

28 May 2025

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SPDB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF UJU HOLDING
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement (the “**Engagement**”) as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 28 May 2025 (the “**Composite Document**”) jointly issued by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

As set out in the Letter from the Board, on 7 May 2025, the Offeror (as purchaser) and the Vendor (as vendor) and the Vendor Guarantor (as guarantor to the Vendor) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire, the Vendor has agreed to sell and the Vendor Guarantor has agreed to procure the sale of, the Sale Shares, comprising 303,695,400 Sales Shares, representing 50.62% of the total number of issued Shares as at the Latest Practicable Date, for a total cash consideration of HK\$212,586,780 (equivalent to HK\$0.70 per Sale Share), which was settled in full by the Offeror to the Vendor in cash upon Completion.

Immediately prior to Completion, save for Mr. Cheng Shares and the Vigorous Development Shares, the Offeror and the Offeror Concert Parties did not hold, own, have control or direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties owns an aggregate of 436,255,400 Shares (comprising the 303,695,400 Sale Shares, Mr. Cheng Shares and the Vigorous Development Shares), representing 72.71% of the total number of issued Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those owned or agreed to be acquired by the Offeror and Offeror Concert Parties).

SPDBI Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer at the Offer Price of HK\$0.7 per Offer Share in cash.

As at the Latest Practicable Date, the Company had 600,000,000 Shares in issue. The Company did not have any outstanding convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue which may confer any rights to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, being namely Mr. Wang Gao, Mr. Ye Fei and Ms. Song Yi, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

INDEPENDENCE DECLARATION

We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent of and not connected with the Company, the Offeror, the Vendor, the Vendor Guarantor, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding the offer period and including and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser in respect of the Offer, we have not acted as an independent financial adviser to the other transactions of (i) the Group (ii) the Vendor and its ultimate beneficial owners or (iii) the Offeror and its ultimate beneficial owner or (iv) any parties acting in concert with any of them. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions, and representations contained in or referred to in this Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of the annual report of the Group for the year ended 31 December 2024 (the “**2024 Annual Report**”) and annual report of the Group for the year ended 31 December 2023 (the “**2023 Annual Report**”), this Composite Document, relevant announcements published by the Company, the industry trends of the Group’s principal business, the historical Share price performance and the trading liquidity of the Company, and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the Latest Practicable Date and should there be any material changes after despatch of the Composite Document, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. The Directors have declared in this Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document and that there are no other matters the omission of which would make any statement in this Composite Document misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders will be notified of any material changes to such information provided in this Composite Document and our opinion as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of opinion made by the Directors and the Management in this Composite Document were reasonably made after due enquiries and careful consideration.

This letter is issued for the information of the Independent Shareholders solely in connection with their consideration of the Offer, and except for its inclusion in this Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer, we have considered the following principal factors and reasons:

1. Background information on the Group

1.1 Principal business

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange. The Company is an investment holding company, and the Group is principally engaged in provision of one-stop cross-media online marketing solutions through media partners for advertiser customers to market their products and services, provision of advertisement distribution services, live streaming e-commerce services (including provision of live streaming e-commerce services and sales of goods in online media platforms) in the PRC.

1.2 Historical financial information

Set out below is a summary of the consolidated results of the Group for the financial years ended 31 December 2023 (“FY2023”) and 2024 (“FY2024”) respectively, which has been extracted from the 2023 Annual Report and the 2024 Annual Report.

	FY2024 (Audited) <i>RMB'000</i>	FY2023 (Audited) <i>RMB'000</i>
Revenue		
— Online marketing solutions business (<i>Note</i>)	9,082,506	7,008,503
— Live-streaming e-commerce businesses	68,094	61,855
— Others	2,718	5,643
Total revenue	9,153,318	7,076,001
Gross profit	287,738	286,018
Profit for the year	92,980	90,972
Total comprehensive income for the year	98,029	95,914
— attributable to owners of the Company	93,873	90,560

Note:

Including revenue from the provision of advertisement distribution services of approximately RMB19.7 million for FY2024 (FY2023: approximately RMB11.3 million).

FY2024 vs FY2023

As set out in the 2024 Annual Report, total revenue of the Group increased by approximately RMB2,077.3 million or 29.4% from approximately RMB7,076.0 million for FY2023 to approximately RMB9,153.3 million for FY2024, which was mainly due to the deeper and closer cooperation with their core clients, as well as the active expansion of their customer and media channels. The revenue generated from online marketing solutions business accounted for 99.2% and 99.0% for FY2024 and FY2023, respectively.

The gross profit of the Group increased by approximately RMB1.7 million or 0.6% from approximately RMB286.0 million for FY2023 to approximately RMB287.7 million for FY2024. The gross profit margin of the Group decreased from approximately 4.0% for FY2023 to approximately 3.1% for FY2024 due to the proportion of the increase in revenue was lower than the proportion of the increase in their cost of services primarily arising from the increase in traffic acquisition and monitoring costs.

The profit for the year increased by approximately RMB2.0 million or 2.2% from approximately RMB91.0 million for FY2023 to approximately RMB93.0 million for FY2024, which was mainly due to the increase in revenue from online marketing solutions business and partly offset by the increase in total operating expenses, in particular, the increase in employee benefit expenses as a result of the growth in headcounts.

1.3 Financial position of the Group

Set out below is a summary of the financial position of the Group as at 31 December 2024, as extracted from the 2024 Annual Report.

	As at 31 December 2024 RMB'000 (Audited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets	69,559	62,696
Current assets	4,526,946	3,378,713
Total assets	4,596,505	3,441,409
Non-current liabilities	3,396	4,723
Current liabilities	3,136,547	2,050,806
Total liabilities	3,139,943	2,055,529
Net assets	1,456,562	1,385,880
Total equity attributable to owners of the Company	1,454,567	1,382,832

As set out in the 2024 Annual Report, total assets of the Group increased by approximately RMB1,155.1 million or 33.6% from approximately RMB3,441.4 million as at 31 December 2023 to approximately RMB4,596.5 million as at 31 December 2024. As at 31 December 2024, total assets of the Group mainly comprised of (i) accounts receivables, prepayments, deposits and other assets of approximately RMB3,621.9 million, as compared to approximately RMB2,635.5 million as at 31 December 2023; (ii) cash and cash equivalents of approximately RMB782.0 million, as compared to approximately RMB719.4 million as at 31 December 2023.

Total liabilities of the Group increased by approximately RMB1,084.4 million or 52.8% from approximately RMB2,055.5 million as at 31 December 2023 to approximately RMB3,139.9 million as at 31 December 2024. As at 31 December 2024, total liabilities of the Group mainly comprised of (i) accounts payables, notes payables and other payables and accruals of approximately RMB2,726.2 million, as compared to approximately RMB1,886.4 million as at 31 December 2023;

(ii) borrowings of approximately RMB248.2 million, as compared to approximately RMB10.0 million as at 31 December 2023; and (iii) contract liabilities of approximately RMB121.7 million, as compared to approximately RMB127.3 million as at 31 December 2023.

The net asset increased by approximately RMB70.7 million, or 5.1% from approximately RMB1,385.9 million as at 31 December 2023 to approximately RMB1,456.6 million as at 31 December 2024. Such increase was mainly due to the combined effect of (i) increase in accounts receivables of approximately RMB958.5 million; (ii) increase in accounts payables of approximately RMB661.7 million; and (iii) increase in borrowings of approximately RMB238.2 million. Total equity attributable to owners of the Company increased by approximately RMB71.7 million or 5.2% from approximately RMB1,382.8 million as at 31 December 2023 to approximately RMB1,454.6 million as at 31 December 2024.

2. Background and intention of the Offeror

2.1 Background information on the Offeror

The Offeror is a limited liability company incorporated in the BVI with limited liability. The Offeror is an investment holding company and its issued share capital is directly beneficially owned as to 60% by Mr. Cheng and as to 40% by Ms. Ma. The sole director of the Offeror is Ms. Ma, who is the spouse of Mr. Cheng.

Mr. Cheng, aged 46, holds a Doctor of Business Administration from Singapore Management University. He has over 20 years of working and management experience in the internet industry and is the founder and the general manager of Shanghai Zhishuqifei Software Co., Ltd. Mr. Cheng beneficially owns 210,000 Shares, representing approximately 0.04% of the Shares, as at the Latest Practicable Date.

In 2022, Mr. Cheng founded Shanghai Zhishuqifei Software Co., Ltd.* (上海智書企飛軟件技術有限公司) (“**Shanghai Zhishuqifei**”), a company principally engaged in enterprise digitalization and SaaS services, and is currently the general manager of Shanghai Zhishuqifei. In 2020, Mr. Cheng established Beijing Kunhe Runwu Technology Development Partnership (Limited Partnership) (北京坤禾潤物科技發展合夥企業(有限合夥)), a partnership principally engaged in industrial investment. In 2011, Mr. Cheng founded Beijing Pzoom Interactive Network Marketing Technology Co., Ltd.* (北京品眾互動網路營銷技術有限公司) (“**Pzoom Interactive**”), one of the largest search engine marketing service providers in the PRC.

Ms. Ma, aged 42, holds a bachelor's degree from Communication University of China, a Master of Arts degree from Beijing University. She has over 20 years of working and management experience in internet marketing. She joined the Company in 2023 and is a vice president of its marketing department.

Prior to joining the Group, she worked at Tiktok Pte. Ltd. from 2019 to 2020 and was responsible for establishing and managing the TikTok Australia team. From 2014 to 2016, she served as deputy general manager of the overseas business division of Beijing Kingsoft Security Software Co., Ltd., a subsidiary of Cheetah Mobile Inc., a company listed on the New York Stock Exchange (stock code: CMCN), and was responsible for overseeing the overseas products and managing the overseas sales team. From 2011 to 2014, she worked at Pzoom Interactive, a company which was founded by Mr. Cheng in 2011, and was responsible for internal operational management of Pzoom Interactive. From 2005 to 2007, Ms. Ma worked as a programme planning officer (方案策劃專員) in Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司), a subsidiary of Baidu, Inc., a company listed on the NASDAQ Global Select Market (stock code: BIDU).

Each of the Offeror, Mr. Cheng and Ms. Ma:

- (i) is not a connected person of the Company prior to Completion; and
- (ii) are presumed to be acting in concert with the Vendor and the Vendor Guarantor under Class (1) of the definition of "acting in concert" in the Takeovers Code as each of the Offeror and Vigorous Development holds over 20% of the Shares, but is not otherwise an associate of, or has any other relationship with, the Vendor and the Vendor Guarantor prior to the Acquisition.

Given that Mr. Cheng and Ms. Ma possessed over 20 years of experience in internet industry and internet marketing, respectively, we are of the view that the Offeror has relevant experience to online marketing industry.

2.2 Intention of the Offeror in relation to the Group

The Offeror intends that the Group will continue to operate its existing business, subject to the detailed review of the financial position and business operations of the Group to be conducted by the Offeror after the close of the Offer for the purpose of formulating a long-term strategy for the Group and exploring other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offer or to introduce any major changes to the business of the Group (including any redeployment of fixed assets of the Group).

3. Prospects and outlook of the Group

As stated in the 2024 Annual Report, over 99% of the Group's total revenue was derived from the provision of online marketing solutions services in the PRC for FY2023 and FY2024. Therefore, we searched for statistics and information relevant to the Group's existing principal business.

In 2024, the Chinese macroeconomy maintained a stable trend, providing support for the consumer market and exerting a positive impact on online marketing industry. According to the National Bureau of Statistics, the per capital GDP in 2024 was RMB95,749, representing an increase of 5.1% as compared to 2023. China's overall internet penetration has grown steadily in recent years. According to China Internet Network Information Center ("CNNIC"), China's population of internet users increased to 1,100 million by December 2024, reaching an internet penetration rate of 78.0% in 2024 as compared to 70.4% in 2020. The penetration rate of internet market is expected to further grow. Besides, increasing organisational spending on digital advertisements in China is a major factor driving market growth. According to EMARKETER (an independent market research company) (<https://www.emarketer.com/content/china-s-digital-ad-sector-grows-12-1--despite-economic-headwinds>), China's estimated total spending in digital advertisements is estimated to grow 12.1% to US\$143 billion in 2024 and is expected to further increase at a CAGR of 7.8% from 2024 to 2028. All the above factors provide a sound environment for the rapid growth of online marketing industry in China in recent years. Based on the latest forecast performed by Grand View Research (an independent market research company) (<http://www.grandviewresearch.com/horizon/outlook/digital-advertising-market/china>), the online marketing industry in China is expected to reach a projected revenue of US\$145,389.8 million by 2030, achieving a compound annual growth rate of 18% from 2025 to 2030. In Asia Pacific, China's online marketing industry is projected to lead the regional market in terms of revenue in 2030 according to Grand View Research. Given the aforesaid growing prospect, opportunities are there for the innovative companies that can capture user engagement and adapt to changing consumer preferences.

CNNIC is an administration and service organisation authorised by the Ministry of Industry and Information Technology of China and undertakes the responsibilities as the national internet network information center of China. EMARKETER has over 25 years of experience in researching and providing proprietary forecasts across marketing, advertising and commerce landscapes. It aggregates data from thousands of global sources, including government agencies, industry reports, and independent research firms. This approach allows for a more comprehensive

and balanced view of market trends and reduces the risk of bias or error from any one source. Its methodology involves normalising and weighting data from different sources based on factors such as the credibility of the source, historical accuracy, research design, and sample size, striving for consistency and accuracy in their published estimates and projections. These factors make EMARKETER a trusted resource for market insights and data-driven decision support. Given the above, we consider both CNNIC and EMARKETER provide reliable source of data for understanding the online marketing industry.

As noted from the 2023 Annual Report and 2024 Annual Report, the Group endeavours to refine its business strategy and drive its business with technology in order to create sustainable value. In early 2024, the Group entered into partnership with Microsoft Bing in China and maintained close collaboration with 20 media entities in order to establish new premium traffic channels for its advertising customers. Knowing the importance of artificial intelligence (“AI”) technologies which enable online marketing services providers to produce and deliver online short video solutions more intelligently and efficiently, the Group embraced the changes in AI technology as its strategic theme by, among others, integrating AI capabilities across all operational processes and establishing an AI-enabled system and AI generated content laboratories with leading media entities. With the Group’s strategic focus to leverage the dual drivers of a gradually recovering consumer market and the application of technological innovations, the Group was able to seize market opportunities and achieve growth against the prevailing trend.

As advised by the Management, the Group will continue to face intensifying competition in the industry which may result in reduced price and margin or a loss of its market leading position or advertiser customers or media partners revenue. In spite of the challenges faced by the Group and uncertainty in the future market environment, given the positive prospects in online marketing industry and the Group’s clear objective and active endeavors to drive performance growth as discussed above, we are of the view that the prospects of the Group’s online marketing solutions business remain positive.

4. Principal terms of the Offer

SPDBI Capital is, on behalf of the Offeror, making the Offer on the following basis:

For each Offer Share. HK\$0.70 in cash

The Offer Price of HK\$0.70 per Offer Share is determined at a price of the consideration per Sale Share of HK\$0.70 paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all respects. The Offer is extended to all Offer Shareholders. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer are made, being this date of this Composite Document.

The Company confirms that as at the Latest Practicable Date, save for the final dividend of HK\$0.04 per Share for FY2024 (“**2024 Final Dividend**”) which was announced by the Company on 31 March 2025, (i) it has not declared any dividend which is outstanding and not yet paid; and (ii) it does not have any intention to make, declare or pay any future or make other distributions until the close of the Offer. The expected payment date of the 2024 Final Dividend is 2 July 2025.

The Offer Price of HK\$0.70 per Offer Share will not be adjusted for the 2024 Final Dividend. If, after the date of the Joint Announcement and up to the close of the Offer, any dividend or other distribution other than the 2024 Final Dividend is made or paid by the Company to the Offer Shareholders in respect of the Offer Shares, the Offeror will reduce the Offer Price by all of the amount or value of such dividend or other distribution (as the case may be).

4.1 Offer Price

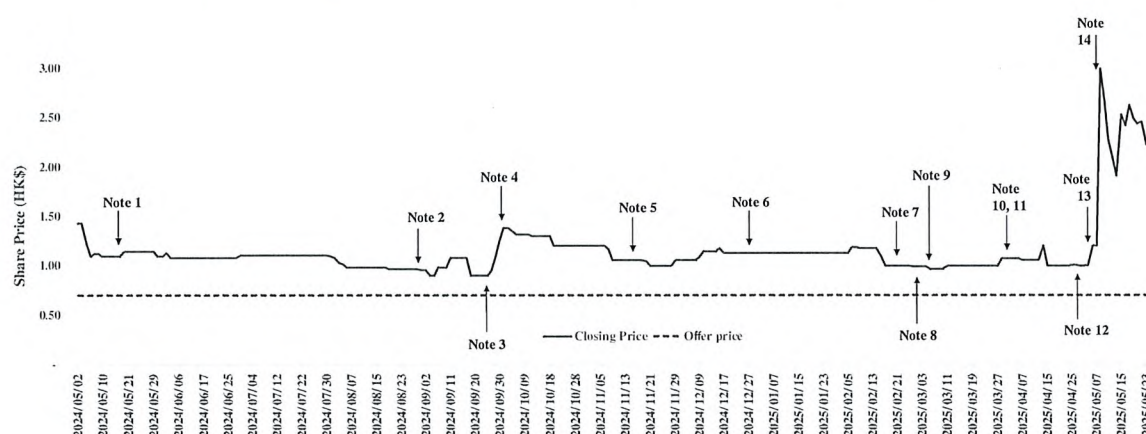
The Offer Price of HK\$0.70 per Offer Share represents:

- (i) a discount of 68.6% to the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 41.7% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 33.0% to the average closing price of HK\$1.04 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day (the “**5-day Average Price**”);
- (iv) a discount of 31.6% to the average closing price of HK\$1.02 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day (the “**10-day Average Price**”);
- (v) a discount of 32.4% to the average closing price of HK\$1.04 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day (the “**30-day Average Price**”); and

- (vi) a discount of 73.3% to the audited consolidated net asset value of the Company of RMB2.43 (equivalent to HK\$2.62) per Share as at 31 December 2024, being the date to which the latest audited consolidated annual results of the Group were made up.

4.2 Historical Share Price Performance

Set out below is the chart showing the daily closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 2 May 2024, being the twelve-month period prior to the Last Trading Day of 6 May 2025 (the “**Pre-Announcement Period**”), and the period subsequent to the Last Trading Day up to and including the Latest Practicable Date (the “**Post-Announcement Period**”, collectively the “**Review Period**”). With a view to assess the reasonableness and fairness of the Offer Price, we consider that the length of the Review Period to be reasonably long enough to illustrate the movement of recent closing prices of the Shares for a reasonable comparison between the historical closing prices of the Shares and the Offer Price.



Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The Company announced the unaudited operating data for the first quarter ended 31 March 2024 on 17 May 2024.
2. The Company announced the interim results announcement for the six months ended 30 June 2024 on 29 August 2024.
3. The Company published the interim report for the six months ended 30 June 2024 on 25 September 2024.
4. The Company announced the change of independent non-executive directors, change of composition of audit committee, remuneration committee and nomination committee on 30 September 2024.
5. The Company announced the unaudited operating data for the third quarter ended 30 September 2024 on 14 November 2024.
6. The Company published the voluntary announcement on the provision of guarantees in respect of obligations owed by the subsidiary on 27 December 2024.

7. The Company published the voluntary announcement on the provision of guarantees in respect of obligations owed by the subsidiary on 21 February 2025.
8. The Company published the voluntary announcement on the appointment of joint chief executive officer on 28 February 2025.
9. The Company published the voluntary announcement on the provision of guarantees in respect of obligations owed by the subsidiary on 5 March 2025.
10. The Company announced the annual results announcement for FY2024 on 31 March 2025.
11. The Company announced the final dividend for FY2024 on 31 March 2025.
12. The Company published the annual report for FY2024 on 29 April 2025.
13. The Company announced the discloseable transaction in relation to the acquisition of American depositary shares of Yuanbao Inc. on 2 May 2025.
14. The Company published the Joint Announcement jointly issued by the Offeror and the Company in relation to the, among other things, the Sale and Purchase Agreement and the Offer on 7 May 2025.

Pre-Announcement Period

During the Pre-Announcement Period, the Shares were traded at a price ranging from HK\$0.90 to HK\$1.43 per Share, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Pre-Announcement Period is approximately HK\$1.09 per Share. The Offer Price of HK\$0.7 per Share represents (i) a discount of approximately 22.2% to the lowest closing price of HK\$0.90 per Share; (ii) a discount of approximately 51.0% to the highest closing price of HK\$1.43 per Share; and (iii) a discount of approximately 35.7% to the average daily closing price of approximately HK\$1.09 per Share during the Pre-Announcement Period. We note that the Offer Price is below the daily closing price per Share for all trading days during the Pre-Announcement Period.

As depicted in the above chart, the Share Price remained relatively stable and most of the time closed at above HK\$1 per Share, save for one sharp decrease at the beginning of the Pre-Announcement Period (from HK\$1.43 on 2 May 2024 to HK\$1.10 on 7 May 2024), and one sharp increase (from HK\$0.90 on 25 September 2024 to HK\$1.38 on 2 October 2024) immediately after the publication of the interim report for the six months ended 30 June 2024 (see note 3 above). As discussed with the Management, they were not aware of any affairs of the Group that could potentially be related to the decrease or increase in the closing price of the Shares after 3 May 2024.

Post-Announcement Period

During the Post-Announcement Period, the highest closing price of the Shares is HK\$3.00 per Share recorded on the date 8 May 2025; and the lowest closing price of the Shares is HK\$1.20 per Share recorded on the date 7 May 2025, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Post-Announcement Period is approximately HK\$2.34 per Share. The Offer Price of HK\$0.7 per Share represents (i) a discount of approximately 41.7% to the lowest closing price of HK\$1.20 per Share; (ii) a discount of approximately 76.7% to the highest closing price of HK\$3.00 per Share; and (iii) a discount of approximately 70.0% to the average daily closing price of approximately HK\$2.34 per Share during the Post-Announcement Period.

As depicted in the above chart, the Share Price closed at above HK\$1 per Share for the entire Post-Announcement Period, with one sharp increase at the beginning of the Post-Announcement Period (from HK\$1.20 on 7 May 2024 to HK\$3.00 on 8 May 2024) immediately after the publication of the Joint Announcement (see note 14 above). As discussed with the Management, they were not aware of any affairs of the Group that might have affected the Share Price after the publication of the Announcement.

Given the aforesaid and having considered: (i) a discount of approximately 68.6% to the closing price of HK\$2.23 on the Latest Practicable Date; (ii) a discount of approximately 39.17% to the average closing price of approximately HK\$1.15 during the Review Period; and (iii) the Shares have consistently traded at a higher price than the Offer Price during the Review Period, we are of the view that the Offer Price is unattractive and therefore the Offer is not fair and reasonable from the trading prices analysis.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

4.3 Historical trading volume and liquidity analysis

The following table sets out the average daily trading volume (the “ADTV”) of the Shares for each month or period and the percentages of such ADTV to the number of total issued Shares during the Review Period.

Month/Period	Total trading volume for month/period (number of shares)	Number of trading days	ADTV	% of ADTV to the number of total Shares	% of ADTV to total number of Shares held by public
				(Note 1)	(Note 2)
2024					
2–31 May	190,000	21	9,048	0.002%	0.006%
June	6,000	19	316	0.000%	0.000%
July	1,483,000	22	67,409	0.011%	0.041%
August	11,000	22	500	0.000%	0.000%
September	50,000	19	2,632	0.000%	0.002%
October	55,000	21	2,619	0.000%	0.002%
November	1,480,000	21	70,476	0.012%	0.043%
December	10,000	20	500	0.000%	0.000%
2025					
January	373,000	19	19,632	0.003%	0.012%
February	453,000	20	22,650	0.004%	0.014%
March	19,000	21	905	0.000%	0.001%
April	2,781,358	19	146,387	0.024%	0.089%
1–6 May	4000	2	2,000	0.000%	0.001%
7–23 May (i.e. the Latest Practicable Date)	9,314,900	8	716,531	0.119%	0.438%
Maximum			716,531	0.119%	0.438%
Minimum			316	0.000%	0.000%
Average			75,829	0.013%	0.046%

Notes:

1. Based on 600,000,000 Shares in issue at the end of the relevant month/period.
2. Based on 163,744,600 Shares held by public Shareholders (i.e. Shareholders other than the Offeror and parties acting in concert with it and substantial Shareholders) as at the Latest Practicable Date.

As illustrated above, during the Review Period, the ADTV of the Shares for each month or period as a percentage over the total number of issued Shares ranged from approximately 0.000% to 0.119%, with an average of approximately 0.013%.

If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of ADTV of the Shares as at the respective month/period under the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.000% to the highest of approximately 0.438% with an average of approximately 0.046% of the total number of Free Float Shares as at the Latest Practicable Date.

Based on the analysis above, we consider that the liquidity of the Shares was generally thin during the Review Period. In normal circumstances, if the Independent Shareholders dispose of the Shares in the open market in bulk, this may exert downward pressure on the market price of the Shares. While the Offer provides an option to the Independent Shareholders for realising their investment at the Offer Price within a short period of time, Independent Shareholders who consider to realise their investment are advised to do so in the open market instead of accepting the Offer if the trading prices of the Shares are above the Offer Price. Independent Shareholders who possess a relatively sizeable shareholdings are also advised to take into account the potential pressure on the Share price when selling in bulk or realise their shareholdings by batches.

4.4 Comparable analysis

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the “**P/E Ratio**”) analysis and the price-to-book ratio (the “**P/B Ratio**”) analysis to compare the Offer Price against the market valuation of other comparable companies. P/E Ratio analysis and P/B Ratio analysis are commonly adopted valuation method in the valuation of companies since the data for calculating these ratios can be obtained from publicly and readily available information directly to reflect the value of the companies determined by the open market. P/B Ratio is mainly used to assess the value of companies with heavy assets such as companies in real estate industries and therefore P/B Ratio was not used in our below analysis.

Given that (i) the principal activities of the Group is the provision of online marketing solutions services in the PRC; and (ii) the market capitalisation of the Company was approximately HK\$720 million as at the Last Trading Day (based on the total issued Shares of 600 million Shares and the closing price per Share of HK\$1.2), we have selected comparable companies which are (i) listed on the Main Board of the Stock Exchange; (ii) principally engaged in provision of online marketing solutions services in the PRC, with over 50% of total revenue being generated from such business in the PRC based on their latest published annual reports; and (iii) with market capitalisation between HK\$100 million to HK\$1 billion as at the Last Trading Day. Based on the above selection criteria, we have identified an exhaustive list of 10 comparable companies (the “Comparable Companies”).

Having considered that the Comparable Companies (i) are principally engaged in business similar to the Group; (ii) are listed on the main board of the Stock Exchange and hence share similar market sentiment of the Company; and (iii) have similar market capitalisation as the Group, represent an exhaustive list of companies meeting the aforesaid selection criteria, we consider the selection criteria to be fair and representative and the Comparable Companies identified based on these criteria constitute an appropriate and representative reference for our analysis purpose.

No	Company name (Stock Code)	Principal activities	Market capitalisation	P/E Ratio
			(Note 1) HK\$ million	(Note 2) Times
1	China Baoli Technologies Holdings Limited (164)	Multi-media technologies and convergence media business	214.4	N/A (Note 3)
2	Bright Future Technology Holdings Limited (1351)	Provision of intelligent marketing solutions services	110.4	N/A (Note 3)
3	AI X Tech Inc. (1490)	Provision of online advertising services	227.2	78.1
4	Duiba Group Limited (1753)	Internet advertising business and user management SaaS platform business	188.4	N/A (Note 3)
5	Doumob (1917)	Provision of online and offline marketing solution services	121.9	N/A (Note 3)

No	Company name (Stock Code)	Principal activities	Market capitalisation (Note 1) HK\$ million	P/E Ratio (Note 2) Times
6	Netjoy Holdings Limited (2131)	Provision of online marketing solutions and ecommerce services	362.0	38.1
7	Rego Interactive Co., Ltd (2422)	Provision of corporate and industry digitalisation solution services	615.0	N/A (Note 3)
8	Plus Group Holdings Inc. (2486)	Provision of customised marketing solution, tasks and marketers matching service and marketers assignment services	598.7	42.6
9	Lesi Group (2540)	Provision of mobile advertising solutions services	640.0	8.2
10	Activation Gp (9919)	Provision of experiential marketing services, digital and communication services and IP development	625.6	7.3
			With outliers for reference only	Without outliers (i.e. AI X Tech Inc.)
Maximum			78.1	42.6
Minimum			7.3	7.3
Median			38.1	23.1
Average			34.9	24.1
The Company				4.1 (Note 4)

Source: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

Notes:

1. The market capitalisation of the Comparable Companies was calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Last Trading Day.
2. The P/E Ratio was calculated based on the market capitalisation of the respective Comparable Company as at the Last Trading Day divided by the net profit attributable to the owners of the respective Comparable Company in the latest financial year.
3. Not applicable since those Comparable Companies were loss making for the latest financial year.
4. The implied P/E Ratio of the Company (the “**Implied P/E Ratio**”) of approximately 4.1 times is based on (a) the implied market capitalisation of the Company of approximately HK\$420 million based on the Offer Price and the issued number of Shares as at the Last Trading Day; and (b) the net profit attributable to the owners of the Company of approximately HK\$101.4 million for FY2024.

Although five out of the ten Comparable Companies are loss making, we believe that the remaining five profitable Comparable Companies form a sufficiently representative peer group. This group fairly reflects market perspectives on online marketing solutions services in the PRC and provides a reliable basis for comparison.

As set out in the above table, the P/E Ratios of the Comparable Companies (without outliers and loss making Comparable Companies) ranged from approximately 7.3 times to approximately 42.6 times with a median of approximately 23.1 times and an average of approximately 24.1 times. The Implied P/E Ratio, based on the Offer Price, is approximately 4.1 times, which is below the range, the median and the average of the P/E Ratios of the Comparable Companies, indicating that the valuation of the Company, implied by the Offer Price and the net profit attributable to the owners of the Company, represents a discount relative to the Comparable Companies.

Given that the Implied P/E Ratio is below the range, median and average of the P/E Ratios of the Comparable Companies (without outliers and loss making Comparable Companies), we consider the Offer Price is unattractive and the Offer is not fair and reasonable from the comparable companies analysis.

5. Public float and maintaining listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

RECOMMENDATION

Having considered below factors and reasons:

- (i) Despite that, as noted from the 2024 Annual Report, profit margins of the Group remain under pressure due to rising operational costs, debt servicing, and rising traffic acquisition costs, the prospects of the Group's online marketing solutions business remain positive as discussed in the section headed "Prospects and outlook of the Group" above in this letter;
- (ii) given that (i) the closing prices of the Shares have been trading above the Offer Price during the entire Review Period; (ii) the Offer Price represents a discount of approximately 41.7%, 33.0%, 31.6% and 32.4% to the closing price as quoted on the Last Trading Day, 5-day Average Price, 10-day Average Price, and 30-day Average Price, respectively; and (iii) the Offer Price represents a discount of approximately 68.6% to the closing price of the Shares of HK\$2.23 as at the Latest Practicable Date. Therefore, the Offer Price is unattractive and the Offer is not fair and reasonable from the trading prices analysis; and
- (iii) given that the Implied P/E Ratio is below the range, average and median of the P/E Ratios of the Comparable Companies (without outliers and loss making Comparable Companies), we consider the Offer Price is unattractive and the Offer is not fair and reasonable from the comparable companies analysis,

we are of the opinion that the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Nevertheless, the Independent Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Offer Price during or after the offer period; and (ii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price of HK\$0.7. However, for those Independent Shareholders who intend to

accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the offer period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from such sale of Shares would be higher than that receivable under the Offer. For those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial performance of the Group and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares at a price higher than the Offer Price after the offer period given the generally low trading volume during the Review Period.

Yours faithfully,
For and on behalf of
Ballas Capital Limited



Alex Lau
Managing Director



Michelle Tse
Director

Note: Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Michelle Tse has been a licensed representative of Type 6 (advising on corporate finance) regulated activity from 2010 to 2015 and since 2019.