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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION SHARE ACQUISITION AND CONVERTIBLE LOAN INVESTMENT INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of B.Duck Semk Holdings International Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated August 29, 2025 (the "**Announcement**") in relation to the discloseable transaction under the Share Acquisition and Convertible Loan Investment Agreement involving the issue of Consideration Shares under General Mandate. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

The Company would like to provide the Shareholders and potential investors of the Company with further information as follows.

PERFORMANCE GUARANTEE AND COMPENSATION MECHANISM

The Target Group's performance targets for the years of 2025, 2026 and 2027 as disclosed in the Announcement are based on Yincang Waou's revenue figures and growth rates over the past three years, as well as projections for industry development and Yincang Waou's growth trajectory over the next three years. The revenue of Yincang Waou for the two financial years ended December 31, 2023 and 2024 are set out below:

	For the year ended December 31,	
	2023	**2024**
	(RMB million)	*(RMB million)*
Revenue	15.25	26.26

In 2023 and 2024, Yincang Waou's revenue growth rates were 275.9% and 72.2%, respectively. For the six months ended June 30, 2025, revenue of Yincang Waou reached RMB15.28 million, achieving a growth rate of 78.9% compared to its revenue for the six months ended June 30, 2024. Considering seasonality factors such as the Spring Festival holiday in the first half and Double Eleven as well as Double Twelve in the second half of the calendar year, consumer goods companies typically record higher revenue in the second half of the calendar year. Considering the above-mentioned Yincang Waou's historical revenue figures and growth rates, as well as projections for industry development and Yincang Waou's growth trajectory over the next three years, the Board is of the view that the performance guarantee amounts are fair and reasonable, and reasonably achievable.

In the event that the performance targets are not met and that Share Compensation is required, the value of the equity interest held by Mr. Huang and the Founder BVI will be determined based on a comprehensive assessment of Yincang Waou's revenue performance, net assets, market valuation (P/S or P/E ratio) influenced by prevailing industry conditions at that time, and evaluations from third-party appraisal agencies. Such valuations shall be subject to review and approval by the Directors.

The Directors are satisfied with Mr. Huang's ability to fully and promptly pay the Cash Compensation to the Company if the performance targets are not met, taking into account the following factors:

(i) the Company has verified Mr. Huang's personal credit report and real estate information report to ensure he possesses sound creditworthiness and sufficient performance capability. Based on Mr. Huang's personal credit report, he does not have other debts of a substantial amount other than the mortgage loan over his residential property. With reference to the data from the secondhand property transaction in the open market, the current market value of his residential property is approximately HK$19.2 million;

(ii) the Company has imposed lock-up restrictions on the Consideration Shares. The lock-up period spans 12 to 36 months from the date of issuance of Consideration Shares, covering the Performance Commitment Period;

(iii) in order to secure due performance by Mr. Huang of his obligations under the performance guarantee, the Company and Mr. Huang have further agreed that, upon completion of the Share Acquisition, the Consideration Shares payable to Mr. Huang according to the Share Acquisition and Convertible Loan Investment Agreement (the "**Escrow Share(s)**") will be issued in the name of Mr. Huang and deposited into an escrow account (the "**Escrow Account**") which shall be set up and maintained by an escrow agent (the "**Escrow Agent**") to be jointly appointed by the Company and Mr. Huang. The Escrow Account shall be jointly controlled by both the Company and Mr. Huang and none of the Escrow Shares shall be released from the Escrow Account or dealt with by anyone without the express written consent by the Company. Mr. Huang shall not enjoy the voting rights in respect of the Escrow Shares in the general meeting of the Company during the escrow period and until the Escrow Shares are released. The dividends declared and distributed in respect of the Escrow Shares during the escrow period shall be deposited into the Escrow Account, and shall be released to Mr. Huang upon the release of the Escrow Shares. The Company shall instruct the Escrow Agent to release any Escrow Shares held under the Escrow Account on the earlier of the following events: (a) the Target Group having achieved the performance targets during the Performance Commitment Period according to the Share Acquisition and Convertible Loan Investment Agreement; and (b) by mutual agreement between the Company and Mr. Huang. In the event that the performance targets are not met and the Share Compensation and the cash paid by Mr. Huang and the Founder BVI in aggregate are insufficient to cover the total compensation amount, the Escrow Agent shall be instructed to sell the Escrow Shares at the open market and pay the sale proceeds to the Company to recover the shortfall amount.

VALUATION REPORT

Valuation methodology

As disclosed in the Announcement, the methodology adopted for valuation (the "**Valuation**") of 31% equity interest in Yincang Waou is the market approach with the enterprise value-to-sales (EV/S) multiple as the metric, and the enterprise value-to-EBITDA (EV/EBITDA) and price-to-earnings ratio (P/E) were excluded as Yincang Waou had a highly variable historical profitability and reported net losses in the first half of 2025. 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 is set out below:

	For the year ended December 31,	
	2023	**2024**
	(RMB million)	*(RMB million)*
Revenue	15.25	26.26
Cost of goods sold	(9.77)	(15.06)
Selling expenses	(1.83)	(4.09)
Administrative expenses	(4.71)	(6.88)
Others	0.06	(0.07)
Net (loss)/profit after taxation	(1.00)	0.16

Comparable companies

The Independent Valuer has identified six comparable companies, which represent the exhaustive list of all companies satisfying the selection criteria as disclosed in the Announcement. Details of the six comparable companies are set out below:

Company name	**Stock code**	**Listing venue**	**Principal business**	**Enterprise value* (in Million) (A)**	**Sales** (in Million) (B)**	**EV/S*** (C) = (A) ÷ (B)**
Pop Mart International Group Ltd (泡泡瑪特國際集團有限公司)	9992.HK	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
Bloks Group Ltd (布魯可集團有限公司)	325.HK	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 name	Stock code	Listing venue	Principal business	Enterprise value* (in Million) (A)	Sales** (in Million) (B)	EV/S*** (C) = (A) ÷ (B)
MINISO Group Holding Ltd (名創優品集團控股有限公司)	9896.HK	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
Alpha Group (奧飛娛樂股份有限公司)	002292 SZ	Mainland China	A toy and doll manufacturer which develops and sells its own IP-based products and branded toys.	RMB14,483	RMB2,609	5.55
Star Plus Legend Holdings Ltd (巨星傳奇集團有限公司)	6683 HK	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
B.Duck Semk Holdings International Ltd	2250 HK	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.

The range of EV/S multiples (i.e. from 1.73 to 9.98) among the comparable companies is typical for this sector and arises from differences in their individual business performance and market positioning.

The Independent Valuer has adopted the median multiple (i.e. 6.49) instead of the mean multiple (i.e. 6.50) as it considers that the use of the median multiple is a standard and robust valuation technique specifically employed to mitigate the effects of such a range, due to the following reasons: (i) unlike the mean, the median is not skewed by extreme values at either end of the dataset and provides a more representative central tendency for such a small sample size of six comparable companies; (ii) the median effectively harnesses this full spectrum of market data while neutralizing the distorting effect of any individual high or low multiple; and (iii) this approach is also a conventional practice endorsed by foundational valuation texts for this scenario.

Due Diligence on the Target Group and the Valuation

Since SEMK Licensing subscribed for 20% of the enlarged equity interest in Yincang Waou in 2023, the Company consistently monitored the Target Group's development over the past two years by obtaining its financial statements and other relevant information.

During the due diligence process, the Company conducted a comprehensive review of the Target Group across three dimensions, i.e. business, finance, and legal, by obtaining more detailed internal information (such as IP licensing agreements, accounting ledger, sales contracts, procurement contracts, etc.), conducting personnel interviews, and verifying publicly available information. The business due diligence focused on the Target Group's IP assets and product sales channel development. The financial due diligence focused on the authenticity of the Target Group's revenue and profits, as well as the existence of key assets such as cash and inventory. The legal due diligence focused on the Target Group's intellectual property protection and legal compliance. Finally, a comprehensive assessment was made of the Target Group's projected future revenue growth. The results of the due diligence were reported to the Directors for their review and information.

Taking into account the Target Group's historical operational and financial information and future growth potential and the relevant comparable companies, the Board is of the view that the key methodology and assumptions used in the Valuation are fair and reasonable and the consideration of the Share Acquisition and Convertible Loan Investment Agreement is justifiable.

REASONS FOR AND BENEFITS OF THE SHARE ACQUISITION AND CONVERTIBLE LOAN INVESTMENT

Immediately upon completion of the Share Acquisition and prior to the conversion of the Convertible Loan, the Cayman Company will be held as to 47.74% by the Investors, 44.56% by the Founder BVI and 7.70% by the Individual Shareholders BVI. The Company is of the view that the Group will exercise adequate control over the Target Group, as the Company will be able to control two-thirds of the members of the board of directors of the Target Group, thus the Cayman Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated to the financial statements of the Company. In addition, the Target Group will be deeply integrated with the Company and engage in the following business collaborations following the Share Acquisition: (i) the Company will sign an IP licensing agreement with the Target Group to get access to its IP licenses, thereby expanding the Company's IP matrix; and (ii) Mr. Huang will assume the role of Vice President of the Company, overseeing the consolidation of the trendy toy segment, including product development and design, supply chain production, and sales channel establishment, so as to drive growth in the Company's trendy toy business and ultimately expanding the Company's revenue scale. As such, the Share Acquisition will contribute to the Group's revenue growth and expansion of its IP matrix.

The Company intends to convert the Convertible Loans into shares of the Cayman Company in order to ultimately hold a controlling 51% stake in the Target Group. The Company is of the view that having a controlling stake in the Target Group can help the Group to consolidate its overall strategy and execution plan in the development of trendy toys segment with higher level of consistency and certainty.

The Company's future plans and intentions regarding the Target Group's business are as follows:

(i) Overseas Channel Development: From late 2025 to 2026, Yincang Waou will establish flagship stores and launch marketing campaigns overseas. This will significantly boost brand and IP recognition through direct sales, enabling deep penetration into each country's distribution networks;

(ii) IP Expansion: Yincang Waou will continue signing promising IPs from the Chinese market and intensify efforts to build its in-house IP development team. New IP matrix types will include but are not limited to trend-driven toys, illustrations, and emoji-based IPs, ensuring the Company's IP portfolio maintains sustained market competitiveness; and

(iii) Product Content Expansion: Yincang Waou will develop diverse cultural and lifestyle-related merchandise derivatives, including non-blind box sales formats (e.g., Ichiban-Sho). This will increase the Company's count of stock keeping units, enhance product variety for overseas flagship stores and pop-ups, and leverage new product types and/or formats to continuously break into new markets and boost brand recognition.

Through the Share Acquisition, the Company will become the single largest shareholder in the Target Group, while Mr. Huang and Haidengwu Partners will hold Shares of the Company, thereby establishing a deep binding relationship to ensure alignment of interests.

The Company is of the view that the vast experience and expertise of Mr. Huang and his team in the trendy toy industry will complement with and support the Company's future plan to expand its business in the trendy toy industry more efficiently.

GENERAL INFORMATION OF THE TARGET GROUP

The Target Group conducts its business mainly through Waou Cultural Media, which is a wholly-owned subsidiary of Yincang Waou and was established in August 2021. Since its establishment, Waou Cultural Media has been engaged in the design, research and sales of trendy toys and IP derivatives. Waou Cultural Media mainly produces products through original equipment manufacturer cooperation and subsequently sells the products through distributors and online e-commerce platforms.

The Target Group mainly produces and sells a wide range of products such as blind boxes, trendy toys and IP derivatives based on its IP matrix. There are three main ways that the Target Group creates its IP matrix: (i) in-house creation and development, (ii) co-creation with artists, and (iii) licensing agreements with copyright holders. The Target Group's principal operating IP matrix consists of eight IPs, including Project the SLLO, CHUBBY FAMILY, DEE TWO, diudiubaby, OOPS! WAWA, HEY MANGO, HUROBO and Bartender.

As of July 31, 2025, the Target Group registered 42 trademarks in certain classes in the PRC, which are material to their business, including 黑灯屋, HIDDEN WOOO, , , diudiu baby.

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

Hong Kong, October 21, 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, Ms. Xu Wenya 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.