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)

FURTHER ANNOUNCEMENT DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ENTIRE EQUITY INTERESTS IN THE TARGET COMPANY

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

As disclosed in the Announcement, in determining the Consideration, the Company made references to, among other things, the valuation of the Target Group as at 30 June 2025 based on the preliminary valuation results of Asia-Pacific Consulting and Appraisal Limited (the "**Valuer**"), an independent professional valuer, using the income approach with discounted cash flow ("**DCF**") valuation. The DCF valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is made for the purpose of Rule 14.60A of the Listing Rules.

For the purpose of Rule 14.60A(1) of the Listing Rules, set out below are details of the principal assumptions (the "**Assumptions**"), including commercial assumptions, upon which the valuation of the Target Group was based.

In valuing the Target Group, the Valuer applied the income approach and the income approach was selected because given the characteristics of the Target Group, there are substantial limitations for the asset-based approach and the market approach; therefore the income approach is more appropriate for valuing the underlying asset.

The limitations for the asset-based approach and the market approach include:

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

(b) based on the business model and financial conditions of the Target Group, the Valuer identified three guideline public comparable companies ("**GPCs**"), namely (i) Offcn Education Technology Co., Ltd. (SZSE:002607) ("**Offcn Education**"), (ii) Shanghai Action Education Technology Co., Ltd. (SHSE:605098) ("**Action Education**"), and (iii) Fenbi Ltd. (SEHK:2469) ("**Fenbi**") for benchmarking by adopting four screening criteria (including (i) the GPCs are operating in mainland China, (ii) the GPCs operate in the "Education Services" sector with reference to industry classification of Capital IQ, which is a reliable third-party database service provider designed by Standard & Poor's ("**Capital IQ**"), (iii) the GPCs derive over 50% of their revenue from vocational education services, and (iv) the GPCs have positive net profit in 2024). Since the Target Group has achieved sustained operating profitability during 2022–2024, the Valuer conducted a comparative analysis of the GPCs' market capitalization, revenue scale, profit margins and last twelve-month price to earnings multiples ("**P/E Multiple**") to evaluate the applicability of the market approach for the Target Group.

The Valuer noted that Offcn Education reported consecutive net losses from 2021 to 2023 and its P/E Multiple of 102.7x is significantly higher than industry level in mainland China Education Services, and therefore Offcn Education is not appropriate for the market approach. Thus, due to the limited number of GPCs, the market approach is not appropriate in this case.

The Valuer considered the DCF method under income approach in forming its opinion because: (i) as the Target Group is currently in a growth stage, the DCF method can better reflect its future cash flow potential; (ii) the DCF method incorporates clear defined business plans by the management of the Target Company; and (iii) the forecasts prepared by the Target Company's management demonstrate reasonable revenue growth and margin projection relative to historical and peers of the Target Group.

The equity value of the Target Group was developed through the application of the income approach technique known as the DCF method. Under this method, values depend on the present worth of future economic benefits to be derived from the projected sales income. Indications of value have been developed by discounting projected future net cash flows available for payment of shareholders' interest to their present worth at discount rates which in our opinion are appropriate for the risks of the business.

BASIS OF OPINION

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

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

GENERAL ASSUMPTIONS

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

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

MAJOR ASSUMPTIONS AND PARAMETERS

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

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

Financial Forecast

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

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

Details of major financial forecast are listed as follows:

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

Note: The Target Group achieved revenue growth rates of approximately 63% and 0.1% in 2023 and 2024 respectively. During this period, its vocational training business (contributing over 80% of its total revenue) maintained growth with tuition fee increases of approximately 33% and 4% in 2023 and 2024, respectively. The modest 2024 growth was primarily attributed to underperformance of previously contracted channel partners. In response, the Target Group slowed down its channel partner expansion in 2025 and implemented dual strategies for its training business by expanding customer acquisition channels and diversifying product portfolio. In the first half of 2025, the growth rate of the Target Group was approximately 15%.

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

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

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

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

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

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

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

EBITDA Margin = EBITDA/Revenue

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

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

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

Note: EBIT is the earnings before interest and tax.

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

EBIT margin = EBIT/Revenue

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

Note: EBIAT is the earnings before interest after tax.

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

Net Working Capital ("NWC") and NWC Change

The NWC equals to the current operating assets minus the current operating liabilities and the NWC in the forecasted period is determined by referring to the Target Group's historical turnover days of working capital items. The NWC change equals to the NWC in next year minus the NWC in current year. The NWC and NWC change in the forecast period are estimated as follows:

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

Capital Expenditure ("CAPEX")

According to the management's business plan in the forecasted period, the capital expenditure is estimated based on replacement of necessary equipment. The CAPEX in the forecasted period is estimated as follows:

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

Depreciation and amortization

Based on the estimated CAPEX and forecast period, the depreciation and amortization are estimated as follows in the forecasted period:

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

Free Cash Flow to Firm ("FCFF") Forecast

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

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

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

Discount Rate

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

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

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

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

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

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

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

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

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

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

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

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

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

CALCULATION OF VALUATION RESULT

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

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

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

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

Note 2: (iv)=1/（1+ii）^(iii)

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

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

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

Note 6: Debt and Excess liabilities consist of other payables of approximately RMB0.82 million with reference to its book value.

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

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

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

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

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

CALCULATION OF VALUATION RESULT

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

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

SENSITIVITY ANALYSIS

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

Sensitivity Analysis — Discount Rate

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

Sensitivity Analysis — Revenue

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

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

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

Set forth below is the qualifications of Forvis Mazars CPA Limited:

Name	Qualification
Forvis Mazars CPA Limited	Certified Public Accountants

As at the date of this announcement, Forvis Mazars CPA Limited has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualification) in the form and context in which they are included.

As of the date of this announcement, Forvis Mazars CPA Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As Completion is subject to the fulfilment of the Condition under the Agreement, the Disposal may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 22 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.

Appendix I

The following is the text of the report dated 22 August 2025 from Forvis Mazars CPA Limited, prepared for inclusion in this announcement.

22 August 2025

The Directors
Be Friends Holding Limited
Unit 10, 4th Floor
Kwai Cheong Center
No. 40–52 Kwai Cheong Road
New Territories
Hong Kong

Dear Sirs,

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

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

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

Directors' Responsibilities

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

Our Independence and Quality Management

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

* *For identification purposes only*

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

Reporting Accountants' Responsibilities

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

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

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

Opinion

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

Yours faithfully,

Forvis Mazars CPA Limited
Certified Public Accountants

Appendix II

The following is the text of the letter dated 22 August 2025 from the Board prepared for inclusion in this announcement.

22 August 2025

To: The Listing Division

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

Dear Sirs,

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

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

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

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

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

The Board of Directors
Be Friends Holding Limited