisfactory in substance and form to the Share Exchange Vendors, and the Share Exchange Vendors shall have received all such counterpart originals or certified copies of such documents as it may reasonably request;
- (d) the Company having obtained all necessary authorizations from and completed all necessary registrations and filings (if applicable) with the governmental authorities or any third parties in respect of the Offshore Share Purchase Agreement;
- (e) the BVI Share Subscription Agreement having been completed, after which the Share Exchange Vendors shall have become the legal and beneficial owners of the sale shares without any encumbrance;
- (f) the formation of the New Contractual Arrangements having been completed (including obtaining any waiver/confirmation from the Stock Exchange) and the New Contractual Arrangements remains valid as of the Share Exchange Completion;
- (g) the listing committee of the Stock Exchange shall have granted approval for the listing of, and permission to deal in, the Consideration Shares and such approval and permission having not subsequently been revoked or withdrawn prior to the delivery of definitive share certificates representing the Consideration Shares; and
- (h) there not having occurred, any material adverse change and there is no statute, regulation or decision which would prohibit, restrict or materially delay the transaction contemplated by the Offshore Share Purchase Agreement having been proposed, enacted or taken by any governmental authority.

Except paragraph (g) above, the Share Exchange Vendors are entitled to waive all or any of the above conditions precedent at their absolute discretion and the Share Exchange Vendors may impose any condition to such waiver.

## Completion and Share Exchange

The Share Exchange Completion shall take place upon the sale and purchase of the Subscription Shares and within 5 business days after the fulfilment (or waiver, as appropriate) of all the conditions precedent under the Offshore Share Purchase Agreement or such other date as the Share Exchange Vendors and the Company may agree in writing. Upon the Share Exchange Completion, the Company shall issue, allot and deliver the Consideration Shares to the Share Exchange Vendors.

Without prejudice to any other remedies which may be available to parties, if any of the conditions precedent is not complied with by the Share Exchange Vendors or the Company (the non-complying party is hereinafter called the “**Defaulting Party**”) at Share Exchange Completion, the other party (the “**Non-Defaulting Party**”) may:

- (i) defer the Share Exchange Completion to a date falling not more than thirty (30) days after the originally-fixed Share Exchange Completion date or such later date as otherwise agreed between the parties, and if the Share Exchange Completion is not effected on such deferred date, the Non-Defaulting Party shall issue a written notice to the defaulting party for rectification. If the Defaulting Party fails to rectify within thirty (30) days since receiving such written notice, the non-defaulting Party shall have the right to terminate the Offshore Share Purchase Agreement and claim damages from the Defaulting Party;
- (ii) proceed to Share Exchange Completion so far as practicable (but without prejudice to the Non-Defaulting Party’s rights and remedies insofar as the Defaulting Party shall not have complied with its obligations thereunder); or
- (iii) terminate Offshore Share Purchase Agreement and claim damages from the Defaulting Party.

## ODI and Tax Filing Matters

Each Share Exchange Vendor whose subscription of the Consideration Shares is subject to the authorisation and registration processes required by any competent governmental authority (including, if and as applicable, the overseas direct investment approval by or filing with the local counterparts of National Development and Reform Commission (or its local counterparts) and Ministry of Commerce of the PRC (or its local counterparts) respectively, and related foreign exchange registration with the local counterparts of the State Administration of Foreign Exchange of the PRC or its authorized bank) (such approvals and registration processes, collectively, the “**ODI Filing**”) shall use its reasonable best efforts to obtain the ODI Filing as soon as possible following the date of Share Exchange Completion, but in any event, no later than 40 Business Days after the Share Exchange Completion (or any longer period as mutually agreed upon by the Company and the Share Exchange Vendors in writing). Such Share Exchange Vendor shall keep the Company reasonably apprised as to the status of such ODI Filing, and shall provide prompt written notice together with the evidencing documents to the Company upon completion of its respective ODI Filing.

The parties further agrees that the Company shall be responsible for introducing an agent (the “**Agent**”) to assist the Share Exchange Vendors to complete any necessary filing under the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises 2015 (State Administration of Taxation Bulletin 7/2015) (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (“**Announcement No. 7 Filing**”), and the Company shall also be responsible for the professional cost of the Agent. Each of the Share Exchange Vendors shall use its reasonable best efforts to complete the filing (including but not limited to provide all the documents required by any governmental authority to the Agent) and be responsible for its own taxes payable under the Announcement No.7 Filing. Each of the Share Exchange Vendors undertakes on a several basis (but not joint and several) that it shall indemnify all the taxes and any fines, penalties, overdue payments or other amounts that may be payable by the Company resulting from such Share Exchange Vendor’s failure to comply with the Announcement No. 7 filing.

### **Lock-up**

During the period of six (6) months following the date of Share Exchange Completion (the “**Lock-up Period**”), each Share Exchange Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Company, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by each of the Share Exchange Vendors or any affiliate of the Share Exchange Vendors or any person in privity with the Share Exchange Vendors or any affiliate of the Share Exchange Vendors), directly or indirectly, any Consideration Shares or any securities convertible into, or exercisable, or exchangeable for, the Consideration Shares, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Consideration Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Consideration Shares or such other securities, in cash or otherwise; or (iii) publicly announce an intention to effect any such transaction (the “**Lock-up Undertaking**”). Notwithstanding the foregoing, such Lock-up Period and Lock-up Undertaking shall not apply in the event that any Share Exchange Vendor transfers the Consideration Shares it holds to such Share Exchange Vendor’s wholly-owned entities (the “**Permitted Transferee**”), provided that the Permitted Transferee shall assume all rights and obligations of such Vendor under this Agreement.

For the avoidance of doubt, any shares of the Company acquired by the Share Exchange Vendor in the open market before or after the Share Exchange Completion will not be subject to the Lock-up Undertaking.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company (excluding treasury shares) and the effect of allotment and issuance of the Consideration Shares on the shareholding structure of the Company (excluding treasury shares) upon the Share Exchange Completion assuming the Net Cash Consideration is not adjusted is set out as below:

Name of Shareholder	As at the date of this announcement		Immediately after the the Share Exchange Completion	
	Number of Shares	Approximate % of total number of issued Shares	Number of Shares	Approximate % of total number of issued Shares
Core Connected Persons	194,571,830	27.8	194,571,830	26.5
Share Exchange Vendors	–	–	34,761,638	4.7
Other Public Shareholders	506,030,014	72.2	506,030,014	68.8
<b>Total</b>	<b>700,601,844</b>	<b>100</b>	<b>735,363,482</b>	<b>100</b>

*Note:*

- (1) Assuming no change in the total issued share capital of the Company other than allotment and issuance of all the Consideration Shares from the date of this announcement until the Share Exchange Completion.
- (2) Any discrepancies in the above table in between total and sum of amounts listed therein are due to rounding.
- (3) The number of Shares is excluding treasury shares.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company established under the laws of the PRC and is principally engaged in research & development and sales of corporate training software and provision of training courses and operation services via the software under the brand of “Cool College”.

Set out below is the consolidated financial information of the Target Group for the two financial years ended 31 December 2023 prepared in accordance with the generally accepted accounting standards in the PRC:

	<b>For the year ended December 31, 2022 (audited) <i>RMB'000</i></b>	<b>For the year ended December 31, 2023 (audited)</b>
Loss before tax	113,469	25,459
Loss after tax	112,795	25,699

The net liabilities of the Target Group for the financial year ended 31 December 2023 were approximately RMB30,096,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION AND CONCURRENT SHARE TRANSACTION**

The Directors are of the view that the Acquisition can increase the Group’s market share in the products of cloud-learning and reduce completion in the business, thereby further improving the competitiveness of the Company’s product in the cloud-learning market and increasing the long-term value of the Company. In addition, the Concurrent Share Transaction can effectively reduce the cash outflow pursuant to the Acquisition and broaden the Company’s shareholder base by having new institutional investors that will benefit the Company in the long-term. The Subscription Price will supplement the working capital of the Company after the payment of the Cash Consideration and be utilized for the operational expenses incurred in the ordinary course of business of the Target Company. Accordingly, the Directors consider that the Acquisition and Concurrent Share Transaction are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE PARTIES

### The Company and the Onshore Holdco

The Company is a company with limited liability incorporated in the Cayman Islands. The Onshore Holdco is a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company. The Group is primarily engaged in the business of providing cloud-based human capital management (HCM) solutions in the PRC.

### The BVI Company

The BVI Company is a company with limited liability incorporated in the British Virgin Islands on 15 August 2024 and a shelf company wholly-owned by the Company as of the date of this announcement.

### The Founders

Mr. Hua Junwu is a citizen in the PRC and a founder of the Target Company.

Mr. Sun Xiaoyu is a citizen in the PRC and a founder of the Target Company.

Zhiwo Technology is a limited liability company established under the laws of the PRC and is principally engaged in research & development and promotion of softwares. It wholly owned by Mr. Hua Junwu.

Anji Kuxuan is a limited partnership established under the laws of the PRC and the employee shareholding platform of the Target Company. Its general partner is Zhiwo Technology and other than Mr. Hua Junwu, none of the limited partners owned more than 30% of the partnership interest in Anji Kuxuan.

### Suzhou Cathay Growth

Suzhou Cathay Growth was established as a limited partnership in the PRC and is primarily engaged in equity investment. Suzhou Cathay Growth is owned as to i) 0.4% by Cathay Growth (Suzhou) Business Consulting Co., Ltd. (“**Cathay Business Consulting**”) as its general manager; ii) 68.70% by Jinjiang Cathay Industrial Fund Partnership (Limited Partnership) (“**Jinjiang Cathay Fund**”) as its limited partner; and iii) 30.90% by remaining 11 limited partners, none of which holds one-third or more of the partnership interest. The general partner of Jinjiang Cathay Fund is Cathay Business Consulting, which is ultimately controlled by Mr. Cai Mingpo.

## **Qiming Rongxin**

Qiming Rongxin is a limited partnership established in the PRC. It is principally engaged in venture capital investment. The general partner of Qiming Rongxin is Beijing Qiyao Investment Management Partnership (Limited Partnership) (“**Beijing Qiyao**”) and the ultimately beneficial owners of the Qiming Rongxin and Beijing Qiyao are Mr. Hu Xubo and Ms. Yu Jia respectively.

## **Yunzhou**

Yunzhou is a limited partnership established in the PRC. It is principally engaged in venture capital investments. The general partner of Yunzhou is Suzhou Yunyue Enterprise Management Center (Limited Partnership) (“**Suzhou Yunyue**”) and the ultimately beneficial owners of the Yunzhou and Suzhou Yunyue are both Mr. Mao Chengyu.

## **Yuanshuo**

Yuanshuo is a limited partnership established in the PRC. It is principally engaged in venture capital investments. The general partner of Yuanshuo is Nanjing Yuanxin Management Consulting Co. Ltd.(南京源芯管理諮詢有限公司)(“**Yuanxin**”) and the ultimately beneficial owners of the Yuanshuo and Yuanxin are both Mr. Cao Yi.

## **Huagai Capital**

Huagai Capital is a limited partnership established in the PRC. It is principally engaged in venture capital investments. The general partner of Huagai Capital is Huagai Huijia Investment Management (Beijing) Co., Ltd. and the only limited partner that owns 30% or more partnership interest in Huagai Capital is Shenzhen Zahe Business Investment Co., Ltd. (“**Shenzhen Zahe**”). The ultimate beneficial owner of Huagai Capital and Shenzhen Zahe is Mr. Xu Xiaolin and Ms. Liu Cuimin, respectively.

## **Toutoushidao**

Toutoushidao is a limited partnership established in the PRC. It is principally engaged in venture capital investments. The general partner of Toutoushidao is Hangzhou Datou Investment Management Co., Ltd (“**Hangzhou Datou**”) and the ultimately beneficial owners of Toutoushidao and Hangzhou Datou are both Mr. Cao Guoxiong.



## Suzhou Yizhong

Suzhou Yizhong is a limited partnership established in the PRC and is principally engaged in equity investment. Suzhou Yizhong is owned as to (i) 0.55% by Suzhou Hongwei Xinli Investment Management Co., Ltd. (蘇州宏維新力投資管理有限公司) (“**Suzhou Hongwei Xinli**”), which is owned as to 70% by Ms. Chen Meilin and 30% by Mr. Zhu Hailong, as its general partner; (ii) 34.48% by Hangzhou Yuzhong Venture Capital Partnership (Limited Partnership) (杭州宇仲創業投資合夥企業(有限合夥)) (“**Hangzhou Yuzhong**”), the general partner of which is Suzhou Hongwei Xinli; and (iii) 64.97% by 18 other limited partners and none of which held one-third or more interest therein. Suzhou Yizhong is managed by Suzhou Weitelixin Venture Capital Management Co., Ltd. (蘇州維特力新創業投資管理有限公司) (“**Suzhou Weitelixin**”), which is ultimately controlled by Mr. Wei Zhe.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Target Company, the Vendors and their ultimate beneficial owner(s) are third parties independent from each of the Company and its connected persons (as defined under the Listing Rules).

## IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, as the consideration under the Concurrent Share Transaction will be satisfied by the allotment and issuance of the Consideration Shares and all percentage ratios for the Concurrent Share Transaction are less than 5%, the Concurrent Share Transaction constitutes a share transaction of the Company under Chapter 14 of the Listing Rules. Each of the Acquisition and the Concurrent Share Transaction is subject to the notification and announcement requirements but is exempted from the Shareholders’ approval requirement under the Listing Rules.

The issue of the Consideration Shares will not be subject to the Shareholders’ approval and the Consideration Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 20 September 2024. Pursuant to the General Mandate, the Directors were granted authority to allot, issue and deal with up to 140,485,157 Shares, representing 20% of the total number of Shares in issue (excluding treasury Shares) as at the date of passing the resolution. The Company has not issued any Shares pursuant to the General Mandate as of the date of this announcement.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company will seek confirmation from the Stock Exchange that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules, as set out in the IPO Waiver, and are exempt from (i) the announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver. The Company will make further announcements as and when appropriate in relation to the New Contractual Arrangements.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company by the Onshore Holdco pursuant to the Onshore Equity Transfer Agreement
“Acquisition Completion”	the completion of the Acquisition (i.e., the Date of Second Instalment Payment) pursuant to the terms and conditions under the Onshore Equity Transfer Agreement
“Anji Kuxuan”	Anji Kuxuan Enterprise Corporate Management Consulting Partnership (Limited Partnership)* (安吉酷渲企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and a employee shareholding platform of the Target Company
“Board”	The board of directors of the Company
“BVI Company”	HRTech Holding Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement

“BVI Share Subscription Agreement”	the share subscription agreement dated 14 January 2025 together with its amendments (if any) entered into between the Company, the BVI Company and the Share Exchange Vendors in relation to the subscription of 99% of the shares (on as-diluted basis) in the BVI Company by the Share Exchange Vendors
“Cash Consideration”	the total consideration in respect of the Acquisition (i.e., RMB 180,000,000) subject to adjustment
“Company”	Beisen Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Concurrent Share Transaction”	collectively, the share subscription under the BVI Share Subscription Agreement and the share purchase under the Offshore Share Purchase Agreement
“Consideration Shares”	a maximum of 34,761,638 new Shares to be allotted and issued by the Company to the Share Exchange Vendors pursuant to the terms and conditions of the Offshore Share Purchase Agreement
“Consideration Share Price”	HK\$4.07 per Share
“Consolidated Affiliated Entity”	entity controlled by the Company wholly through the Existing Contractual Arrangements
“Director(s)”	the director(s) of the Company
“Existing Contractual Arrangements”	the series of contractual arrangements entered into between Beijing Beisen Cloud Technology Co., Ltd. (北京北森雲科技有限公司), the Onshore Holdco, and the registered shareholders of the Onshore Holdco
“Founders”	the founders of the Target Company, namely, Mr. Hua Junwu, Mr. Sun Xiaoyu, Zhiwo Technology, Anji Kuxuan

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 20 September, 2024, pursuant to which the Directors are authorized to allot, issue and deal with 140,485,157 Shares, being 20% of the then total number of issued Shares (excluding treasury shares) as at the date of passing such resolution
“Global Offering”	the Hong Kong public offering and the international offering of the Shares
“Group”	the Company, its subsidiaries and the consolidated affiliated entity
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK Company”	HRTech HK Holding Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of the BVI Company and the sole owner of the New WFOE
“Huagai Capital”	Beijing Huagai Huijia Venture Capital Investment Partnership (Limited Partnership)* (北京華蓋回家創業投資合夥企業(有限合夥)), a limited partnership established in the PRC
“IPO Waiver”	the waiver granted to the Company by the Stock Exchange prior to the Global Offering from strict compliance with certain requirements under Chapter 14A of the Listing Rules in relation to the Existing Contractual Arrangements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Net Cash Consideration”	the net cash consideration received by the Vendors under the Onshore Transaction Documents after deducting all applicable commissions and professional fees which shall be borne by the Vendors under the Onshore Equity Transfer Agreement

“New Contractual Arrangements”	the series of contractual arrangements proposed to be entered into between the New WFOE, the Target Company and the new registered shareholders of the Target Company (nominees of the Company), the terms and conditions of which will duplicate, to the extent that is relevant and applicable, those of the Existing Contractual Arrangements
“New WFOE”	a wholly-owned foreign enterprise to be established by the Company
“Onshore Equity Transfer Agreement”	the equity transfer agreement dated 14 January 2025 together with its amendments (if any) entered into between the Onshore Holdco and the Vendors in relation to the Acquisition
“Onshore Holdco”	Beijing Beisen Cloud Computing Co., Ltd.* (北京北森雲計算股份有限公司), a company established under the laws of the PRC and a Consolidated Affiliated Entity of the Company
“Offshore Share Purchase Agreement”	the share purchase agreement dated 14 January 2025 together with its amendments (if any) entered into between the Company, the BVI Company and the Share Exchange Vendors in relation to the sale and purchase of the Subscription Shares
“PRC”	the People’s Republic of China
“Qiming Rongxin”	Beijing Qiming Rongxin Equity Investment Partnership Enterprise (Limited Partnership)* (北京啟明融新股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Target Company”	Kuxuan (Beijing) Technology Co., Ltd.* (酷渲(北京)科技有限公司), a company established under the laws of the PRC
“Target Group”	the Target Company and its direct or indirect subsidiaries
“Toutoushidao”	Zhejiang Zhuji Toutoushidao Investment Partnership Enterprise (Limited Partnership)* (浙江諸暨頭頭是道投資合夥企業(有限合夥)), a limited partnership established in the PRC

“Undertaking Parties”	individually or collectively, the Target Group and the Founders but shall exclude the Target Group after the Date of First Instalment Payment
“USD”	United States dollars, the lawful currency of the United States of America
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital the Company
“Share Exchange Vendors”	Suzhou Cathay Growth, Qiming Rongxin, Yunzhou and Toutoushidao or their respective permitted assignee(s)
“Share Exchange Completion”	the completion of the sale and purchase of the Subscription Shares pursuant to the terms and conditions under the Offshore Share Purchase Agreement
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Completion”	the completion of the subscription of the Subscription Shares pursuant to the terms and conditions under the BVI Share Subscription Agreement
“Subscription Price”	the subscription price of the Subscription Shares (i.e., RMB127,583,905, assuming the Net Cash Consideration is not adjusted), representing 100% of the Net Cash Consideration receivable by the Share Exchange Vendors under the Onshore Equity Transfer Agreement (except for Toutoushidao, whose consideration will only equal to 30% of the Net Cash Consideration receivable by it)
“Subscription Shares”	99% of the total issued shares (on as-diluted basis) of the BVI Company to be subscribed by the Share Exchange Vendors pursuant to the terms and conditions under the BVI Share Subscription Agreement
“subsidiary” or “subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“Suzhou Cathay Growth”	Suzhou Cathay Growth Investment Fund Partnership (Limited Partnership)* (蘇州凱輝成長投資基金合夥企業(有限合夥)), a limited partnership established in the PRC

“Suzhou Yizhong”	Suzhou Yizhong Venture Capital Partnership (Limited Partnership)* (蘇州宜仲創業投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Valuer”	PG Advisory (Beijing) Co., Ltd* (朴谷諮詢(北京)有限公司), an independent valuer qualified in the PRC
“Valuation Date”	31 December 2024
“Vendors”	collectively, the Founders, Qiming Rongxin, Yunzhou, Suzhou Cathay Growth, Yuanshuo, Huagai Capital, Toutoushidao, and Suzhou Yizhong
“Yuanshuo”	Nanjing Yuanshuo Equity Investment Partnership (Limited Partnership)* (南京源碩股權投資合夥企業(有限合夥)), is a limited partnership established in the PRC
“Yunzhou”	Nanjing Yunzhou Entrepreneurship Investment Center (Limited Partnership)* (南京雲周創業投資中心(有限合夥)), a limited partnership established in the PRC
“Zhiwo Technology”	Beijing Zhiwo Technology Co. Ltd.* (北京知我科技有限公司), a company established under the laws of the PRC and is one of the founders of the Target Company
“%”	per cent

\* For identification purpose only.

*In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “core connected person” and “substantial shareholder” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

By order of the Board  
**BEISEN HOLDING LIMITED**  
**WANG Zhaohui**  
*Chairman and Executive Director*

PRC, 14 January 2025

*As at the date of this announcement, the executive Directors are Mr. WANG Zhaohui, Mr. JI Weiguo and Ms. LIU Xianna, and the independent non-executive Directors are Mr. DU Kui, Mr. ZHAO Hongqiang and Mr. GE Ke.*