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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 OF ENTIRE EQUITY INTERESTS IN THE TARGET COMPANY

THE ACQUISITION

On 5 August 2025 (after trading hours), the Vendors (as vendors) and the Subsidiary (as purchaser) entered into the Equity Purchase Agreement, pursuant to which the Vendors 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).

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

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. Vendor A is owned as to 85% by Ms. Xu, the mother of Mr. Li Liang. Therefore, Vendor A is an associate of Mr. Li Liang and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Equity Purchase 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.

EGM

An EGM will be convened to consider and, if thought fit, to approve the Equity Purchase Agreement and the transactions contemplated thereunder.

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 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.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Equity Purchase Agreement. The Independent Board Committee will form its view in respect of the Equity Purchase Agreement and the transactions contemplated thereunder after obtaining and considering the advice from the Independent Financial Adviser. The Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, 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 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 and the transactions contemplated thereunder; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 September 2025, as additional time is required to prepare the relevant information to be included in the circular.

Shareholders and potential investors should note that the Completion is subject to the fulfillment of the conditions precedent and the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 5 August 2025 (after trading hours), the Vendors (as vendors) and the Subsidiary (as purchaser) entered into the Equity Purchase Agreement, pursuant to which the Vendors 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).

THE EQUITY PURCHASE AGREEMENT

The principal terms of the Equity Purchase Agreement are summarized as follows:

Date	5 August 2025
Parties	(1) the Subsidiary, as purchaser
	(2) the Vendors, as vendors
	(3) the Target Company

As at the date of this announcement, the Target Company is owned as to 34.935% by Vendor A, 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. Vendor A is owned as to 85% by Ms. Xu, 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.

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

Subject matter

Pursuant to the Equity Purchase Agreement, the Vendors have agreed to sell, and the Subsidiary has agreed to purchase, the Sale Equity, representing 100% equity interests in the Target Company. 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
Vendor A	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	<u>1,960,784</u>	<u>1,960,784</u>	<u>100%</u>

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration

The Consideration that the Subsidiary shall pay to each Vendor is as follows:

Vendors	Amount of	Equivalent
	consideration (RMB million)	amount in HK\$ (approximate) (HK\$ million)
Vendor A	62.883	69.16627
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, the total Consideration of RMB180.0 million (equivalent to approximately HK\$197.9856 million) shall be paid by the Subsidiary to the Vendors in two installments:

- (a) 50% of the total Consideration shall be paid within 30 business days following the Completion Date.
- (b) The remaining 50% of the total Consideration shall be paid on or before 31 December 2025.

As at the date of this announcement, 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 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 Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, using the income approach with discounted cash flow ("DCF") valuation; 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 DCF valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Company will issue a further announcement for the purpose of Rule 14.60A of the Listing Rules, including a letter from the reporting accountants and a letter from the Board, within 15 business days after publication of this announcement.

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 this 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.

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.

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 licence is issued to the Target Company shall be deemed the Completion Date.

Performance Guarantee

Vendor A, 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 shall be borne by the Guarantors in the following proportions:

Guarantor	Proportion of Compensation
Vendor A	44.26%
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.

INFORMATION ON THE GROUP

The Group is a leading omnimedia service provider in China, 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 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 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 live-streaming 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.

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 the audited consolidated financial statements 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
	<i>RMB million (audited)</i>	<i>RMB million (audited)</i>	<i>RMB million (audited)</i>
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 that are connected persons of the Company is as follows:

- Vendor A: RMB685,000, representing the capital contribution made by Vendor A in respect of its 34.935% equity interest in the Target Company, as one of its founding members;
- 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 VENDORS

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

Vendor B is the executive Director and chief executive officer of the Company. As at the date of this announcement, 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 date of this announcement, 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 date of this announcement, 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 date of this announcement, Vendor E is an Independent Third Party.

FINANCIAL EFFECT OF THE ACQUISITION

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company 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 multi-dimensional 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.

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; 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 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.

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 and are required to abstain from voting on the resolution of the Board for approving the Equity Purchase Agreement and the transactions contemplated thereunder.

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. Vendor A is owned as to 85% by Ms. Xu, the mother of Mr. Li Liang. Therefore, Vendor A is an associate of Mr. Li Liang and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Equity Purchase 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.

EGM

An EGM will be convened to consider and, if thought fit, to approve the Equity Purchase Agreement and the transactions contemplated thereunder.

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 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.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Equity Purchase Agreement. The Independent Board Committee will form its view in respect of the Equity Purchase Agreement and the transactions contemplated thereunder after obtaining and considering the advice from the Independent Financial Adviser. The Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, 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 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 and the transactions contemplated thereunder; (iv) a notice convening the EGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 September 2025, as additional time is required to prepare the relevant information to be included in the circular.

Shareholders and potential investors should note that the Completion is subject to the fulfillment of the conditions precedent and the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Equity from the Vendors pursuant to the terms and conditions of the Equity Purchase Agreement
“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
“Completion Date”	the date of completion of the Acquisition, which shall be the date on which the equity transfer under the Equity Purchase Agreement is duly registered with the relevant PRC authority and a new business licence is issued to the Target Company
“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 Sale Equity payable by the Subsidiary to the Vendors under the Equity Purchase Agreement
“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 and the transactions contemplated thereunder
“Equity Purchase Agreement”	the Equity Purchase Agreement entered into among the Subsidiary, the Vendors and the Target Company on 5 August 2025 in relation to the Acquisition
“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 and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Equity Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the Equity Purchase 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Xu”	Ms. Xu Lixia (徐麗霞), the mother of Mr. Li Liang

“PRC”	the People’s Republic of China, for the purpose of this announcement, 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”	100% of the registered capital of the Target Company, which are owned by the Vendors as at the date of the Equity Purchase Agreement
“Share”	the shares of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	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 announcement
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“Vendors”	collectively, being Vendor A, Vendor B, Vendor C, Vendor D and Vendor E
“Vendor A”	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% by Ms. Xu, its general partner
“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 of the Company, 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 date of this announcement, Mr. Wang Wei, 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)
“%”	per cent

For the purpose of this announcement, 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.

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

Hong Kong, 5 August 2025

As at the date of this announcement, the executive Directors are Mr. Li Jun, Mr. Li Liang and Ms. Zhao Hui Li; and the independent non-executive Directors are Mr. Kong Hua Wei, Mr. Ma Zhan Kai and Dr. Yu Guo Jie.

* *For identification purposes only*