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B.Duck Semk Holdings International Limited

小黃鴨德盈控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2250)

DISCLOSEABLE TRANSACTION SHARE ACQUISITION AND CONVERTIBLE LOAN INVESTMENT INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on August 29, 2025 (after trading hours), the Company and SEMK Licensing (an indirect wholly-owned subsidiary of the Company) entered into the Share Acquisition and Convertible Loan Investment Agreement with Yincang Waou, Waou Cultural Media, San Kou Supply Chain, Mr. Huang, Haidengwu Culture and the Haidengwu Partners, pursuant to which (i) the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, approximately 27.74% of the total issued share capital of the Cayman Company immediately after the completion of the Restructuring, at a total consideration of RMB38.6 million; and (ii) the Company (or its designated onshore affiliated company) has conditionally agreed to provide the Convertible Loan to the Target Group in the principal amount of RMB10,050,000.

As of the date of this announcement, Yincang Waou is held as to 56% by Mr. Huang, 24% by Haidengwu Culture and 20% by SEMK Licensing. Immediately upon the completion of the Restructuring, Yincang Waou will be indirectly wholly owned by the Cayman Company, and the Cayman Company will be held as to 60.5% by the Founder BVI, 20% by SEMK Licensing (or its designated affiliated company) and 19.5% by the Individual Shareholders BVI.

Further, immediately upon completion of the Share Acquisition and assuming full conversion of the Convertible Loan, the Cayman Company will be held as to 51% by the Investors, 41.78% by the Founder BVI and 7.22% by the Individual Shareholders BVI, and the Cayman Company will become an indirect non-wholly-owned subsidiary of the Company where the financial results of the Cayman Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the Share Acquisition and the Convertible Loan Investment (if converted) involve equity interest in the same company, the Share Acquisition and the Convertible Loan Investment should be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Share Acquisition and the Convertible Loan Investment, on an aggregated basis, exceeds 5% but is less than 25%, the Share Acquisition and the Convertible Loan Investment constitute discloseable transactions of the Company, and are therefore subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the completion of the Share Acquisition and the Convertible Loan Investment is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent set out in the Share Acquisition and Convertible Loan Investment Agreement, the Share Acquisition and/or the Convertible Loan Investment may or may not proceed to completion. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

The Board is pleased to announce that on August 29, 2025 (after trading hours), the Company and SEMK Licensing (an indirect wholly-owned subsidiary of the Company) entered into the Share Acquisition and Convertible Loan Investment Agreement with Yincang Waou, Waou Cultural Media, San Kou Supply Chain, Mr. Huang, Haidengwu Culture and the Haidengwu Partners, pursuant to which (i) the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, approximately 27.74% of the total issued share capital of the Cayman Company immediately after the completion of the Restructuring, at a total consideration of RMB38.6 million; and (ii) the Company (or its designated onshore affiliated company) has conditionally agreed to provide the Convertible Loan to the Target Group in the principal amount of RMB10,050,000.

As of the date of this announcement, Yincang Waou is held as to 56% by Mr. Huang, 24% by Haidengwu Culture and 20% by SEMK Licensing. Immediately upon the completion of the Restructuring, Yincang Waou will be indirectly wholly owned by the Cayman Company, and the Cayman Company will be held as to 60.5% by the Founder BVI, 20% by SEMK Licensing (or its designated affiliated company) and 19.5% by the Individual Shareholders BVI.

Further, immediately upon completion of the Share Acquisition and assuming full conversion of the Convertible Loan, the Cayman Company will be held as to 51% by the Investors, 41.78% by the Founder BVI and 7.22% by the Individual Shareholders BVI, and the Cayman Company will become an indirect non-wholly-owned subsidiary of the Company where the financial results of the Cayman Company will be consolidated into the financial statements of the Group.

II. THE SHARE ACQUISITION AND THE CONVERTIBLE LOAN

The principal terms of the Share Acquisition and Convertible Loan Investment Agreement are summarized below:

- Date:** August 29, 2025
- Parties:**
- (i) the Company;
 - (ii) SEMK Licensing;
 - (iii) Yincang Waou;
 - (iv) Waou Cultural Media;
 - (v) San Kou Supply Chain;
 - (vi) Mr. Huang;
 - (vii) Haidengwu Culture; and
 - (viii) Haidengwu Partners.

Equity interest to be acquired under the Share Acquisition: Pursuant to the Share Acquisition and Convertible Loan Investment Agreement, the Company has conditionally agreed to purchase approximately 27.74% of the total issued share capital of the Cayman Company (the “**Target Equity**”), among which, (i) approximately 15.94% from the Founder BVI, and (ii) approximately 11.80% from the Individual Shareholders BVI.

Total Consideration under the Share Acquisition: The total consideration for the Share Acquisition shall be RMB38.6 million, among which:

- (i) RMB14.6 million will be settled by cash (the “**Cash Consideration**”) for approximately 11.41% of the total issued share capital of the Cayman Company to be acquired from the Founder BVI; and
- (ii) RMB24.0 million will be settled by the issuance and allotment of 17,303,532 Consideration Shares at the Issue Price of HK\$1.522 per Consideration Share for approximately 4.53% and 11.80% of the total issued share capital of the Cayman Company to be acquired from the Founder BVI and the Individual Shareholders BVI, respectively.

The consideration under the Share Acquisition was determined after arm's length negotiation among the parties with reference to: (i) the historical and expected financial performance of the Target Group; (ii) the appraised value of 31% equity interest in Yincang Waou as at June 30, 2025 of approximately RMB64,000,000 as valued by APAC Asset Valuation and Consulting Limited, an independent valuer, using market approach; and (iii) the reasons for and benefits of the Share Acquisition as set out under the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE ACQUISITION AND CONVERTIBLE LOAN INVESTMENT AGREEMENT" in this announcement.

The Cash Consideration will be funded by fundraising and internal resources of the Group.

Consideration Shares:

The Consideration Shares of 17,303,532 new Shares to be allotted and issued as fully paid, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion, will represent approximately 1.76% of the issued share capital of the Company as of the date of this announcement and approximately 1.73% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price of HK\$1.522 per Consideration Share represents:

- (i) a discount of approximately 12.02% to the closing price of HK\$1.73 per Share as quoted on the Stock Exchange on the date of the Share Acquisition and Convertible Loan Investment Agreement; and
- (ii) a discount of approximately 8.86% to the average closing price of HK\$1.67 per Share for the last five (5) consecutive trading days immediately prior to the date of the Share Acquisition and Convertible Loan Investment Agreement.

The Issue Price was determined after arm's length negotiation among the parties with reference to the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. Accordingly, the Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and the allotment and issue of the Consideration Shares is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and shall, when allotted and issued, rank *pari passu* in all respects with the Shares in issue.

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

**Lock-up restrictions
of the Consideration
Shares:**

During the twelve (12) months period from the date of issuance of the Consideration Shares, Mr. Huang and the Founder BVI (the “**Convenators**”) shall not, directly or indirectly, sell, gift, transfer, pledge, create encumbrances on or otherwise dispose of all or any portion of the Consideration Shares held by the Convenators (including any rights or interests associated with such Consideration Shares).

Commencing from the thirteenth (13th) month from the date of issuance of Consideration Shares, 30% of the Consideration Shares held by the Convenators shall be released from the lock-up restriction.

Commencing from the twenty-fifth (25th) month from the date of issuance of Consideration Shares, additional 30% of the Consideration Shares held by the Convenators shall be released from the lock-up restriction.

Commencing from the thirty-seventh (37th) month from the date of issuance of Consideration Shares, the remaining 40% of the Consideration Shares held by the Convenators shall be released from the lock-up restriction.

**Principal amount,
interest rate and term
of the Convertible
Loan:**

The Convertible Loan amounts to RMB10,050,000 and at an interest of 6% per annum. The loan term shall be no more than 12 months commencing from the date of drawdown where the principal amount of the Convertible Loan is transferred to bank account designated by the Cayman Company.

The terms of the Convertible Loan, including the principal amount and the interest rate, were determined after arm’s length negotiation among the relevant parties with reference to the prevailing market interest rates and investment returns.

The provision of the Convertible Loan will be funded by fundraising and internal resources of the Group.

**Use of the Convertible
Loan:**

The Convertible Loan shall only be used for overseas market expansion of the Target Group or supplementing the working capital of Yincang Waou.

**Conversion of the
Convertible Loan:**

The Company shall be entitled to convert the Convertible Loan into 6.24% of the total issued share capital of the Cayman Company, subject to fulfillment of the General Conditions Precedent (as defined below) and the following conditions precedent, unless otherwise waived in writing by the Investors:

- (i) the completion of the Share Acquisition pursuant to the Share Acquisition and Convertible Loan Investment Agreement;
- (ii) the Company having issued the conversion notice to the Cayman Company in accordance with the Share Acquisition and Convertible Loan Investment Agreement, and the Investors having completed the necessary financing for the Convertible Loan Investment (if required);
- (iii) the Convertible Loan having been utilized by the Target Group within the scope stipulated in the Share Acquisition and Convertible Loan Investment Agreement, with no violation having occurred; and
- (iv) the issuance of a confirmation letter from the Cayman Company to the Company confirming that the conditions set forth in (i), (ii) and (iii) above have all been duly satisfied.

**General Conditions
Precedent:**

The Investors' performance of their obligations under the Share Acquisition and Convertible Loan Investment Agreement shall, unless otherwise waived in writing by the Investors, be conditional upon fulfillment of, among others, the following general conditions precedent (the "**General Conditions Precedent**"):

- (i) the Investors having completed financial, business and legal due diligence on the Target Group with results satisfactory to the Investors;
- (ii) the Board having approved the execution and performance of the Share Acquisition and Convertible Loan Investment Agreement and the underlying transactions, and the Investors having completed the necessary financing for the Share Acquisition and the Convertible Loan Investment (if required);
- (iii) the completion of the Restructuring of the Target Group;
- (iv) the completion of the tax declaration and payment by the parties;

- (v) the board of directors and shareholders' general meeting of each member of the Target Group having approved (a) the execution and performance of the Share Acquisition and Convertible Loan Investment Agreement and other relevant documents; (b) the Share Acquisition and the Convertible Loan Investment; (c) the corresponding amendments to the articles of association of each member of the Target Group; (d) the composition of the board of directors of each member of the Target Group, which shall consist of three (3) directors, including two (2) directors to be appointed by the Investors and one (1) director to be appointed by Mr. Huang; and (e) the waiver of any rights of first refusal or any other pre-emptive rights in respect of the Share Acquisition and the Convertible Loan Investment;
- (vi) there being no law, judgment, award, ruling or injunction issued by any court, arbitral tribunal or relevant governmental authorities that restricts, prohibits or invalidates the Share Acquisition and the Convertible Loan Investment, and there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that has had or may have a material adverse effect on the Share Acquisition and the Convertible Loan Investment, or that would result in the Company Parties and/or the Investors being subject to significant penalties or legal liabilities;
- (vii) the Share Acquisition and Convertible Loan Investment Agreement and other transaction documents having been duly executed by the parties;
- (viii) the representations and warranties made by the Company Parties under the Share Acquisition and Convertible Loan Investment Agreement remaining true, complete and accurate from the signing date of the Share Acquisition and Convertible Loan Investment Agreement to the closing date, and the undertakings required to be performed by the Company Parties before the closing date under the Share Acquisition and Convertible Loan Investment Agreement and other transaction documents having been duly performed by the Company Parties; and
- (ix) no event, fact, condition, change or other circumstance having existed or occurred from the signing date of the Share Acquisition and Convertible Loan Investment Agreement to the closing date that has had, or could reasonably be expected to have, a material adverse effect on the assets, financial structure, liabilities, technology, profit prospects or normal operations of the Target Group.

As of the date of this announcement, save as the General Conditions Precedent numbered (i), (ii) and (v), none of the other General Conditions Precedent has been fulfilled.

Specific Conditions Precedent to the Share Acquisition: In addition to the General Conditions Precedent, the Investors' performance of their obligations in relation to the Share Acquisition shall, unless otherwise waived in writing by the Investors, be conditional upon fulfillment of, among others, the following conditions precedent (the "**Specific Conditions Precedent to the Share Acquisition**"):

- (i) the Target Equity having good and valid title, there being no restriction or prohibition on the transfer of title (including but not limited to pledge) of the Target Equity, and there being no ongoing litigation, arbitration, judicial enforcement or other material disputes in respect of the Target Equity that impede or may impede the transfer of title of the Target Equity;
- (ii) as of the closing date, the principal amount of the Convertible Loan having been utilized by each member of the Target Group within the scope stipulated in the Share Acquisition and Convertible Loan Investment Agreement, with no violation having occurred;
- (iii) the Company Parties having issued to the Investors a confirmation letter confirming that Specific Conditions Precedent to the Share Acquisition have been satisfied and that the General Conditions Precedent remain satisfied; and
- (iv) the Stock Exchange having granted an approval for the listing of, and permission to deal in, the Consideration Shares.

As of the date of this announcement, save as the Specific Conditions Precedent to the Share Acquisition numbered (i), none of the other Specific Conditions Precedent to the Share Acquisition has been fulfilled.

Payment Terms of the Share Acquisition: Unless otherwise waived by the Investors, the Cash Consideration shall be paid by the Company via bank transfer within forty-five (45) Business Days after the fulfillment of the Specific Conditions Precedent to the Share Acquisition numbered (i), (ii) and (iii) as set out above.

Performance guarantee: If the first closing date falls on or before December 31, 2025, Mr. Huang undertook that the Target Group shall achieve the following performance targets for the years of 2025, 2026 and 2027 (collectively, the “**Performance Commitment Period**”):

- (i) the Target Group’s audited consolidated revenue from principal business shall be no less than RMB40 million, RMB60 million and RMB100 million for the years ending December 31, 2025, 2026 and 2027, respectively; and
- (ii) the Target Group’s cumulative net profit over the Performance Commitment Period shall be positive.

The actual financial performance of the Target Group for each financial year during the Performance Commitment Period will be based on the relevant audit report issued by a qualified auditor to be engaged by Mr. Huang and the Target Group upon approval by the Investors within six (6) months after the end of the corresponding financial year.

If, upon the expiry of the Performance Commitment Period, the Target Group’s cumulative audited consolidated revenue from principal business during the Performance Commitment Period fails to reach 90% of the performance targets set out above (being RMB180 million), Mr. Huang and the Founder BVI agree to compensate the Investors in the following manner:

- (i) The total compensation amount to be payable by Mr. Huang and the Founder BVI = $(1 - \text{actual cumulative consolidated revenue from principal business for the Performance Commitment Period} / \text{RMB200 million}) \times \text{RMB48.65 million}$;
- (ii) Mr. Huang and the Founder BVI shall initially satisfy the compensation obligation using their equity interest in the Target Group (the “**Share Compensation**”); and
- (iii) if the Share Compensation is insufficient to cover the total compensation amount, Mr. Huang and the Founder BVI shall settle the remaining balance in cash (the “**Cash Compensation**”).

In the event that the above-mentioned performance compensation mechanism is triggered, Mr. Huang and the Founder BVI shall complete the full settlement of the compensation amount (including the Share Compensation and the Cash Compensation, if applicable) within thirty (30) Business Days from the date when the 2027 audit report of the Target Group is issued.

Valuation Report

The valuation report is issued by the independent valuer, APAC Asset Valuation and Consulting Limited (the “**Independent Valuer**”), on August 29, 2025. The valuation report was prepared based on the financial statements of Yincang Waou, which incorporated trailing-twelve months data as of June 30, 2025.

Valuation methodology

The methodology adopted for valuation of 31% equity interest in Yincang Waou is the market approach. The Independent Valuer is of the view that the market approach is the most appropriate valuation approach for the valuation of 31% equity interest in Yincang Waou as compared to cost approach or income approach for the following reasons:

- (i) the cost approach ignores the economic benefits of ownership of the business of Yincang Waou;
- (ii) the income approach relies the cash flow projections adopted for the business of Yincang Waou, which would require numerous assumptions on projected growth or changes in revenue streams, cost of revenue, operating expenses, administrative expenses, projected movements in working capital balances and expected capital expenditure, that are not easily verifiable, supportable or reliably measured; and given that guideline public company method (“**GPCM**”) under the market approach is one of the most prevalent methods for valuing private operating entities like Yincang Waou, the Independent Valuer has therefore adopted the GPCM under the market approach, and the multiples applicable to Yincang Waou are derived with reference to the valuation multiples of the comparable companies of Yincang Waou.

In assessing the relationship between a company’s valuation and its fundamentals, standard benchmarks include the price-to-earnings ratio (P/E), enterprise value-to-EBITDA (EV/EBITDA), enterprise value-to-sale ratio (EV/S), and price-to-book ratio (P/B). These multiples are widely utilized as their inputs are readily available from public sources and reflect market participants’ perspectives on comparable businesses.

The P/B ratio was excluded as it focuses primarily on tangible assets and inadequately captures Yincang Waou’s significant intangible value drivers. EV/EBITDA and P/E are not optimal as it incorporates profitability measures, while Yincang Waou had a highly variable historical profitability and reported net losses in the first half of 2025.

Consequently, in valuing 31% equity interest in Yincang Waou pursuant to the GPCM, the Independent Valuer has selected the enterprise value-to-sales (EV/S) multiple as the most appropriate metric. EV/S is particularly relevant for companies where future revenue growth and market scale are primary value drivers, as it neutralizes the effects of differing depreciation policies, amortization of intangibles, and capital structure. This multiple provides a clear, capital-structure-neutral benchmark against the other comparable companies of Yincang Waou, effectively capturing the market’s expectation of future growth and profitability normalized across the peer set.

Key Assumptions

In determining the market value of 31% equity interest in Yincang Waou, the following key assumptions have been made:

- (1) It is assumed that Yincang Waou will continue to operate the business of IP incubation and the sale of the related leisure product in the foreseeable future;
- (2) It was assumed that the financial and operational information and information on the capital structure of Yincang Waou provided by the Company are accurate and truthful;
- (3) It was assumed that other than Yincang Waou, Yincang Waou did not have any other subsidiaries that held material assets and/or liabilities as of the valuation date;
- (4) It was assumed that there were no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;
- (5) There would be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business was in operation;
- (6) There would be no major changes in the current taxation law in the areas in which Yincang Waou carried on its business, that the rate of tax payable remains unchanged and that all applicable laws and regulations would be complied with;
- (7) The inflation, interest rates and currency exchange rates would not differ materially from those presently prevailing;
- (8) Yincang Waou would retain their management and technical personnel to maintain their ongoing operations;
- (9) There would be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that would affect the existing business;
- (10) Yincang Waou would remain free from claims and litigation against the business or its customers that would have a material impact on the valuation;
- (11) Yincang Waou were unaffected by any statutory notice and the operation of the business would not give rise to any contravention of any statutory requirements; and
- (12) The subject business of Yincang Waou was not subject to any unusual or onerous restrictions or encumbrances.

Comparable companies

Selection criteria for market comparable companies include:

- (1) the comparable companies should be publicly traded with primary listings on either the Stock Exchange or the mainland China stock exchanges (i.e. Shanghai Stock Exchange or Shenzhen Stock Exchange);
- (2) the comparable companies should be principally engaged in the business of (IP) incubations and acquisitions, and the sales of the leisure products related to the IPs, according to their latest published annual reports and company websites;
- (3) the financial information of the comparable companies must be publicly available; and
- (4) the comparable companies' historical trading data must be sufficient and available, and the stocks of the comparable companies do not have extended periods of trade suspensions.

Based on the above-mentioned selection criteria, the Independent Valuer has identified an exhaustive list of comparable companies satisfying the above criteria, details of which are set out below:

	Listing Venue	Principal business	Enterprise value* (in Million)(A)	Sales** (in Million)(B)	EV/S*** (C)= (A) ÷ (B)
Company A	Hong Kong	A toys wholesales company which is engaged in IP incubation and provides trendy toys designing, production, marketing, and other services.	RMB314,588	RMB22,356	14.07
Company B	Hong Kong	A toy designer which develops and manufactures characters toys, assembly toys, and self-own IP-based products.	RMB29,517	RMB2,533	11.65
Company C	Hong Kong	A holding company which, through its subsidiaries, designs and retails a variety of lifestyle products and IP-based goods, including home decor, cosmetics, toys, and accessories.	RMB33,582	RMB18,628	1.80
Company D	China	A toy and doll manufacturer which develops and sells its own IP-based products and branded toys.	RMB14,483	RMB2,609	5.55
Company E	Hong Kong	A company which engages in new retail business and provides IP (intellectual property) content creation and management, IP licensing and sales of related products, and other services.	RMB3,763	RMB584	6.44
Company F	Hong Kong	A character IP company which engages in creation, design, licensing, brand management, and marketing of self-created, self-owned and iconic family characters across multi channels.	HKD924	HKD129	7.16

* The enterprise values of the Comparable Companies were derived from their market capitalization with adjustments for cash, debt, and minority interest. All financial data here are sourced from Bloomberg.

** This is the latest trailing-twelve-months sales data as sourced from Bloomberg.

*** Calculated ratios may not exactly equal the quotient of the rounded component figures due to rounding.

To account for the impact of varying market capitalizations between the comparable companies and Yincang Waou, the EV/S ratio was adjusted based on the formula below to reflect the size difference:

$$Size-adjusted \frac{EV}{S} Multiple = \frac{1}{\frac{EV}{S} Multiple + Size Premium \Delta}$$

Size Premium Δ (“SP Δ ”) = Size premium of Yincang Waou (“TCSP”) – Size premium of each of the comparable companies (“CCSP”)

In accordance with the CRSP Studies, distinct size premiums are assigned based on market capitalization categories: 0.66% for Mid Cap, 1.24% for Low Cap, and 2.91% for Micro Cap companies, as outlined in the below table. This methodology has been applied to both Yincang Waou and the comparable companies, with the appropriate premium selected according to their respective market capitalizations.

Size category	Range of market capitalization (USD million)	Size premium
Mid Cap	3,011 – 14,820	0.66%
Low Cap	556 – 3,011	1.24%
Micro Cap	1.6 – 555	2.91%

The following table shows the details of the original and size-adjusted EV/S multiples of each of the selected comparable companies:

As at June 30, 2025:

	Market capitalization (USD million)*	EV/S (A)	TCSP (B)	CCSP (C)	SPΔ (D)= (B)–(C)	Size-adjusted EV/S*** 1/[1/(A) +(D)]
Company A	45,608	14.07	2.91%	0.00%	2.91%	9.98
Company B	4,483	11.65	2.91%	0.66%	2.25%	9.23
Company C	5,675	1.80	2.91%	0.66%	2.25%	1.73
Company D	2,006	5.55	2.91%	1.24%	1.67%	5.08
Company E	563	6.44	2.91%	1.24%	1.67%	5.82
Company F	117	7.16	2.91%	2.91%	0.00%	7.16

* The market capitalizations of the comparable companies were calculated as the product of their respective share prices and their respective numbers of share outstanding as at the Valuation Date. The share prices were converted from their local currency (i.e. RMB and HKD) to USD. All data used here are sourced from Bloomberg.

** Calculated ratios may not exactly equal the quotient of the rounded component figures due to rounding.

The median of size-adjusted EV/S of the selected comparable companies (after excluding outlier) is 6.49. This is adopted as the benchmark multiple to be applied to the valuation of 31% equity interest in Yincang Waou.

Adjustment for Control

The Independent Valuer has prepared the valuation of 31% equity interest in Yincang Waou on a controlling stake basis. In order to determine the amount of premium required, the Independent Valuer has taken into consideration the ownership characteristics of 31% equity interest in Yincang Waou, as outlined below:

- representation on the board of directors;
- organization documents such as shareholder agreements and voting trusts;
- any relevant industry regulations;
- voting rights of the subject interests relation to control of the business;
- the size of the block of shares being valued; and
- concentration of ownership.

The Independent Valuer has adopted the invested capital control premium of 19.5% with reference to the Factset Mergerstat/BVR Control Premium Study (2024) (the “**Control Premium Study**”) published by FactSet Mergerstat, LLC. This is the median of invested capital control premium of the cases of controlling interest acquisitions or privatisations which involved publicly traded and privately held companies worldwide in 2024 based on the Control Premium Study.

The invested capital control premium is applied to the enterprise value of Yincang Waou to reflect the controlling basis of value of the subject business enterprise.

Discount for Lack of Marketability (“DLOM”)

The Independent Valuer selected the appropriate DLOM based on the latest available 2024 Stout Restricted Stock Study on Determining Discount for Lack of Marketability, which incorporated an examination of 779 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through March 2024. The discount of 20.4% implied by these 779 private placement transactions in comparison with the corresponding publicly traded common stocks is generally considered an appropriate proxy for DLOM for closed held private businesses.

As a result, the Independent Valuer arrived at the fair value of 31% equity interest in Yincang Waou as follows:

Revenue (RMB’000) (trailing-twelve-month)	(A)	32,999
Size-adjusted EV/S	(B)	6.49
Enterprise Value (RMB’000)	(A) x (B) = (C)	214,164
Invested Capital Control Premium	(D)	19.50%
Control-adjusted Enterprise Value (RMB’000)	(C) x [1 + (D)] = (E)	255,926
Cash (RMB’000)	(F)	3,706
Debt (RMB’000)	(G)	–
Minority Interest (RMB’000)	(H)	–
Equity Value before adjustment for non-operating assets and liabilities (RMB’000)	(E) + (F) - (G) - (H) = (I)	259,632
Add: Non-operating assets (RMB’000)	(J)	986
Deduct: Non-operating liabilities (RMB’000)	(K)	–
Equity Value before marketability discount adjustment (RMB’000)	(G) + (H) - (I) = (J)	260,618
DLOM	(K)	20.40%
Equity Value after marketability discount (RMB’000) (rounded to the nearest million)	(J) x (1 - (K)) = (L)	207,000*
Shareholding (%)	(M)	31%
Fair Value of 31% equity interest in Yincang Waou (RMB’000) (rounded to the nearest million)	(L) x (M) = (N)	64,000*

* Figures may not exactly add up due to rounding.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE ACQUISITION AND CONVERTIBLE LOAN INVESTMENT AGREEMENT

The Target Group is principally engaged in the research and development and sales of trendy toys and IP derivatives. The gradual maturity of IP industry chain in the PRC is expected to accelerate the rise of trendy toys industry. Young consumers increasingly value personalized and self-gratifying consumption, driven by emotional connection and companionship – a demand that trendy toys are well positioned to meet as a form of emotional and cultural consumption. The Share Acquisition represents a strategic integration by the Group to deeply participate in the trendy toy sector. Through its trendy toy business, the Group can build a substantial private customer base, increase consumer stickiness, and generate significant added value to brand equity and market capitalization. Meanwhile, the Share Acquisition will enable the Group to directly engage with young consumers in the fields of star economy, core fanbase operations around IPs, artist collaborations and new consumer product licensing. The Share Acquisition will also contribute to the Group's revenue growth and expansion of its IP matrix, and serves as a key step in the Group's comprehensive transformation towards the strategic goal of "Make a Playful World".

In addition, the Convertible Loan Investment will enable the Group to collect stable interest income from the Convertible Loan or, alternatively, obtain additional share on the future income of the Target Group as a shareholder. In both cases, the Convertible Loan Investment will lay a solid foundation for the future cooperation between the Group and the Target Group and provide necessary funding support for the Target Group's business development.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Acquisition and Convertible Loan Investment Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms, and the entering into of the Share Acquisition and Convertible Loan Investment Agreement is in the interests of the Company and the Shareholders as a whole.

IV. GENERAL INFORMATION OF THE TARGET GROUP

1. *General information of Yincang Waou and its subsidiaries*

Yincang Waou is a company incorporated under the PRC laws on December 26, 2022.

As of the date of this announcement, Yincang Waou is held as to 56% by Mr. Huang, 24% by Haidengwu Culture and 20% by SEMK Licensing. Mr. Huang is the founder of Yincang Waou. Each of Mr. Huang and Haidengwu Culture is an Independent Third Party.

Yincang Waou is an investment holding company.

Waou Cultural Media, a wholly-owned subsidiary of Yincang Waou, is a company incorporated under the PRC laws on August 17, 2021 and is principally engaged in the research and development and sales of trendy toys and IP derivatives.

San Kou Supply Chain, an indirect wholly-owned subsidiary of Waou Cultural Media, is a company incorporated under the PRC laws on May 10, 2023. San Kou Supply Chain is principally engaged in supply chain management service.

Set out below is the unaudited consolidated financial information of Yincang Waou as extracted from its management accounts for the two financial years ended December 31, 2023 and 2024:

	For the year ended December 31, 2023 <i>(RMB million)</i>	For the year ended December 31, 2024 <i>(RMB million)</i>
Net profit/(loss) before taxation	(0.996)	0.159
Net profit/(loss) after taxation	(0.996)	0.159

Based on the management accounts of Yincang Waou, the unaudited consolidated net asset value of Yincang Waou was approximately RMB5.348 million as of June 30, 2025.

2. Restructuring of the Target Group

To prepare for the Share Acquisition, the Target Group will undergo, among others, the following Restructuring process:

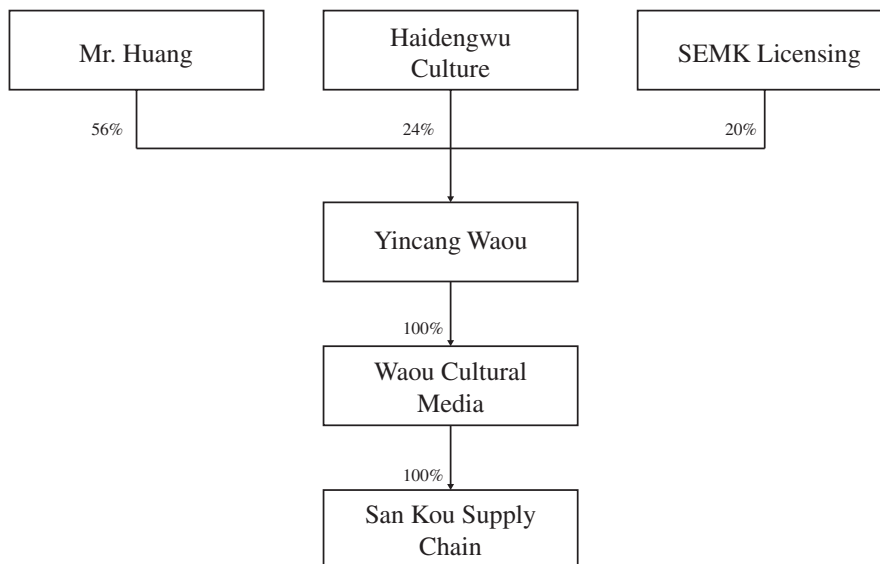
- (i) Mr. Huang will establish a wholly-owned BVI company to serve as an offshore holding vehicle (the “**Founder BVI**”) and the Haidengwu Partners (other than Mr. Huang) will jointly establish a BVI company to serve as an offshore holding vehicle (the “**Individual Shareholders BVI**”);
- (ii) the Founder BVI and the Individual Shareholders BVI will then jointly establish the Cayman Company, and their respective shareholding in the Cayman Company shall be in line with Mr. Huang and Haidengwu Culture’s respective shareholding in Yincang Waou;
- (iii) the Cayman Company will establish a wholly-owned company in Hong Kong (the “**Hong Kong Company**”) and the Hong Kong Company will establish a wholly-owned limited liability company in the PRC (the “**WFOE**”);
- (iv) SEMK Licensing (or its designated affiliate(s)) has agreed to subscribe for, and the Cayman Company has agreed to allot and issue shares representing 20% of the total issued share capital of the Cayman Company; and
- (v) Mr. Huang, Haidengwu Culture and SEMK Licensing shall then transfer all their respective equity interest in Yincang Waou to the WFOE such that their respective equity holdings in the Yincang Waou (together with its subsidiaries) will be swapped to offshore Cayman Company level.

Immediately upon the completion of the Restructuring, Yincang Waou will be indirectly wholly owned by the Cayman Company, and the Cayman Company will be held as to 60.5% by the Founder BVI, 20% by SEMK Licensing (or its designated affiliated company) and 19.5% by the Individual Shareholders BVI.

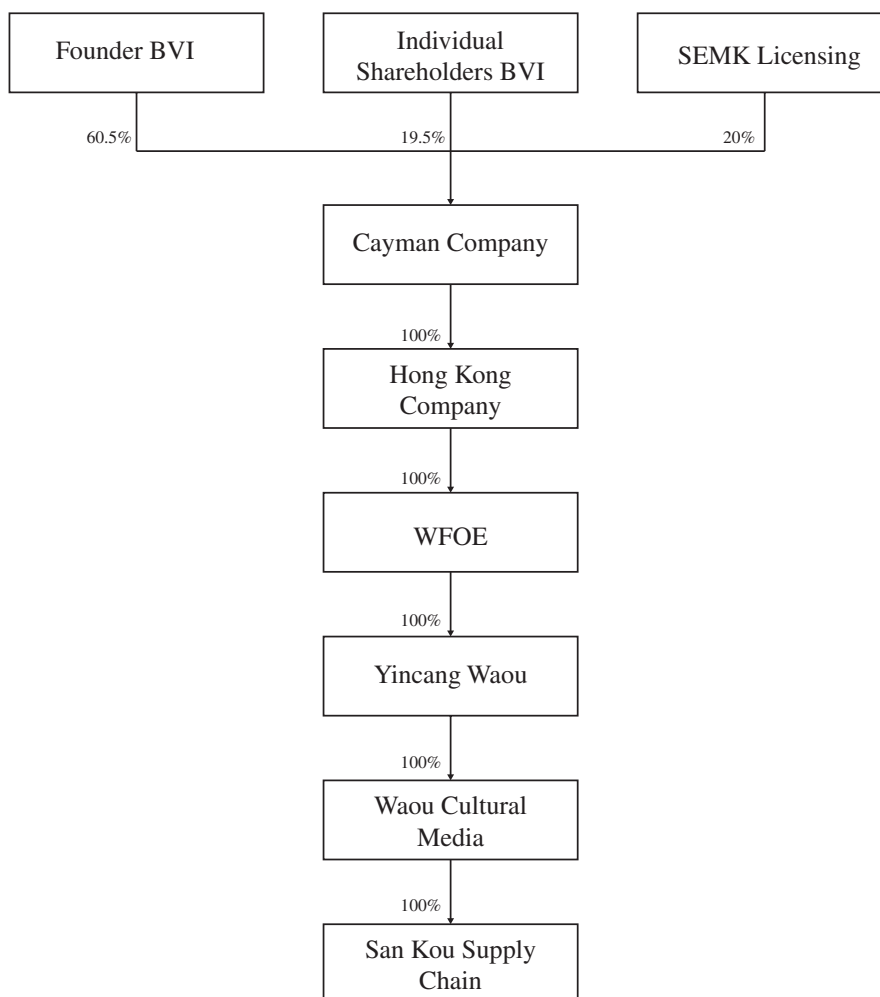
Immediately upon completion of the Share Acquisition and assuming full conversion of the Convertible Loan, the Cayman Company will be held as to 51% by the Investors, 41.78% by the Founder BVI and 7.22% by the Individual Shareholders BVI, and will become an indirect non-wholly-owned subsidiary of the Company where the financial results of the Cayman Company will be consolidated into the financial statements of the Group.

Simplified corporate charts of the Target Group immediately before and after the Restructuring are set out as below:

(a) *Immediately before the Restructuring*



(b) *Immediately after the Restructuring*



Reasons for the Restructuring

In order to fulfil the completion of the Share Acquisition and the Convertible Loan Investment with the Shares of the Company as part of the consideration to the extent permitted by and subject to the applicable PRC law and regulations.

V. GENERAL INFORMATION OF THE PARTIES

Information on the Group

The Group is principally engaged in the provision of licensing services, design consultation services and trading of licensed brand products in Hong Kong and the Mainland China.

SEMK Licensing, an indirect wholly-owned subsidiary of the Company, is a company incorporated under the PRC laws on March 14, 2016 and principally engaged in retail merchandise and character licensing.

Information on Haidengwu Culture

Haidengwu Culture is a limited partnership incorporated under the PRC laws on June 2, 2022, and is an equity incentive platform of Yincang Waou. Mr. Huang is the general partner of Haidengwu Culture, and the Haidengwu Partners are the limited partners of Haidengwu Culture.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, each of Mr. Huang, the Haidengwu Partners and Haidengwu Culture, as well as their ultimate beneficial owner(s) are Independent Third Parties.

VI. LISTING RULES IMPLICATIONS

As the Share Acquisition and the Convertible Loan Investment (if converted) involve equity interest in the same company, the Share Acquisition and the Convertible Loan Investment should be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Share Acquisition and the Convertible Loan Investment, on an aggregated basis, exceeds 5% but is less than 25%, the Share Acquisition and the Convertible Loan Investment constitute discloseable transactions of the Company, and are therefore subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the completion of the Share Acquisition and the Convertible Loan Investment is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent set out in the Share Acquisition and Convertible Loan Investment Agreement, the Share Acquisition and/or the Convertible Loan Investment may or may not proceed to completion. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

VII. DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for securities trading (excluding a Saturday, Sunday, and a statutory public holiday in Hong Kong, or any day on which the Stock Exchange announces a closure of market for other reasons)
“Cayman Company”	the company to be established under the laws of Cayman Islands pursuant to the Restructuring
“Company”	B.Duck Semk Holdings International 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 (stock code: 2250)
“Company Parties”	Collectively, Mr. Huang, Haidengwu Culture, Haidengwu Partners, Yincang Waou, the Cayman Company, the Hong Kong Company, the WFOE, the Founder BVI, the Individual Shareholders BVI and any newly-added partners on Haidengwu Culture after the date of the Share Acquisition and Convertible Loan Investment Agreement
“Consideration Shares”	17,303,532 new Shares to be allotted and issued by the Company as part of the consideration for the Share Acquisition
“Convertible Loan”	a convertible loan to be provided by the Company (or its designated onshore affiliated company) to the Target Group under the Share Acquisition and Convertible Loan Investment Agreement with a principal amount of RMB10,050,000
“Convertible Loan Investment”	the provision of the Convertible Loan by the Company (or its designated onshore affiliated company) under the Share Acquisition and Convertible Loan Investment Agreement
“Director(s)”	director(s) of the Company

“General Mandate”	a general and unconditional mandate to allot and issue up to 196,198,600 Shares granted to the Board by a resolution of the Shareholders passed at the annual general meeting held on May 26, 2025
“Group”	the Company and its subsidiaries
“Haidengwu Culture”	Shenzhen Haidengwu Cultural Corporation (Limited Partnership) (深圳熨燈屋文化合夥企業(有限合夥)), a limited partnership incorporated under the PRC laws on June 2, 2022
“Haidengwu Partners”	collectively, Chen Nanchen (陳南琛), Shi Penglei (史鵬蕾), Jiang Song (蔣松), Shan Qidi (單啓迪), Zhu Qianying (朱倩瑩), Su Aiqi (蘇靄琪), Qiu Lin (丘琳) and Zheng Hong (鄭虹), who are limited partners of Haidengwu Culture
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Individual Shareholders BVI”	to be jointly established by all Haidengwu Partners during the Restructuring process
“Investors”	collectively, the Company and SEMK Licensing
“Issue Price”	HK\$1.522 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mr. Huang”	Mr. Huang Jiale (黃嘉樂), the founder and one of the shareholders of Yincang Waou
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Restructuring”	the restructuring undergone by the Target Group in preparation of the Share Acquisition, as further described in the section headed “IV. GENERAL INFORMATION OF THE TARGET GROUP – 2. Restructuring of the Target Group” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“San Kou Supply Chain”	Dongguan San Kou Supply Chain Management Co., Ltd. (東莞市三口供應鏈管理有限公司), a company incorporated under the PRC laws with limited liability on 10 May 2023, and an indirect wholly-owned subsidiary of Yincang Waou
“SEMK Licensing”	Semk Licensing (Shenzhen) Limited (德盈商貿(深圳)有限公司), a company incorporated under the PRC laws with limited liability on March 14, 2016, and an indirect wholly-owned subsidiary of the Company,
“Share(s)”	the ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Acquisition”	the acquisition of approximately 27.74% equity interest in the Cayman Company by the Company from the Vendors pursuant to the Share Acquisition and Convertible Loan Investment Agreement
“Share Acquisition and Convertible Loan Investment Agreement”	the Share Acquisition and Convertible Loan Investment Agreement dated August 29, 2025 entered into among the Company, SEMK Licensing, Yincang Waou, Waou Cultural Media, San Kou Supply Chain, Mr. Huang, Haidengwu Culture and the Haidengwu Partners, in relation to the Share Acquisition and the Convertible Loan Investment
“Share Acquisition and the Convertible Loan Investment”	the Share Acquisition and the Convertible Loan transaction contemplated under the Share Acquisition and Convertible Loan Investment Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	the Cayman Company, the Hong Kong Company, the WFOE, Yincang Waou, Waou Cultural Media and San Kou Supply Chain
“Vendors”	collectively, Founder BVI and Individual Shareholders BVI

“Waou Cultural Media”	Shenzhen Waou Cultural Media Co., Ltd. (深圳市哇偶文化傳媒有限公司), a company incorporated under the PRC laws with limited liability on 14 March 2016, and a wholly-owned subsidiary of Yincang Waou
“Yincang Waou”	Shenzhen Yincang Waou Culture Technology Co., Ltd. (深圳隱藏哇偶文化科技有限公司), a company incorporated under the PRC laws with limited liability on December 26, 2022
“%”	per cent

On behalf of the Board
B.Duck Semk Holdings International Limited
Hui Ha Lam
Chairman of the Board and Executive Director

Hong Kong, August 29, 2025

As at the date of this announcement, the Board comprises Mr. Hui Ha Lam as chairman of the Board and executive Director, Mr. Kwok Chun Kit, Mr. Sung Chi Keung and Mr. Lyu Xingyuan as executive Directors, Mr. Liang Xingchao as non-executive Director and Ms. Leung Ping Fun Anita, Prof. Chan Ka Yin Karen, JP and Mr. Wu Di as independent non-executive Directors.