Wan Kei Group Holdings Limited
宏基集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1718)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 51% ISSUED SHARE CAPITAL OF THE TARGET COMPANY

Reference is made to the announcement of Wan Kei Group Holdings Limited (the "**Company**") dated 25 November 2025 (the "**Announcement**") in relation to the Acquisition. Unless otherwise defined, capitalized terms in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide the following additional information in relation to the Acquisition.

THE VALUATION

The terms of the Acquisition and the Consideration were agreed after arm's length negotiations between the parties with reference to, among other things, the valuation of 51% of the issued share capital of the Target Company prepared by an independent valuer (the "**Valuation**"). The particulars of the Valuation are as follows.

According to the valuation report (the "**Valuation Report**") prepared by Ascent Partners Valuation Service Limited, an independent valuer, with market approach, the appraised value of 51% of the issued share capital of the Target Company as at the valuation date (the "**Valuation Date**", being 30 September 2025) was HK$16,900,000.

Methodology

Market approach was adopted in the Valuation and it is considered appropriate and reasonable in the appraisal for the fair value of the Target Company. The fair value of the Target Company has been developed through the "Guideline Public Company Method". For the purpose of the Valuation, the valuer also considered cost approach and income approach. Cost approach was not adopted because it does not capture the future economic benefits contributed by the Target Group and it is not generally adopted in the valuation with going concern basis. The income approach was not adopted because it requires detailed information for the business operation and long-term financial projections, which requires the management's estimation and assumptions with uncertainty. Since there are sufficient public companies in a similar business and with a similar business model as those of the company being valued with shares being traded freely and actively on the markets, their market values capture current market expectations of the corresponding industry thus are good indicators of the industry. Hence, market approach is adopted in the Valuation.

Key inputs

Key inputs of the Valuation include: (1) the median of price-to-earning ratios of selected guideline public companies ("**Median P/E**"); (2) the TTM Historical Earnings of the Target Company, which refers to the historical earnings of the Target Comapny for the most recent 12-month period as of the Valuation Date (being the period from 1 October 2024 to 30 September 2025) of HK$2,090,000 based on the management account of the Target Comapny; (3) discount for lack of marketability of the Target Company ("**Marketability Discount**"); (4) premium for controlling interest of the Target Company ("**Controlling Interest Premium**").

The Valuation was derived by:

Valuation	=	Median P/E x TTM Historical Earnings of the Target Company x (100% - Marketability Discount) x (100% + Controlling Interest Premium) x 51% Equity Interest in the Target Company
HK$16,900,000 (rounded down)	=	15.05 x HK$2,090,000 x (1-15.60%) (1 + 25.00%) x 51%

The rationale of adopting the said key inputs is as follows:

(1) The price-to-earnings ("**P/E**") ratio is adopted in the Valuation because it is commonly employed valuation multiple. It relates to the market value of a company's equity to its earnings, an important driver of shareholder value, and is derived by dividing the TTM Historical Earnings by the market capitalization of the underlying company as of the Valuation Date. The P/E ratios of the guideline public companies selected by the valuer were derived as aforementioned, and were adopted by the valuer directly from Bloomberg. Median P/E is the median of P/E ratios of the said guideline public companies. Applying the Median P/E is a generally accepted valuation practice.

    For the purpose of the Valuation, the valuer has also considered price-to-revenue (P/S) ratio, price-to-book value (P/B) ratio. P/S ratio was not adopted since profitability of the underlying company is not considered, and P/B ratio was not adopted because book value captures only tangible assets and excludes the value of intangible company-specific competencies and advantages.

(2) The Marketability Discount of 15.60% is referenced from "2024 Stout Restricted Stock Study Companion Guide" published by Stout Risius Ross, LLC. It is the median discount among 779 transactions between the private placement share price and the market reference price based on the aforementioned guide, and is commonly adopted in valuation practice. It is adopted as the Target Company is a private enterprise. Given that the Target Company is a privately held entity and its shares are not publicly traded, they inherently lack marketability and liquidity in comparison to the freely tradable shares of the selected guideline public companies. Consequently, the Marketability Discount was applied to adjust the value of the equity interest in the Target Company in order to appropriately reflect the reduced liquidity and marketability.

(3) The Controlling Interest Premium of 25.00% among 9,566 acquisitions is referenced from "Value of Corporate Control: Some International Evidence" by Paul Hanouna, Atulya Sarin, and Alan C. Shapiro. It is adopted to account for the controlling interest on the Target Company.

List of comparable companies and selection criteria

Bloomberg was searched exhaustively for all listed companies principally engaged in e-commerce business under the "Specialty Online Retailers" industry classification according to the following criteria:

(1) Majority of the revenue of the companies (>50%) is generated from online retail business, which is relevant to the business operations of the Target Company;

(2) The companies are listed in United States or Hong Kong with main business operation in China or Hong Kong;

(3) Shares of the companies are listed in a major stock exchange and have been actively trading for a reasonable period; and

(4) Detailed financial and operational information in respect of the companies are available at Bloomberg or other publicly available sources.

The exhaustive search resulted in a short-list of 24 companies. The separate research of the valuer found an additional of 7 companies that meet the above criteria but were not covered by the short-list.

To better align with the focus of the Target Group's online retail business segment, the valuer further reviewed all the shortlisted companies and excluded 19 companies that are in the e-commerce business sector but with a majority of revenue (>50%) generated from advertising, commission or other business segment rather than online retail sales, based the financial information obtained from the companies' websites and/or other reliable sources. In addition, the valuer excluded one comparable company with extreme P/E ratio of around 2,800. As a result, 12 guideline public companies, which are principally engaged in the online retail business (i.e. a majority of revenue (>50%) generated from online retail business), were selected. The valuer considered that the adopted companies listed below provide representative, fair and reasonable comparisons.

This list of comparable companies mainly references listed companies in the traditional e-commerce sector, rather than limiting to those focused on health supplements, as doing so would yield too little data and reduce valuation accuracy. As such, the Company considers the below list of comparable companies adopted by the valuer is appropriate.

For Median P/E, the list of selected guideline public companies are as follows:

Company Name/Principal business	Stock Code/ Location of listing/ date of listing	P/E ratio
Health and Happiness H&H International Holdings Ltd. – provides health care supplements, offers pediatric nutritional and baby care products, and serves nutrition and wellness industries worldwide. The revenue generated from the online retail business accounted for approximately 68% of its total revenue for the last financial year.	1112 (Hong Kong, Main Board of Stock Exchange) (17 December 2010)	NA *(Note)*

Company Name/Principal business	Stock Code/ Location of listing/ date of listing	P/E ratio
UNQ Holdings Ltd. – an electronic commerce retail and wholesale solutions provider in China, and focuses on products such as beauty, personal care for adults and babies, health products, and daily use articles, providing brands with omni-channel, multi-dimensional and all-link operations and customized services. The revenue generated from the online retail business accounted for approximately 51% of its total revenue for the last financial year.	2177 (Hong Kong, Main Board of Stock Exchange) (12 July 2021)	15.01
JD Health International Inc. – operates drug stores and retails Chinese and Western medicines, nutrition products, health care products, and other products, and markets its products throughout China. The revenue generated from the online retail business accounted for approximately 84% of its total revenue for the last financial year.	6618 (Hong Kong, Main Board of Stock Exchange) (8 December 2020)	40.70
Carote Ltd. – provides online kitchenware products. The company specializes in designing, developing, and manufacturing a wide range of cookware products to international brand-owners and retailers, and serves customers worldwide. The revenue generated from the online retail business accounted for approximately 86% of its total revenue for the last financial year.	2549 (Hong Kong, Main Board of Stock Exchange) (2 October 2024)	5.29

Company Name/Principal business	Stock Code/ Location of listing/ date of listing	P/E ratio
Alibaba Health Information Technology Limited – an integrated healthcare information and content service provider. The company uses product identification, authentication, and tracking system data for its healthcare information. The revenue generated from the online retail business accounted for approximately 85% of its total revenue for the last financial year.	241 (Hong Kong, Main Board of Stock Exchange) (6 July 1972)	68.36
YesAsia Holdings Limited – an online retailer and engages in the procurement and sale of third-party branded and unbranded Asian fashion & lifestyle, beauty and entertainment products to customers around the world. The revenue generated from the online retail business accounted for approximately 99% of its total revenue for the last financial year.	2209 (Hong Kong, Main Board of Stock Exchange) (9 July 2021)	15.09
Xiamen Jihong Technology Co. Ltd. – offers Internet services and provides Internet marketing advertising, cross-border e-commerce marketing, and related services, and also conducts containers and packaging businesses. The revenue generated from the online retail business accounted for approximately 61% of its total revenue for the last financial year.	2603 (Hong Kong, Main Board of Stock Exchange) (27 May 2025)	21.29

Company Name/Principal business	Stock Code/ Location of listing/ date of listing	P/E ratio
Bonjour Holdings Limited – retails and wholesales brand name beauty and healthcare products and operates beauty and health salons in Hong Kong. The products sold by the group include skin-care products, fragrances and cosmetics, health-care products, and hair-care and personal-care products and accessories. The revenue generated from the online retail business accounted for approximately 60% of its total revenue for the last financial year.	653 (Hong Kong, Main Board of Stock Exchange) (16 July 2003)	NA (Note)
JD.com, Inc. – an online direct sales company in China and offers a wide selection of products through its website and mobile applications, and sells appliances, computers, digital products, communication products, garments, books, and household items to consumers and vendors. The revenue generated from the online retail business accounted for approximately 88% of its total revenue for the last financial year.	JD (United States, NASDAQ Global Select) (22 May 2014)	11.49
Vipshop Holdings Ltd. – operates as a holding company and provides online products sales and distributions services, as well as offers womenswear, menswear, apparel for children, sportswear and sporting goods, shoes and bags, accessories, baby and children products, skincare and cosmetics, and home and lifestyle products through its subsidiaries. The revenue generated from the online retail business accounted for approximately 97% of its total revenue for the last financial year.	VIPS (United States, New York Stock Exchange) (23 March 2012)	10.88

Company Name/Principal business	Stock Code/ Location of listing/ date of listing	P/E ratio
Boqii Holding Limit – operates as a holding company and retails pet related products such as pet foods and accessories, and serves customers in China through its subsidiaries. The revenue generated from the online retail business accounted for approximately 92% of its total revenue for the last financial year.	BQ (United States, New York Stock Exchange) (30 September 2020)	NA[(Note)]
Sling Group Holdings Limited – operates as a holding company and produces and sells women's handbags including handle and clutch bags, wallets, coin cases, card holders, suitcases, and other products through its subsidiaries. The company markets its products in Hong Kong and China. The revenue generated from the online retail business accounted for approximately 94% of its total revenue for the last financial year.	8285 (Hong Kong, GEM of Stock Exchange) (16 January 2018)	NA[(Note)]
Median P/E		**15.05**

Note: These companies recorded a negative P/E ratio.

THE PROFIT GUARANTEE

Pursuant to the Sale and Purchase Agreement, the Vendor Guarantor unconditionally and irrevocably guaranteed and warranted to the Purchaser that, during the Guaranteed Period, the Actual Profit shall not be less than the Guaranteed Profit of HK$2,350,000 for the financial year ending 31 March 2026 and HK$3,900,000 for the financial year ending 31 March 2027, respectively, and would compensate the Purchaser in accordance with the formula "C = (G – N) x P% x M" as provided in the Sale and Purchase Agreement.

In particular:

(1) The amounts of the Guaranteed Profit were determined by reference to the Target Group's financial performance for the nine months ended 30 September 2025 (being net profit of approximately HK$2.13 million).

(2) M = (Consideration/percentage of the equity interest acquired by the purchaser/TTM Historical Earnings of the Target Company)
= HK$15,000,000/51%/HK$2,090,000
= 14.0

The rationale for incorporating this multiplier into the formula is to ensure that the Compensation Amount is not limited to merely replacing the dollar value of the missed Guaranteed Profit. Rather it adjusts the Compensation Amount to reflect the full value of those profit shortfall as implied by the consideration agreed by the parties. In other words, the multiplier ensures that the value of the 51% of the Target Company does not fall below the Consideration payable by the Purchaser.

The Board considered that the Profit Guarantee accounts for the broader impact of the profit shortfall on the overall enterprise value of the Target Company, thereby protecting the Group from a reduction in the value of its investment that exceeds the simple dollar amount of the shortfall. As such, the Board considers that the Profit Guarantee is fair and reasonable.

INFORMATION OF THE TARGET GROUP

The Target Group is a traditional e-commerce live-streaming enterprise which sells health supplements under the brandnames Liofly(小飛獅), Stammcle(花蕊), and Benelive(新呼吸), which are produced by licensed manufacturers in Hong Kong and the United States. The revenue of the Target Group is mainly derived from sales of the said health supplements on domestic e-commerce platform, namely Douyin, in the PRC. In particular, the Target Group operates its Douyin-centric health-supplement e-commerce business with the following revenue-generating mechanism: (i) the Target Group identifies or creates hot health and wellness trends in China, partner with professional manufacturers to develop tailored products; and (ii) sales mainly occur on Douyin and the main expenses are paid manufacturing cost, traffic and influencer commissions. The Target Group collaborates with high-follower, brand-aligned key opinion leaders (KOLs). These top content creators partner with the Target Group for its official Douyin certification, high store ratings, proven sales history, and reasonable pricing with credible products.

In recent months, the Target Group has experienced significant growth due to: (1) the introduction of new health supplement products; (2) stricter compliance standards on the Douyin platform, which disqualified lower-specification health supplements from other merchants and increased the Target Group's market share; and (3) participation in the China International Import Expo（中國國際進口博覽會）, boosting the Target Group's market visibility. In addition to the above mentioned business and revenue generating model, the Target Group is currently planning to distribute one of its health supplement products in large offline chain stores specializing in personal care and health retail in Hong Kong. To build long-term competitive advantages and a sustainable profitability model, the Target Company plans to develop its own proprietary brands.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As discussed in the section headed in "REASONS FOR AND BENEFITS OF THE ACQUISITION" in the Announcement, the terms of the Acquisition were agreed after arm's length negotiations between the parties with reference to not only the Target Company's net asset value of approximately HK$2.7 million, but also (i) the Valuation; (ii) the historical results of the Target Company; and (iii) the business prospects of the Target Group. Although the Consideration represents a significant premium over the Target Company's net asset value, it also reflects a discount to the Valuation. The parties considered it appropriate for the Consideration to approximate the fair value of the Target Company and as such the Valuation forms the primary basis in determining the Consideration.

In light of the above mentioned factors, particularly the discount on the Valuation, and having regard to the potential strategic benefits and commercial advantages to the Group arising from the Acquisition as discussed in the Announcement, the Directors consider that the terms of the Sale and Purchase Agreement (including the Consideration) are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

In January 2024, the Group began operating in the e-commerce sector in Guangzhou, primarily selling sports equipment, jewelry, educational supplies, and other products through online platforms. With respect to sports equipment, the Group obtains brand licenses and collaborates with manufacturers to produce the products. In December 2024, a subsidiary of the Group in Shenzhen commenced e-commerce live-streaming operations, focusing on the sale of health supplements and apparel. In July 2025, a subsidiary of the Group in Hong Kong also launched e-commerce live-streaming operations, partnering with manufacturers to produce proprietary brand health supplements for sale through domestic online platforms in the PRC. Accordingly, the Directors possess nearly two years of experience in overseeing and managing e-commerce live-streaming operations with business model similar to that of the Target Group. Following the Acquisition, the Group expects to appoint one of its Directors to the board of the Target Company to oversee major decisions and operational matters and thereby strengthening its management and control over the Target Group.

GENERAL

Save as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

By Order of the Board
Wan Kei Group Holdings Limited
Xu Lin
Chairman

Hong Kong, 24 December 2025

As at the date of this announcement, the executive Directors are Mr. Bai Huawei and Mr. Wang Yu; the non-executive Director is Mr. Xu Lin; and the independent non-executive Directors are Mr. Jiang Senlin, Mr. Zhang Yi and Ms. Dan Xi.