
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in China Ruyi Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2023 GAME COOPERATION
FRAMEWORK AGREEMENT;
(2) NOTICE OF SGM; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

Independent financial adviser to the Company



Capitalised terms used in this cover shall have the same meanings as defined in this circular. A letter from the Board is set out on pages 4 to 18 of this circular. A notice convening the special general meeting of the Company (the “SGM”) to be held at 2:45 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use by the Shareholders at the SGM (and at any adjournment thereof) is also enclosed herein.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person should you so wish and in such event, the authority of the proxy shall be deemed to be revoked.

12 June 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	19
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX — GENERAL INFORMATION	50
NOTICE OF SGM	SGM-1

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“2022 CCT Agreement”	the continuing connected transaction agreement dated 10 January 2022 entered into between Beijing Jingxiu and Tencent Computer, pursuant to which the parties agreed that Tencent Computer shall provide, among other things, technical services and channel promotion services for the Group’s game products in Mainland China
“2023 Game Cooperation Framework Agreement”	the continuing connected transaction agreement dated 22 February 2023 entered into between Beijing Jingxiu and Tencent Computer, pursuant to which the parties agreed that, (1) Tencent Representative Companies and Beijing Jingxiu shall carry out Distribution Cooperation; (2) Tencent Representative Companies and Beijing Jingxiu shall carry out Joint Operation Cooperation; and (3) Beijing Jingxiu shall provide Marketing Services to Tencent Representative Companies
“Announcement”	the announcement of the Company dated 22 February 2023 in relation to the 2023 Game Cooperation Framework Agreement
“Annual Caps”	the expected maximum annual transaction amount receivable by Beijing Jingxiu from Tencent Representative Companies, and payable by Beijing Jingxiu to Tencent Representative Companies for the three years ending 31 December 2025 in respect of the transactions contemplated under the 2023 Game Cooperation Framework Agreement, each being the “Annual Cap” of the corresponding year
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Jingxiu”	Beijing Ruyi Jingxiu Network Technology Co., Ltd.* (北京儒意景秀網絡科技有限公司) (formerly known as Shenzhen Jingxiu Network Technology Co., Ltd.* (深圳市景秀網絡科技有限公司)), a company established in the PRC with limited liability and a subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	China Ruyi Holdings Limited (中國儒意控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 136)

DEFINITIONS

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Cooperation Products”	the games developed by the Tencent Group or of which the Tencent Group owns the IP rights which shall be published and operated by the Group in the PRC under the continuing connected transactions
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and controlled entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin, being the independent non-executive Directors, formed to advise the Independent Shareholders on the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders other than those required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM
“Latest Practicable Date”	5 June 2023, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened, as and when appropriate, for the Independent Shareholders to consider, and vote on, the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder, and, if applicable, the Annual Caps
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a company established in the PRC and a subsidiary of Tencent Holdings
“Tencent Group”	Tencent Holdings and its subsidiaries
“Tencent Holdings”	Tencent Holdings 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: 700) and the controlling shareholder of Tencent Computer
“Tencent Representative Companies”	Tencent Group, but excluding (i) China Literature Limited, its subsidiaries and its controllable companies through contractual arrangements; and (ii) Tencent Music Entertainment Group, its subsidiaries, and its controllable companies through contractual arrangements
“Water Lily”	Water Lily Investment Limited, a Shareholder which held 2,045,734,565 Shares as at the Latest Practicable Date and is indirectly wholly-owned by Tencent Holdings
“%”	per cent

* *In this circular, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

Executive Directors:

Mr. Ke Liming (*Chairman*)

Ms. Chen Xi

Mr. Wan Chao

Mr. Zhang Qiang

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. Chau Shing Yim, David

Mr. Nie Zhixin

Mr. Chen Haiquan

Professor Shi Zhuomin

*Head office and principal place of
business in Hong Kong:*

15th Floor

China Evergrande Centre

38 Gloucester Road

Wanchai

Hong Kong

12 June 2023

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2023 GAME COOPERATION
FRAMEWORK AGREEMENT;
(2) NOTICE OF SGM; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) notice of the SGM.

LETTER FROM THE BOARD

THE 2023 GAME COOPERATION FRAMEWORK AGREEMENT

Date

22 February 2023

Parties

- (1) Beijing Jingxiu, a subsidiary of the Company; and
- (2) Tencent Computer, a subsidiary of Tencent Holdings and an associate of the connected person of the Company.

Term

The term of the 2023 Game Cooperation Framework Agreement is from 22 February 2023 to 31 December 2025.

Principal Terms

- (1) *Distribution and operation of the Cooperation Products by Beijing Jingxiu (“Distribution Cooperation”)*

Tencent Representative Companies agreed to license Beijing Jingxiu to distribute and operate the Cooperation Products as (i) exclusive distributor; or (ii) distributor on certain platforms. Beijing Jingxiu will act as the distributor of the Cooperation Products and directly derive income from the end users of the Cooperation Products on the platform. Tencent Representative Companies shall provide to Beijing Jingxiu intellectual property rights licensing and/or content update and maintenance services in respect of the Cooperation Products. Depending on the needs of Cooperation Products, Beijing Jingxiu shall pay to the Tencent Representative Companies (i) intellectual property license fees (if applicable); (ii) content update and maintenance fees of cooperation game (if applicable); and/or (iii) other fees negotiated by the parties, including discretionary bonus determined with reference to the revenue generated from the Cooperation Products and fees for such other distribution and operation services incidental to the Distribution Cooperation.

The payment and settlement terms of such fees payable by Beijing Jingxiu shall be separately agreed between the relevant parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

- (2) *Joint distribution and operation of games by Tencent Representative Companies and Beijing Jingxiu (“Joint Operation Cooperation”)*

Tencent Representative Companies and Beijing Jingxiu agreed to jointly distribute and operate the Cooperation Products, and the parties shall be responsible for managing the settlement of fees on different platforms based on actual demand as agreed between the parties. Tencent

LETTER FROM THE BOARD

Representative Companies and Beijing Jingxiu shall directly derive income from the end users of the Cooperation Products on the platforms which they are responsible for, and then pay each other (as the case may be) relevant fees.

The platforms or scope of channels for which each party is responsible, and payment and settlement terms of such fees payable and/or receivable (as the case may be) by each party shall be separately agreed between the respective parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

(3) *Marketing services provided by Beijing Jingxiu (“Marketing Services”)*

Beijing Jingxiu agreed to provide marketing and advertising services to Tencent Representative Companies. Through the linkage between films and games, Beijing Jingxiu will leverage on its strengths in the film and television field to formulate specific marketing plans for the promotion of the Cooperation Products, including but not limited to designing and executing game marketing plans, promotion planning and video content production.

The payment and settlement terms of relevant marketing services fees or service bonus (where applicable) payable by Tencent Representative Companies to Beijing Jingxiu shall be separately determined between the respective parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

PRICING PRINCIPLES

(1) *Distribution Cooperation*

In respect of the aforementioned Distribution Cooperation, Beijing Jingxiu shall pay Tencent Representative Companies relevant fees as agreed between the parties based on the particular Cooperation Product. The mode of settlement includes revenue-sharing, fixed amount or a mix of revenue-sharing and fixed amount. The definitive mode of settlement will be determined on a case-by-case basis after arm’s length negotiations between the parties with reference to the prevailing market terms and commercial factors in respect of the relevant Cooperation Products as mentioned below. The revenue-sharing will be calculated based on (i) the income derived from the distribution and operation of Cooperation Products on different platforms; and (ii) comparable pricing terms in the market, and shall be specifically determined by the scope of channels that Beijing Jingxiu is actually responsible for the distribution and operation of specific Cooperation Products. In respect of fixed amount settlement mode, taking into account commercial factors such as the nature, popularity, quality and commercial potential of the Cooperation Products and duration of the engagement, Tencent Representative Companies may also charge Beijing Jingxiu a fixed amount of license fees as agreed between the parties. Considering the prevailing market condition and the nature of the Cooperation Products, the Company believes that the Parties will primarily adopt the revenue-sharing arrangement in determining the fees for the Distribution Cooperation, and it is unlikely for the fixed amount settlement mode to be adopted.

LETTER FROM THE BOARD

As regards the determination of the portion of income and/or fixed fees (as the case may be) payable by Beijing Jingxiu to Tencent Representative Companies, the Company shall also consider various commercial factors including (i) the revenue and income derived from the relevant Cooperation Products; and (ii) the quality, commercial potential and prospects of the Cooperation Products. It is contemplated that the amount of fee payable by Beijing Jingxiu to Tencent Representative Companies will be in the range of 30% to 50% of the net income derived from the distribution and operation of the Cooperation Products by Beijing Jingxiu. In the event that the fixed amount settlement mode is adopted, such fixed license fees shall be determined after arm's length negotiations between the parties with reference to the prevailing market price of similar cooperation in the industry for similar games. To ensure that the fees to be paid by our Group represent the prevailing market price and are on normal commercial terms that are comparable to those with independent third parties and no less favorable to the Group, before the fixed distribution fees are determined by the parties, a dedicated team of the Group (led by the Chief Financial Officer and the Chief Technology Officer of the Group) will review and make reference to the prevailing market benchmark pricing terms for comparable game products of at least three independent third parties. As part of the Group's internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between Beijing Jingxiu and Tencent Representative Companies. For details, please refer to the section headed "Internal Control Policies".

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Distribution Cooperation.

(2) Joint Operation Cooperation

In respect of the aforementioned Joint Operation Cooperation, the relevant fees shall be calculated based on the income derived from the operation of the Cooperation Products on the platforms for which each party is responsible, with reference to the scope of the channels that the parties are actually responsible for the distribution and operation of the specific Cooperation Product.

The fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies in respect of the Joint Operation Cooperation will be determined on a case-by-case basis after arm's length negotiations between the parties taking into account various factors such as (i) the revenue and income derived from the relevant Cooperation Products; (ii) resources contribution (such as the business connection in the industry and offline human resources) by Beijing Jingxiu and/or Tencent Representative Companies on the relevant distribution channel; and (iii) the quality, commercial potential and prospects of the Cooperation Products. The mode of settlement includes revenue-sharing, fixed amount or a mix of revenue-sharing and fixed amount, and will be determined on a case-by-case basis after arm's length negotiations between the parties with reference to the prevailing market terms and commercial factors in respect of the relevant Cooperation Products.

LETTER FROM THE BOARD

In respect of fixed amount settlement mode, taking into account commercial factors such as the nature, popularity, quality and commercial potential of the Cooperation Products and duration of the engagement, Tencent Representative Companies may charge Beijing Jingxiu a fixed amount of license fees as agreed between the parties. It is contemplated that the revenue-sharing model will be a more common business practice for the Joint Operation Cooperation, and the amount of fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies will be in the range of 30% to 50% of the net income derived from the distribution and operation of the Cooperation Products by Beijing Jingxiu or Tencent Representative Companies (as the case may be). In the event that the fixed amount settlement mode is adopted, such fixed license fees shall be determined after arm's length negotiations between the parties with reference to the prevailing market price of similar cooperation in the industry for similar games. To ensure that the fees to be paid by our Group represent the prevailing market price and are on normal commercial terms that are comparable to those with independent third parties and no less favorable to the Group, before the fixed distribution fees are determined by the parties, a dedicated team of the Group (led by the Chief Financial Officer and the Chief Technology Officer of the Group) will review and make reference to the prevailing market benchmark pricing terms for comparable game products of at least three independent third parties. As part of the Group's internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between Beijing Jingxiu and Tencent Representative Companies. For details, please refer to the section headed "Internal Control Policies".

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Joint Operation Cooperation.

(3) Marketing Services

In respect of the aforementioned Marketing Services, Tencent Representative Companies shall pay to Beijing Jingxiu marketing service fees or service bonus (where applicable) based on the income derived from the operation of the Cooperation Products.

The fees payable by Tencent Representative Companies to Beijing Jingxiu and the mode of settlement in respect of the Marketing Services will be determined on a case-by-case basis after arm's length negotiations between the parties taking into account various factors such as (i) the revenue and income derived from the relevant Cooperation Products; (ii) the Group's resources contribution, costs and expenses incurred in providing such marketing services; (iii) the quality, commercial potential and prospects of the Cooperation Products; (iv) prevailing market terms; and (v) commercial factors in respect of the relevant Cooperation Products. It is contemplated that the amount of fees payable by Tencent Representative Companies to Beijing Jingxiu in respect of the Marketing Services will be calculated based on the range of less than 5% of the revenue derived from the operation of such Cooperation Products.

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Marketing Services.

LETTER FROM THE BOARD

PRICING POLICIES

The revenue sharing and/or service fees payable and receivable (as the case may be) by the Group to/from Tencent Representative Companies shall be determined after arm's length negotiations between the parties with reference to (i) the prevailing market price and (ii) taking into account various commercial factors, such as the nature, popularity, quality and commercial potential, in respect of the relevant games. The Group will only enter into the cooperation agreement with the Tencent Group when the agreement is in the best interests of the Company and the Shareholders as a whole. In any event, all of the above fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies shall be not more favourable to Tencent Representative Companies nor less favourable to Beijing Jingxiu than those paid or charged by any independent third party under the same or similar conditions.

The Group will review such fees from time to time by comparing them against the fees receivable by the Group from any independent third party for comparable cooperation. Particularly, to the extent there are comparable services and/or cooperation, the Group will on a quarterly basis review the prevailing market benchmark pricing terms of at least three independent third parties for the provision of similar types of services under the same or similar conditions. A dedicated team led by the Chief Financial Officer and the Chief Technology Officer of the Group will conduct comparison analysis on the fees receivable by Beijing Jingxiu from Tencent Representative Companies against the pricing terms offered by other independent third parties. For details, please refer to the section headed "Internal Control Policies".

ANNUAL CAPS

There was no historical amount incurred prior to the date of the 2023 Game Cooperation Framework Agreement. From the date of the 2023 Game Cooperation Framework Agreement up until the Latest Practicable Date, there had been no actual transaction amount incurred under the 2023 Game Cooperation Framework Agreement. The Company endeavours to ensure that, from the date of the 2023 Game Cooperation Framework Agreement up until and including the date of the SGM, the highest applicable percentage ratio in relation to the annual maximum transaction amount under the 2023 Game Cooperation Framework Agreement shall have remained below 5%.

The three modes of cooperation under the 2023 Game Cooperation Framework Agreement are all of the same nature, and are inter-related and complementary to each other to the same type of game cooperation business. Depending on the needs and requirements of the Group and/or Tencent Representative Companies, the parties may include one or more type of the services/ cooperation in respect of the Cooperation Products. Accordingly, the Company considers that it is in the best interest of the Company and the Shareholders as a whole to set one annual cap for the total amount payable and receivable by the Group to and from Tencent Representative Companies for the transactions under the 2023 Game Cooperation Framework Agreement, rather than three individual annual caps for each mode of cooperation.

LETTER FROM THE BOARD

The proposed annual caps for the total amount payable and receivable by the Group to and from Tencent Representative Companies for the transactions under the 2023 Game Cooperation Framework Agreement are as follows:

	Proposed annual caps for the year ending 31 December		
	2023	2024	2025
	<i>(RMB million)</i>		
(1) Total amount payable by the Group to Tencent Representative Companies ⁽¹⁾	1,000	1,000	1,000
(2) Total amount receivable by the Group from Tencent Representative Companies ⁽²⁾	700	700	700

Notes:

- (1) The total amount payable by the Group to Tencent Representative Companies is (a) the relevant fees payable to Tencent Representative Companies by the Group, as the authorized distributor of Tencent Representative Companies, for distributing Cooperation Products on different platforms, after deriving income from the end users of the Cooperation Products; and (b) relevant fees payable to the Tencent Representative Companies by the Group after the Group derives revenue from the end users of the Cooperation Products, which are jointly operated and distributed by the parties, on the platforms the Group is responsible for. For details of the relevant cooperation, please refer to the section headed “Principal Terms” above.
- (2) The total amount receivable by the Group from Tencent Representative Companies is (a) the relevant fees payable by Tencent Representative Companies to the Group after Tencent Representative Companies derive income from the end users of the Cooperation Products, which are jointly operated and distributed by the parties, on the platform they are responsible for; and (b) marketing service fees. For details of the relevant cooperation and provision of services, please refer to the section headed “Principal Terms” above.

BASIS FOR DETERMINATION OF THE ANNUAL CAPS

A. Distribution Cooperation and Joint Operation Cooperation

Given the revenue-sharing mechanism contemplated in the 2023 Game Cooperation Framework Agreement, the transaction amounts in relation to the Distribution Cooperation and Joint Operation Cooperation under the 2023 Game Cooperation Framework Agreement are expected to depend on the revenue-generating capacity of each Cooperation Product, as well as the coverage and extent of the Cooperation Products (for example, the number of Cooperation Products to be rolled out each year by the Group), which in turn, are subject to the future levels of acceptance of and popularity of the Cooperation Products.

Accordingly, despite the practicable difficulties in accurately estimating the income to be generated from each Cooperation Product in the next three years, the Board has determined the Annual Caps for the three financial years ending 31 December 2025 with reference to, among others, (i) the market demand for and development trend of gaming business; (ii) the roadmap for the development of the Cooperation Products of the Group; (iii) the estimated scale and average

LETTER FROM THE BOARD

cost, revenue and profit of the Cooperation Products that the Group intends to be operated by Beijing Jingxiu; and other relevant commercial factors, including but not limited to the development and production cycle of game works, budget control and work quality. The Directors believe that relatively new and high-quality game works have higher market value and can generally attract more gamers; and (iv) the expected revenue-generating capacity of the Cooperation Products with reference to similar products of comparable attributes.

More particularly, the Group primarily takes into consideration the expected revenue-generating capacity of the Cooperation Products within the scope of the Distribution Cooperation and Joint Operation Cooperation regarding the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies. The Group has considered the revenue projection of the Cooperation Products that are currently in the pipeline. Currently, the Group strives to act as the exclusive distributor of two Cooperation Products, which are expected to be launched in the third and fourth quarter of 2023, respectively. With reference to criteria including: (i) the game genre; (ii) settings of plot contents and characters; and (iii) game rating, the Board has selected a number of comparable mobile games with similar attributes to the Cooperation Products (the “**Cooperation Comparable Games**”) in order to assess the revenue-generating capacity and profitability of the Cooperation Products.

Taking into account the above factors, the Board then estimated the Annual Caps in respect of the total amount payable by the Group to Tencent Representative Companies based on the projected annualised net income to be generated from the two aforementioned Cooperation Products and multiplied by the relevant percentage of revenue, being the range of 30% to 50%. The Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies of RMB1,000 million for each of the three years ending 31 December 2023, 2024 and 2025 are determined with reference to the sum of average annualised net income of the Cooperation Comparable Games with a buffer of 10% to 20% to cater for (i) the possibility that the performance of the Cooperation Products within the scope of Distribution Cooperation and Joint Operation Cooperation may be better than that currently expected; and (ii) Beijing Jingxiu may further distribute and operate potential additional new game products to be launched by Tencent Computer in 2024 and 2025.

B. Marketing Services

It is expected that the transaction amount of the Marketing Services under the 2023 Game Cooperation Framework Agreement will depend on the revenue-generating capability of the relevant Cooperation Products. Therefore, with respect to the Marketing Services under the 2023 Game Cooperation Framework Agreement, in addition to the above factors, the Board has also taken into consideration, among other things: (i) the number, size, type, revenue-generating capability of Cooperation Products which are expected to be delivered by the Company in the coming years; and (ii) the marketing services and the scope thereof which are expected to be required by Tencent Representative Companies.

LETTER FROM THE BOARD

In assessing the Annual Caps for the total amount receivable by the Group from Tencent Representative Companies, the Group has made reference to the operating data of other mobile games that are similar or comparable to the Cooperation Products under the scope of the Marketing Services (the “**Marketing Services Comparable Games**”) in projecting the income generated from the operation of Marketing Services. These Marketing Services Comparable Games were selected with reference to criteria including: (i) the game genre; (ii) settings of plot contents and characters; and (iii) game rating.

Taking into account the above factors, the Board estimated the income to be generated from each Cooperation Product under Marketing Services based on the average income generated from one or two Marketing Services Comparable Games. The Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies are then estimated based on the projected annualised income to be generated from each of five Cooperation Products under the Marketing Services that are currently in the pipeline and multiplied by the relevant marketing fee rate, being not more than 5%. The Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies of RMB700 million for each of the three years ending 31 December 2023, 2024 and 2025 are determined with reference to the sum of average annualised income of the Marketing Services Comparable Games with a buffer of 3% to 6% to cater for (i) the possibility that the performance of the Cooperation Products within the scope of Marketing Services may be better than that currently expected; and (ii) Beijing Jingxiu may further provide Marketing Services to potential additional new game products to be launched by Tencent Computer in 2024 and 2025.

Having considered the above factors and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), the Board is of the view that the proposed Annual Caps are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

INTERNAL CONTROL POLICIES

In order to ensure that the Company complies with the pricing policies, the monitoring of the aggregate accumulated transaction amount and, if applicable, the approval of the Annual Caps under the 2023 Game Cooperation Framework Agreement, the Company has adopted a series of internal control policies in its daily operations. These internal control policies are implemented and monitored by the Company’s internal audit and internal control department, independent non-executive Directors and external auditors:

- (1) the Group will monitor the amount incurred for the transactions contemplated under the 2023 Game Cooperation Framework Agreement on a regular basis to ensure that the proposed Annual Caps thereunder will not be exceeded;

LETTER FROM THE BOARD

- (2) the Company's internal control department conducts regular monitoring of connected transactions, the results of which together with the external auditor's report are then submitted to the audit committee and independent non-executive Directors for review. The Company's internal audit and internal control department supervises connected transactions and ensures that these transactions are carried out in the following ways: (i) in accordance with the pricing principles of the 2023 Game Cooperation Framework Agreement; (ii) in the ordinary and usual course of business of the Group; (iii) on normal or better commercial terms; and (iv) in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole;
- (3) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions and confirm in the annual report whether: these transactions are entered into on normal or better commercial terms; in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole;
- (4) the Group will prepare a continuing connected transaction report (the "**CCT Report**") on a quarterly basis on continuing connected transactions which will be submitted internally to such dedicated team within the Group for consideration. The contents of the CCT Report will include (i) the fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies within the relevant reporting period; and (ii) the status of compliance with the proposed Annual Caps and utilization of the proposed Annual Caps. If the transaction amount of any continuing connected transaction under the 2023 Game Cooperation Framework Agreement that is or will be incurred in the financial year is expected to reach or exceed the relevant annual cap, the internal audit and internal control department of the Group shall report to the management of the Company and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required);
- (5) for the purposes of comparison, to the extent there are comparable services and/or cooperation, the Group shall on a quarterly basis review the prevailing market benchmark pricing terms of at least three independent third parties for the provision of similar types of services under the same or similar conditions. The Group will form a dedicated team (led by the Chief Financial Officer and the Chief Technology Officer of the Group) to oversee the monitoring, collection and evaluation of the market data, including but not limited to the prevailing market benchmark on the pricing terms of comparable services on a regular basis. The above team will conduct comparison analysis on the portion of the fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies against the pricing terms offered by other independent third parties, to ensure that the terms of the transactions under the 2023 Game Cooperation Framework Agreement are reasonable and not more favourable to Tencent Representative Companies nor less favourable to Beijing Jingxiu; and

LETTER FROM THE BOARD

- (6) the Company's external auditors will also conduct annual reviews of the pricing principles, total amount of accumulated transactions and, if applicable, Annual Caps of the 2023 Game Cooperation Framework Agreement and make corresponding confirmations in the Company's annual report.

The Board believes that the above internal control procedures can ensure that the transactions under the 2023 Game Cooperation Framework Agreement will be implemented on normal or better commercial terms and will not harm the interests of the Company and the Shareholders.

INFORMATION ON THE COMPANY, BEIJING JINGXIU, TENCENT GROUP AND TENCENT COMPUTER

The Company

The Company is listed on the Stock Exchange (stock code: 136). The Company is an investment holding company. The Group is principally engaged in content production and online streaming business, internet community services and related businesses, and manufacture and sales of accessories.

Beijing Jingxiu

Beijing Jingxiu (former name was Shenzhen Jingxiu Network Technology Co., Ltd.* (深圳市景秀網絡科技有限公司)) is a company established under the laws of the PRC and a subsidiary of the Company. It is principally engaged in, among others, the development and procurement of film and television copyrights, and the distribution, operations and marketing of game products, which contributes to the Group's online gaming business.

Tencent Group

The Tencent Group is principally engaged in value-added services, online advertising, fintech and business services.

Tencent Computer

Tencent Computer is a company established under the laws of the PRC and a subsidiary of Tencent Holdings. It is principally engaged in the development and provision of integrated internet services in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 GAME COOPERATION FRAMEWORK AGREEMENT

In view of Tencent Group's extensive experience in the realm of game products operation and it being one of the integrated internet service providers in the PRC, the Group plans to enhance its cooperation in the game business with Tencent Holdings.

LETTER FROM THE BOARD

On the basis of the orderly development of the game cooperation business between the parties in 2022 pursuant to the 2022 CCT Agreement, the 2023 Game Cooperation Framework Agreement will be entered into for the purpose of further broadening the scope of game cooperation and enriching the cooperation model in the game field between the parties. This will also help the Group continue to broaden the scope of entertainment business of the Company, and enhance the monetization of the proprietary intellectual properties of the Company through the linkage between films and games, and in the long run, help to strengthen the Group's talent pool and consolidate its technological capability, which will in turn allow the Company to leap into a new stage of development.

Having adhered to the strategy of providing high-quality contents, committed to the research, development and production of high-quality contents, the Group has accumulated an extended portfolio of proprietary intellectual properties. The Directors believe that the further enhanced cooperation between the parties can, firstly, serve to extend the Group's scope of business, enrich its business segments and achieve a multi-dimensional scale of content and user-experience, which will enhance user immersion and thereby attribute to higher users' stickiness and attract more new users; secondly, leverage on the advantages brought by the abundant reserve of high-quality contents of the Company so as to further capitalize on the copyrights value and enhance its monetization of contents so as to diversify and consolidate the Group's sources of income; and, lastly, strengthen the Group's technological capability through the research, development and interaction established through the game business and the resulting in-depth communication between the technical teams of the parties.

The Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular after considering the letter of advice from the Independent Financial Adviser) considers that the transactions contemplated under the 2023 Game Cooperation Framework Agreement are entered into in the ordinary and usual course of business of the Company and its subsidiaries, on normal commercial terms after arm's length negotiations between the parties, and the terms of those transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tencent Holdings was a shareholder indirectly holding more than 10% of the shares of the Company. Pursuant to Chapter 14A of the Listing Rules, Tencent Holdings and its subsidiaries are connected persons of the Company. Accordingly, the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under the 2023 Game Cooperation Framework Agreement calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5%, the transaction(s) contemplated under the 2023 Game Cooperation Framework Agreement shall be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Directors, having considered the above factors and the letter of advice from the Independent Financial Adviser, believe that, the terms of the 2023 Game Cooperation Framework Agreement are fair and reasonable, on normal commercial terms and beneficial to the business development of the Group. In addition, the terms of the 2023 Game Cooperation Framework Agreement are no less favourable than those offered to or by independent third parties. To the best of the knowledge and belief of the Directors, none of the Directors has any interest in the resolution(s) of the Board to consider and approve the transactions contemplated under the 2023 Game Cooperation Framework Agreement or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder. A notice convening the SGM to be held at 2:45 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular.

Water Lily is a Shareholder and is a company indirectly wholly-owned by Tencent Holdings. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder, other than Water Lily and its respective associates, has a material interest in the 2023 Game Cooperation Framework Agreement which is different from other Shareholders. Therefore, Water Lily and its associate(s) will abstain from voting at the SGM. As at the Latest Practicable Date, Water Lily and its associate(s) held 2,045,734,565 Shares, which represent approximately 20.45% of the issued Shares. To the best of the Directors' knowledge, information and belief, other than Water Lily, no Shareholder is required to abstain from voting at the SGM.

To the best of the knowledge and belief of the Directors, none of the Directors has any interest in the resolution(s) of the Board to consider and approve the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM or any adjournment thereof (as the case may be), you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, as soon as practicable and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders on the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps); and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

The Board (including the members of the Independent Board Committee whose opinion is set forth in the “Letter from the Independent Board Committee” in this circular after considering the letter of advice from the Independent Financial Adviser) is of the view that the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favor of the ordinary resolution relating thereto at the SGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order for a Shareholder of the Company to be eligible to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 June 2023.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

LETTER FROM THE BOARD

FORWARD-LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realized or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

Yours faithfully,
By order of the Board
China Ruyi Holdings Limited
Ke Liming
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) for inclusion in this circular.



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

12 June 2023

To the Independent Shareholders

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2023 GAME COOPERATION FRAMEWORK AGREEMENT

Dear Sir or Madam,

We refer to the circular issued by the Company to the Shareholders dated 12 June 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form an independent board committee to consider and advise you as to whether the terms of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and to recommend as to whether the Independent Shareholders should approve the entering into of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). Maxa Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 18 of the Circular and a letter of advice from Maxa Capital Limited, as set out on pages 21 to 49 of the Circular, both of which provide details of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Having considered the terms of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), the advice and recommendation from Maxa Capital Limited and the relevant information contained in the letter from the Board, we

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

are of the opinion that (i) the terms of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder and the proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the 2023 Game Cooperation Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favor of the resolution to be proposed at the SGM to approve the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,

For and on behalf of

the Independent Board Committee

**Mr. Chau Shing Yim,
David**
*Independent non-
executive Director*

Mr. Nie Zhixin
*Independent non-
executive Director*

Mr. Chen Haiquan
*Independent non-
executive Director*

**Professor Shi
Zhuomin**
*Independent non-
executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, setting out its advice in respect of the terms of the 2023 Game Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

12 June 2023

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2023 GAME COOPERATION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Game Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 12 June 2023 (the “**Circular**”), of which this letter forms parts. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 10 January 2022 and the circular of the Company dated 12 April 2022 in relation to the 2022 CCT Agreement, pursuant to which the parties agreed that Tencent Computer shall provide technical services and channel promotion services for the Group’s game products in Mainland China.

On 22 February 2023, to further cooperate in the realm of game technology, Beijing Jingxiu entered into the 2023 Game Cooperation Framework Agreement with Tencent Computer in relation to the cooperation of games between the parties, under which the parties agreed that Beijing Jingxiu and Tencent Representative Companies shall cooperate in the field of gaming.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Tencent Holdings was a shareholder indirectly holding more than 10% of the shares of the Company. Pursuant to Chapter 14A of the Listing Rules, Tencent Holdings and its subsidiaries are connected persons of the Company. Accordingly, the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under the 2023 Game Cooperation Framework Agreement calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5%, the transaction(s) contemplated under the 2023 Game Cooperation Framework Agreement shall be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Water Lily is a Shareholder and is a company indirectly wholly-owned by Tencent Holdings. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder, other than Water Lily and its respective associates, has a material interest in the 2023 Game Cooperation Framework Agreement which is different from other Shareholders. Therefore, Water Lily and its associate(s) will abstain from voting at the SGM. As at the Latest Practicable Date, Water Lily and its associate(s) held 2,045,734,565 Shares, which represent approximately 20.45% of the issued Shares. To the best of the Directors' knowledge, information and belief, other than Water Lily, no Shareholder is required to abstain from voting at the SGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution(s) to be proposed at the SGM to approve the entering into of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). In the past two years, we were appointed by the Company as the independent financial adviser in respect of certain continuing connected transactions and share subscription transactions, details of which were set out in the circulars of the Company dated 7 September 2022, 12 April 2022, 14 March 2022 and 2 June 2021. Saved as disclosed above and apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2023 Game Cooperation Framework Agreement; (ii) the annual reports of the Company for the year ended 31 December 2021 (the “**2021 AR**”) and for the year ended 31 December 2022 (the “**2022 AR**”); and (iii) the basis and assumption adopted in determining the Annual Caps. We consider that we have reviewed sufficient and relevant information and documents, and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, *inter alia*, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the SGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company. The Group is principally engaged in content production and online streaming business, internet community services and related businesses, and manufacture and sales of accessories.

Beijing Jingxiu (former name was Shenzhen Jingxiu Network Technology Co., Ltd.* (深圳市景秀網絡科技有限公司)) is a company established under the laws of the PRC and a subsidiary of the Company. Beijing Jingxiu is principally engaged in, among others, the development and procurement of film and television copyrights, and the distribution, operations and marketing of game products, which contributes to the Group's online gaming business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2020 (“FY2020”), 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”), as extracted from the 2021 AR and 2022 AR:

	For the year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Revenue	230,114	2,318,132	1,319,928
— Content production business	—	1,296,216	105,641
— Online streaming and online gaming businesses	—	918,856	1,163,522
— Other businesses	230,114	103,060	50,765
Gross profit	110,222	1,032,268	261,615
Profit for the year	12,022	1,173,652	787,552

As illustrated in the table above, the total revenue of the Group was approximately RMB2,318.1 million for FY2021, representing an increase of approximately 907.4% as compared to approximately RMB230.1 million for FY2020. Such significant increase in the revenue was primarily attributable to the revenue derived from the content production business and online streaming and online gaming businesses segments from nil for FY2020 to approximately RMB1,296.2 million and RMB918.9 million for FY2021, respectively. On 26 October 2020, the Company announced the acquisition of Virtual Cinema Entertainment Limited (“VCEL”) for a total consideration of HK\$7.2 billion (the “VCEL Acquisition”). The acquisition was subsequently completed on 20 January 2021. VCEL, through the variable interest entity arrangement, controls and holds 100% interest in three variable interest entities, namely Shanghai Ruyi Movie Television Production Co., Ltd. (“Ruyi Films”), Beijing Jingxiu and Beijing Xiaoming Zhumeng Data Services Co., Ltd. (“Beijing Xiaoming”). Ruyi Films is a professional film and television production arm of the Group with industry-leading capabilities in research and development, production, as well as promotion and distribution. During FY2021, Ruyi Films released multiple films and television programmes, namely “A Little Red Flower” (《送你一朵小紅花》), “Hi, Mom” (《你好，李煥英》), “The Reunions” (《吉祥如意》), “Shock Wave 2” (《拆彈專家2》), “Xianguang” (《霞光》) and “Poetry of the Song Dynasty” (《大宋宮詞》). In particular, “A Little Red Flower”, which was released on 31 December 2020, recorded a cumulative box office of over RMB1.43 billion, and became the top-grossing film on New Year’s Day in 2021 in China. “Hi, Mom”, which was released on 12 February 2021, recorded a box office of over RMB5.41 billion, and ranked second in the box office of Chinese movies in 2021. The film also broke the record of exceeding the box office of RMB5 billion at the fastest pace in Chinese film history. Beijing Jingxiu and Beijing Xiaoming collectively operate a membership based online streaming platform named “Pumpkin Films” which is principally engaged in the business of operating online video platforms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded net profit of approximately RMB1,173.7 million for FY2021 as compared to that of approximately RMB12.0 million for FY2020. Such significant increase for FY2021 was mainly due to the combined effects of (i) the profit derived from the content production business and online streaming and online gaming businesses segments of approximately RMB375.8 million and RMB321.1 million, respectively, after fully tapping into content production business and online streaming business during FY2021; and (ii) the net loss derived from the other businesses of approximately RMB71.6 million.

The Group's revenue amounted to approximately RMB1,319.9 million for FY2022, representing a decrease of approximately 43.1% as compared to approximately RMB2,318.1 million for FY2021. The decrease in the Group's revenue was mainly due to the combined effects of (i) decrease in revenue derived from the content production business by approximately RMB1,190.6 million to approximately RMB105.6 million for FY2021 as the recurring pandemic frequently affected the film arrangement in cinemas and Ruyi Films released fewer films in FY2022 as compared to FY2021. In FY2022, Ruyi Films participated in the production of the film "Moon Man" (《獨行月球》), which achieved a cumulative box office of RMB3.1 billion. In addition, Ruyi Films produced and completed the post-production for the films "Five Hundred Miles" (《交換人生》) and "Post-Truth" (《保你平安》) during FY2022, and they have been subsequently released in cinemas in January and March 2023, respectively; and (ii) increase in revenue derived from the online streaming and online gaming businesses segment by approximately RMB244.7 million to approximately RMB1,163.5 million for FY2022, which was mainly attributable to the increase in revenue derived from the online streaming business by approximately RMB189.1 million and additional revenue of approximately RMB55.6 million generated from the online gaming business. On May 2022, the Group launched its first mobile game, "The War of Three Kingdoms" (《亂世逐鹿》), which is a Three Kingdoms-based strategy card game presented in a novel format. Endorsed by Tony Leung Chiu-wai, an award-winning actor, the game was recommended by the "App Store Today" and ranked top in the free game rankings on the day of its launch. After that, on 26 July 2022, the Group launched "Chuanqi Tianxia" (《傳奇天下》), a large-scale multiplayer online role-playing mobile game with official license from the Chuanqi Series. Inheriting the oriental fantasy background from its original IP, Chuanqi Tianxia brings players a more realistic and fierce battling experience with a powerful physically-based rendering system.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded net profit of approximately RMB787.6 million for FY2022, which decreased by approximately 32.9% as compared to the net profit of approximately RMB1,173.7 million for FY2021. The decrease in the Group's net profit for FY2022 was mainly due to the combined effects of (i) decrease of approximately RMB658.9 million in profit from the content production business segment as a result of decrease in number of films released and impairment loss on films and television programmes rights of approximately RMB295.8 million recognised during FY2022. It contributed to a segment loss of approximately RMB283.1 million for FY2022 as compared to a segment profit of approximately RMB375.8 million for FY2021; (ii) increase in other gains — net by approximately RMB668.8 million as the Group recognised fair value gain in contingent consideration payable in relation to the VCEL Acquisition of approximately RMB988.6 million; and (iii) change from net finance income of approximately RMB348.1 million for FY2021 to net finance cost of approximately RMB32.4 million for FY2022.

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Non-current assets	38,890	6,626,991	8,018,020
Current assets	<u>1,234,351</u>	<u>3,992,901</u>	<u>5,200,949</u>
Total assets	<u>1,273,241</u>	<u>10,619,892</u>	<u>13,218,969</u>
Non-current liabilities	11,811	3,275,492	3,201,956
Current liabilities	<u>78,262</u>	<u>1,724,984</u>	<u>2,041,582</u>
Total liabilities	<u>90,073</u>	<u>5,000,476</u>	<u>5,243,538</u>
Net current assets	1,156,089	2,267,917	3,159,367
Net assets	1,183,168	5,619,416	7,975,431

The Group had total assets of approximately RMB10,619.9 million as at 31 December 2021, which mainly comprised of (i) goodwill of approximately RMB4,214.6 million; (ii) film and television programmes rights of approximately RMB2,581.9 million; (iii) intangible assets of approximately RMB684.8 million; and (iv) cash and cash equivalents of approximately RMB1,139.5 million. The increase in the total assets by approximately RMB9,346.7 million to approximately RMB10,619.9 million as at 31 December 2021 as compared to 31 December 2020 was mainly attributable to the increase in (i) goodwill by approximately RMB4,214.6 million; (ii) intangible assets by approximately RMB682.6 million; (iii) film and television programmes rights by approximately RMB2,581.9 million; and (iv) trade and other receivables by approximately RMB1,145.5 million. The goodwill and the intangible assets as at 31 December 2021 were mainly resulted from the combination of the content production and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

online streaming business upon completion of the VCEL Acquisition. The Group had total liabilities of approximately RMB5,000.5 million as at 31 December 2021, which mainly comprised of (i) contingent consideration payable of approximately RMB2,060.6 million; (ii) deferred tax liabilities of approximately RMB502.0 million; (iii) borrowings of approximately RMB1,523.0 million; and (iv) film and television programmes investment funds from investors of approximately RMB559.1 million. The contingent consideration payable represents the share consideration and warrants consideration to be issued in relation to the VCEL Acquisition. The increase in the total liabilities by approximately RMB4,910.4 million to approximately RMB5,000.5 million as at 31 December 2021 as compared to 31 December 2020 was mainly due to the increase in (i) contingent consideration payable of approximately RMB2,060.6 million in relation to the VCEL Acquisition; and (ii) borrowings of approximately RMB1,523.0 million.

The Group had total assets of approximately RMB13,219.0 million as at 31 December 2022, which mainly comprised of (i) goodwill of approximately RMB4,214.6 million; (ii) film and television programmes rights of approximately RMB4,061.0 million; (iii) trade and other receivables of approximately RMB2,048.7 million; and (iv) cash and cash equivalents of approximately RMB1,189.7 million. The increase in the total assets by approximately RMB2,599.1 million to approximately RMB13,219.0 million as at 31 December 2022 as compared to 31 December 2021 was mainly attributable to the increase in (i) film and television programmes rights by approximately RMB1,479.1 million; (ii) trade and other receivables by approximately RMB748.2 million; and (iii) financial assets at fair value through profit or loss of approximately RMB406.2 million. The Group had total liabilities of approximately RMB5,243.5 million as at 31 December 2022, which mainly comprised of (i) borrowings of approximately RMB1,769.9 million; (ii) contingent consideration payable of approximately RMB1,180.6 million; (iii) film and television programmes investment funds from investors of approximately RMB725.0 million; and (iv) trade payables of approximately RMB560.5 million. The increase in the total liabilities by approximately RMB243.1 million to approximately RMB5,243.5 million as at 31 December 2022 as compared to 31 December 2021 was mainly due to (i) increase in trade payables by approximately RMB510.0 million; (ii) increase in total borrowings by approximately RMB246.9 million; (iii) increase in total film and television programmes investment funds from investors by approximately RMB166.0 million; (iv) increase in other payables and accruals of approximately RMB234.0 million; and (v) was partially offset by the decrease in contingent consideration payable by approximately RMB880.0 million.

The Group's current ratios were approximately 15.8 times, 2.3 times and 2.5 times as at each of 31 December 2020, 2021 and 2022, respectively. The significant decrease in the Group's current ratio as at 31 December 2021 as compared to 31 December 2020 was mainly attributable to the significant increase in current liabilities as a result of (i) the current portion of the contingent consideration payable of approximately RMB686.9 million recognised in relation to the VCEL Acquisition; and (ii) film and television programmes investment funds from investors of approximately RMB559.1 million recognised as current liabilities. The Group's gearing ratios, which are calculated on the basis of the Group's total debts (interest-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

bearing borrowings and lease liabilities) over shareholders' funds, as at each of 31 December 2020, 2021 and 2022 remained fairly stable at approximately 1.4%, 3.4% and 3.3%, respectively.

2. Background information of Tencent Group and Tencent Computer

The Tencent Group is principally engaged in value-added services, online advertising, fintech and business services.

Tencent Computer is a company established under the laws of the PRC and a subsidiary of Tencent Holdings. It is principally engaged in the development and provision of integrated internet services in the PRC.

3. Reasons for and benefits of entering into of the 2023 Game Cooperation Framework Agreement

As stated in the Letter from the Board, in view of the Tencent Group's extensive experience in the realm of game products operation and it being one of the integrated internet service providers in the PRC, the Group plans to enhance its cooperation in the game business with Tencent Holdings. On the basis of orderly development of the game cooperation business between the parties in 2022 pursuant to the 2022 CCT Agreement, the 2023 Game Cooperation Framework Agreement will be entered into for the purpose of further broadening the scope of game cooperation and enriching the cooperation model in the game field between the parties. This will also help the Group continue to broaden the scope of entertainment business of the Company, and enhance the monetization of the proprietary intellectual properties of the Company through the linkage between films and games, and in the long run, help to strengthen the Group's talent pool and consolidate its technological capability, which will in turn allow the Company to leap into a new stage of development.

Having adhered to the strategy of providing high-quality contents, committed to the research, development and production of high-quality contents, the Group has accumulated an extended portfolio of proprietary intellectual properties. The Directors believe that the in-depth cooperation between the parties can, firstly, serve to extend the Group's scope of business, enrich its business segments and achieve a multi-dimensional scale of content and user-experience, which will enhance user-immersion and thereby attribute to higher users' stickiness and attract more new users; secondly, leverage on the advantages brought by the abundant reserve of high-quality contents of the Company so as to further capitalize on the copyrights value and enhance its monetization of contents so as to diversify and consolidate the Group's sources of income; and, lastly, strengthen the Group's technological capability through the research, development and interaction established through the game business and the resulting in-depth communication between the technical teams of the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our research, we note from the latest report titled “2022 China Gaming Industry Report” (《2022 年中國遊戲產業報告》) released by The Game Working Committee of the China Audio-Video and Digital Publishing Association, the number of mobile game users reached approximately 664.1 million in 2022, increased by approximately 6.1% as compared to approximately 625.7 million in 2018. In addition, the actual sales revenue of China mobile game for the year ended 31 December 2022 was approximately RMB193.1 billion, increased by approximately 44.1% as compared to approximately RMB134.0 billion for the year ended 31 December 2018. Thanks to the evolving mobile communication technologies and increase in penetration rate of mobile users, China’s mobile game market has experienced rapid growth in recent years and the market size of China’s mobile game market size is expected to increase in the next few years. Having taken into account the historical growth trend and substantial market size of the China mobile game market, we consider that the 2023 Game Cooperation Framework Agreement will enable the Group to broaden its revenue stream and the scope of entertainment business of the Company by further tapping into China mobile game market and leverage on Tencent Group’s technological capability and ecological system to enhance the competitiveness of the Cooperation Products and monetization of the proprietary intellectual properties of the Company. In addition, we note from the 2022 AR that the Group had already launched two mobile games in May and July 2022, respectively after entering into of the 2022 CCT Agreement at the beginning of FY2022 and generated revenue from online gaming business of approximately RMB55.6 million for FY2022, which demonstrated the Group’s capability and determination in developing the gaming business.

In view of the above, we concur with the Directors’ view that the entering into of the 2023 Game Cooperation Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. The 2023 Game Cooperation Framework Agreement

The principal terms of the 2023 Game Cooperation Framework Agreement are summarized as below:

Date:	22 February 2023
Parties:	(1) Beijing Jingxiu, a subsidiary of the Company; and (2) Tencent Computer, a subsidiary of Tencent Holdings and an associate of the connected person of the Company.
Term:	The term of the 2023 Game Cooperation Framework Agreement is from 22 February 2023 to 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal Terms

(1) *Distribution and operation of the Cooperation Products by Beijing Jingxiu (“Distribution Cooperation”)*

Tencent Representative Companies agreed to license Beijing Jingxiu to distribute and operate the Cooperation Products as (i) exclusive distributor; or (ii) distributor on certain platforms. Beijing Jingxiu will act as the distributor of the Cooperation Products and directly derive income from the end users of the Cooperation Products on the platform. Tencent Representative Companies shall provide to Beijing Jingxiu intellectual property rights licensing and/or content update and maintenance services in respect of the Cooperation Products. Depending on the needs of Cooperation Products, Beijing Jingxiu shall pay to the Tencent Representative Companies (i) intellectual property license fees (if applicable); (ii) content update and maintenance fees of cooperation game (if applicable); and/or (iii) other fees negotiated by the parties, including discretionary bonus determined with reference to the revenue generated from the Cooperation Products and fees for such other distribution and operation services incidental to the Distribution Cooperation.

The payment and settlement terms of such fees payable by Beijing Jingxiu shall be separately agreed between the relevant parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

(2) *Joint distribution and operation of games by Tencent Representative Companies and Beijing Jingxiu (“Joint Operation Cooperation”)*

Tencent Representative Companies and Beijing Jingxiu agreed to jointly distribute and operate the Cooperation Products, and the parties shall be responsible for managing the settlement of fees on different platforms based on actual demand as agreed between the parties. Tencent Representative Companies and Beijing Jingxiu shall directly derive income from the end users of the Cooperation Products on the platforms which they are responsible for, and then pay each other (as the case may be) relevant fees.

The platforms or scope of channels for which each party is responsible for, and payment and settlement terms of such fees payable and/or receivable (as the case may be) by each party shall be separately agreed between the respective parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

(3) *Marketing services provided by Beijing Jingxiu (“Marketing Services”)*

Beijing Jingxiu agreed to provide marketing and advertising services to Tencent Representative Companies. Through the linkage between films and games, Beijing Jingxiu will leverage on its strengths in the film and television field to formulate specific

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

marketing plans for the promotion of the Cooperation Products, including but not limited to designing and executing game marketing plans, promotion planning and video content production.

The payment and settlement terms of relevant marketing services fees or service bonus (where applicable) payable by Tencent Representative Companies to Beijing Jingxiu shall be separately determined between the respective parties in the implementation agreements to be entered into pursuant to the terms of the 2023 Game Cooperation Framework Agreement.

Pricing Principles

(1) Distribution Cooperation

In respect of the aforementioned Distribution Cooperation, Beijing Jingxiu shall pay Tencent Representative Companies relevant fees as agreed between the parties based on the particular Cooperation Product. The mode of settlement includes revenue-sharing, fixed amount or a mix of revenue-sharing and fixed amount. The definitive mode of settlement will be determined on a case-by-case basis after arm's length negotiations between the parties with reference to the prevailing market terms and commercial factors in respect of the relevant Cooperation Products as mentioned below. The revenue-sharing will be calculated based on (i) the income derived from the distribution and operation of Cooperation Products on different platforms; and (ii) comparable pricing terms in the market, and shall be specifically determined by the scope of channels that Beijing Jingxiu is actually responsible for the distribution and operation of specific Cooperation Products. In respect of fixed amount settlement mode, taking into account commercial factors such as the nature, popularity, quality and commercial potential of the Cooperation Products and duration of the engagement, Tencent Representative Companies may also charge Beijing Jingxiu a fixed amount of license fees as agreed between the parties. Considering the prevailing market condition and the nature of the Cooperation Products, the Company believes that the Parties will primarily adopt the revenue-sharing arrangement in determining the fees for the Distribution Cooperation, and it is unlikely for the fixed amount fee mode to be adopted.

As regards the determination of the portion of income and/or fixed fees (as the case may be) payable by Beijing Jingxiu to Tencent Representative Companies, the Company shall also consider various commercial factors including (i) the revenue and income derived from the relevant Cooperation Products; and (ii) the quality, commercial potential and prospects of the Cooperation Products. It is contemplated that the amount of fee payable by Beijing Jingxiu to Tencent Representative Companies will be in the range of 30% to 50% of the net income derived from the distribution and operation of the Cooperation Products by Beijing Jingxiu. In the event that the fixed amount settlement mode is adopted, such fixed license fees shall be determined after arm's length negotiations between the parties with reference to the prevailing market price of similar cooperation in the industry for similar games. To ensure that the fees to be paid by our

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group represents the prevailing market price and on normal commercial terms that are comparable to those with independent third-party and no less favorable to the Group, before the fixed distribution fees is determined by the parties, a dedicated team of the Group (led by the Chief Financial Officer and the Chief Technology Officer of the Group) will review and make reference to the prevailing market benchmark pricing terms for comparable game products of at least three independent third parties. As part of the Group's internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between Beijing Jingxiu and Tencent Representative Companies. For details, please refer to the section headed "Internal Control Policies".

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Distribution Cooperation.

(2) Joint Operation Cooperation

In respect of the aforementioned Joint Operation Cooperation, the relevant fees shall be calculated based on the income derived from the operation of the Cooperation Products on the platforms for which each party is responsible for, with reference to the scope of the channels that the parties are actually responsible for the distribution and operation of the specific Cooperation Product.

The fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies in respect of the Joint Operation Cooperation will be determined on a case-by-case basis after arm's length negotiation between the parties taking into account various factors such as (i) the revenue and income derived from the relevant Cooperation Products; (ii) resources contribution (such as business connection in the industry and offline human resources) by Beijing Jingxiu and/or Tencent Representative Companies on the relevant distribution channel; and (iii) the quality, commercial potential and prospects of the Cooperation Products. The mode of settlement include revenue-sharing, fixed amount or a mix of revenue-sharing and fixed amount, and will be determined on a case-by-case basis after arm's length negotiations between the parties with reference to the prevailing market terms and commercial factors in respect of the relevant Cooperation Products. It is contemplated that the revenue-sharing model will be a more common business practice for the Joint Operation Cooperation, and the amount of fee payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies will be in the range of 30% to 50% of the net income derived from the distribution and operation of the Cooperation Products by Beijing Jingxiu or Tencent Representative Companies (as the case may be).

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Joint Operation Cooperation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(3) *Marketing Services*

In respect of the aforementioned Marketing Services, Tencent Representative Companies shall pay to Beijing Jingxiu marketing service fees or service bonus (where applicable) based on the income derived from the operation of the Cooperation Products.

The fees payable by Tencent Representative Companies to Beijing Jingxiu and the mode of settlement in respect of the Marketing Services will be determined on a case-by-case basis after arm's length negotiation between the parties taking into account various factors such as (i) the revenue and income derived from the relevant Cooperation Products; (ii) the Group's resources contribution, costs and expenses incurred in providing such marketing services; (iii) the quality, commercial potential and prospects of the Cooperation Products; (iv) prevailing market terms; and (v) commercial factors in respect of the relevant Cooperation Products. It is contemplated that the amount of fee payable by Tencent Representative Companies to Beijing Jingxiu in respect of the Marketing Services will be calculated based on the range of less than 5% of the revenue derived from the operation of such Cooperation Products.

Beijing Jingxiu and Tencent Representative Companies will enter into separate implementation agreements which will set out the precise scope of services, service fees, mode of settlement and other details of the Marketing Services.

Pricing Policies

The revenue sharing and/or service fees payable and receivable (as the case may be) by the Group to/from Tencent Representative Companies shall be determined after arm's length negotiations between the parties with reference to (i) the prevailing market price and (ii) taking into account various commercial factors, such as the nature, popularity, quality and commercial potential, in respect of the relevant games. The Group will only enter into the cooperation agreement with the Tencent Group when the agreement is in the best interests of the Company and the Shareholders as a whole. In any event, all of the above fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies shall be not more favourable to Tencent Representative Companies nor less favourable to Beijing Jingxiu than those paid or charged by any independent third party under the same or similar conditions. The Group will review such fees from time to time by comparing them against the fees receivable by the Group from any independent third party for comparable cooperation.

Based on our discussion with the Management, we understand that Beijing Jingxiu is in preliminary negotiation with Tencent Computer for acting as the exclusive distributor of two Cooperation Products under the scope of Distribution Cooperation, which are expected to be launched in 2023 (the "**Proposed Distribution Cooperations**"). The Management estimates that the amount of fee chargeable by Tencent Representative Companies from Beijing Jingxiu in relation to the Proposed Distribution Cooperations will be calculated based on the fee rates in the range of 30%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to 50%, of the net income derived from the distribution and operation of the Cooperation Products by Beijing Jingxiu. As advised by the Management, Beijing Jingxiu has not commenced negotiation with Tencent Computer regarding the distribution of Cooperation Products under the scope of the Joint Operation Cooperation. However, the Management expects that the calculation basis of the fee payable by Beijing Jingxiu to Tencent Representative Companies under the Joint Operation Cooperation would be similar to that of the Proposed Distribution Cooperations as discussed above.

Regarding the Marketing Services, as advised by the Management, Beijing Jingxiu has entered into a marketing and promotion agreement with Tencent Computer in respect of the provision of marketing services for a Cooperation Product (the “**Marketing Services Agreement**”) and is negotiating with Tencent Computer in respect of marketing services to be provided for another four Cooperation Products. The Management estimates that the amount of marketing service fee chargeable by Beijing Jingxiu from Tencent Representative Companies will not be more than 5.0% of the revenue derived from the Cooperation Products and the Management advises that this 5% threshold on revenue will cover all the Cooperation Products operated by Tencent Representative Companies within the scope of the Marketing Services. The fee rates charged by Beijing Jingxiu will vary depending on the expected level or threshold of revenue derived from the Cooperation Products operated by Tencent Representative Companies. We have obtained and reviewed the Marketing Services Agreement and note that the actual amount of marketing services fee receivable by Beijing Jingxiu from Tencent Representative Companies is calculated based on the revenue derived from such Cooperation Products and fall within the Management’s estimate as discussed above.

In order to assess the fairness and reasonableness of the pricing terms of the Proposed Distribution Cooperations, we have reviewed the IPO prospectus released by companies which are principally engaged in developing or publishing online or mobile games in the PRC and listed on the Main Board of the Stock Exchange (the “**Comparable Companies**”) in the past 12 months immediately before the date of the 2023 Game Cooperation Framework Agreement and we have only identified one Comparable Company which fits the aforesaid selection criteria. Given that there is only a limited number of game developers and/or publishers seeking for IPO on the Stock Exchange in the past 12 months immediately before the date of the 2023 Game Cooperation Framework Agreement, we have therefore decided to extend our review period up to 48 months in order to generate a meaningful sample size for comparison purpose. Based on our research on the Stock Exchange website, we have identified an exhaustive list of nine Comparable Companies which fit the aforesaid selection criteria. Having taken into account that (i) all the Comparable Companies are principally engaged in developing and/or publishing games and listed on the Main Board of the Stock Exchange; (ii) our analysis is primarily focused on the comparison of the pricing terms of the fee payable to game developer; and (iii) the 48 months period for the selection of the Comparable Companies has resulted in generation of a reasonable sample size, we consider that the Comparable Companies are exhaustive, sufficient, fair and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

representative samples for our assessment of the pricing terms of the Proposed Distribution Cooperations. The following table sets forth the summary of pricing terms in respect of the fee charged by the game developer as disclosed in the IPO prospectus of the Comparable Companies (the “**Comparable Pricing Terms**”):

Company name	Stock code	Date of the IPO prospectus	Percentage of revenue generated from the development, licensing, publishing and operation of games to total revenue (<i>Note 1</i>)	Pricing terms in respect of fee charged by game developer
Gala Technology Holding Limited	2458.HK	16 January 2023	100%	No relevant disclosure
Qingci Games Inc.	6633.HK	6 December 2021	98.2%	45%–50% of gross billings
Sino-Entertainment Technology Holdings Limited	6933.HK	30 June 2020	87.4%	45%–70% of gross billings
Archosaur Games Inc.	9990.HK	30 June 2020	99.9%	20%–35% of gross billings
XD Inc.	2400.HK	29 November 2019	71.0%	5%–61% of gross billings
CMGE Technology Group Limited	0302.HK	19 October 2019	100%	14%–25% of gross billings
FriendTimes Inc.	6820.HK	24 September 2019	100%	30%–40% of sales proceeds
Homeland Interactive Technology Ltd.	3798.HK	18 June 2019	92.7%	20%–25% of sales proceeds
Zengame Technology Holding Limited	2660.HK	16 April 2019	87.2%	40%–70% of gross billings
The Group			4.2%	30%–50% of net income (15% to 35% of gross billings)

Source: the Stock Exchange website

Note:

- (1) The percentage of revenue generated from the development, licensing, publishing and operation of games to total revenue of the Comparable Companies is calculated based on the financial figures extracted from the latest annual report of the Comparable Companies published on the Stock Exchange website.

As illustrated from the table above, we note that the Comparable Pricing Terms range from approximately 5% to 70% of the gross billings generated from the mobile games. As advised by the Management, the net income derived from the distribution and operation of the Cooperation Products will be calculated by the gross billings of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Cooperation Products after deducting the relevant distribution channel service fees of approximately 30% to 50% being charged by iOS system and Android system. After factoring into the cost of distribution channel service as mentioned above, we note that the actual fee rates charged by Tencent Representative Companies for the Proposed Distribution Cooperations, on a gross billings basis, are in the range of approximately 15% to 35%. Although the fee charged by game developer might vary depending on the nature, quality and commercial potential of the mobile games, we consider that the Comparable Pricing Terms are relevant for the purpose of assessing the pricing terms of the Proposed Distribution Cooperations. Therefore, we concur with the Management's view that the percentage of net income to be charged by Tencent Representative Companies for Proposed Distribution Cooperations at the rates of 30% to 50% of the net income derived from the Cooperation Products are at normal commercial terms when comparing to the Comparable Pricing Terms. In addition, based on our review of the IPO prospectus of the Comparable Companies, although the pricing terms in respect of the fee charged by game developer are disclosed based on the prescribed percentages of gross billings, we note that the actual fee amount charged by game developer is determined based on the gross billings, after net of or deduction of the commission charged by distribution channels or payment platforms. Therefore, we consider that the settlement term of the Cooperation Products, which is calculated on net income basis, is comparable to the that of the Comparable Companies and fair and reasonable as far as the Independent Shareholders are concern.

The Proposed Distribution Cooperations, which adopt a revenue-sharing mechanism, is not an uncommon business practice as we note that the game developer would generally charge fee based on certain percentage of the gross billings. In particular, percentage of net income to be charged by Tencent Representative Companies for Proposed Distribution Cooperations, within the range of 30% to 50%, is no less favourable than the Comparable Pricing Terms as discussed above. We have further discussed with the Management and understand that Beijing Jingxiu and Tencent Representative Companies will primarily adopt the revenue-sharing mechanism to calculate the amount of fee charged for the Cooperation Products within the scope of the Distribution Cooperation and Joint Operation Cooperation. Therefore, the Management envisages, based on the prevailing market condition and nature of the mobile games to be cooperated with Tencent Representative Companies, that it is unlikely for the fee terms of the Cooperation Products to be charged at a fixed amount settlement mode. In the event that the fixed amount settlement mode is adopted, such fixed license fees shall be determined after arm's length negotiations between the parties with reference to the prevailing market price of similar cooperation in the industry for similar games. To ensure that the fees to be paid by the Group represents the prevailing market price and on normal commercial terms that are comparable to those with independent third-party and no less favorable to the Group, before the fixed distribution fees is determined by the parties, a dedicated team of the Group (led by the Chief Financial Officer and the Chief Technology Officer of the Group) will review and make reference to the prevailing market benchmark pricing terms for comparable game products of at least three

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

independent third parties. As part of the Group's internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between Beijing Jingxiu and Tencent Representative Companies. Given that there is no historical transaction containing fixed amount settlement mode between Beijing Jingxiu and Tencent Computer prior to the date of the 2023 Game Cooperation Framework Agreement, there is no historical transaction record and internal approval document available in respect of the fee terms of fixed amount settlement mode for our review. However, we have discussed with the Management and understood the comparison analysis on the prevailing pricing terms of comparable game products will be jointly approved by the Chief Financial Officer and Chief Technology Officer of the Group. Therefore, we concur with the Management that sufficient internal control measures will be in place to ensure the pricing terms of fixed amount settlement mode will be determined with reference to the prevailing market price. Taking account into the fixed license fees will be determined with reference to the prevailing market price and the procedure of price determination will be monitored by the Group's internal control measures, we consider the fee terms of fixed amount settlement mode will be fair and reasonable market price.

In order to assess the fairness and reasonableness of the pricing terms of Marketing Services Agreement, we have discussed with the Management and understand that the marketing service fee receivable by Beijing Jingxiu, which is calculated based on certain percentage of revenue of the Cooperation Products operated by Tencent Representative Companies, is arrived at after arm's length negotiation between Beijing Jingxiu and Tencent Representative Companies have been taken into account various factors such as the expected revenue generated from and popularity of the Cooperation Products, the Group's resources contribution, costs and expenses incurred in providing marketing services for the Cooperation Products. The Management advises that the Group will market and promote the Cooperation Products on Pumpkin Films online streaming platform. In addition, leveraging on the Group's industry-leading capabilities in content research and development, film production, as well as promotion and distribution, the Group will deploy and invite artists and talents from its content production business to formulate marketing strategies and carry out online/offline promotional campaigns for the Cooperation Products. We enquire with the Management regarding the business rationale for adopting the revenue sharing mechanism in determining the amount of marketing services fee receivable by Beijing Jingxiu, the Management considers that the revenue generated from the Cooperation Products is the most direct and subjective measure of the effectiveness of the marketing services provided by Beijing Jingxiu in attracting and retaining the users/subscribers of the Cooperation Products.

As part of our due diligence, we have conducted research in relation to the prevailing pricing terms in respect of the fee rates charged by gaming marketing services providers on a revenue-sharing basis but we are unable to identify any comparable pricing term through public information. As advised by the Management, the Marketing Services is a new kind of business within the scope of online gaming business segment of the Group and therefore there is no historical or on-going marketing service contract

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

between the Group and independent third parties containing relevant pricing terms for comparable purpose. As an alternative for accessing the fairness and reasonableness of the pricing terms of Marketing Services, we evaluate whether the Group is able to achieve reasonable profitability from the provision of marketing services to Tencent Computer. We have obtained and reviewed the service planning and cost projection prepared by Beijing Jingxiu in respect of provision of marketing services for the Cooperation Products and we note the cost of providing marketing services for the Cooperation Products mainly consists of labor cost of the Group's internal staff and the estimated gross profit margin of providing marketing services for the Cooperation Products will be no less than 50%. For comparison purpose, we have conducted independent research on Wind database to analyse the gross profit margins of online marketing or advertising companies. We have identified, on a best effort basis, an exhaustive list of twelve comparable companies from Wind database based on the following selection criteria: (i) listed on the Main Board of the Stock Exchange; (ii) with over 70% of the total revenue derived from the provision of online marketing or advertising services; and (iii) recorded gross profit for the most recent financial year (the "Marketing Services Comparable Companies"). Set out below is the summary of the gross profit margins of the Marketing Services Comparable Companies:

Company Name	Stock Code	Gross Margin ¹
Cheshi Technology Inc.	1490.HK	76.0%
Hypebeast Limited	0150.HK	61.3%
Rego Interactive Co., Ltd	2422.HK	52.0%
Babytree Group	1761.HK	43.0%
Many Idea Cloud Holdings Limited	6696.HK	36.0%
China National Culture Group Limited	0745.HK	34.2%
Doumob	1917.HK	32.4%
AM Group Holdings Limited	1849.HK	32.3%
Duiba Group Limited	1753.HK	19.1%
Adtiger Corporations Limited	1163.HK	17.4%
Bright Future Technology Holdings Limited	1351.HK	7.5%
Netjoy Holdings Limited	2131.HK	0.9%
	Average	34.3%
	Minimum	0.9%
	Maximum	76.0%

Source: Wind

Note:

- (1) Gross margin is calculated based on the gross profit and revenue for the latest financial year of the Marketing Services Comparable Companies as extracted from Wind database.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated from the table above, the gross profit margin of the Marketing Services Comparable Companies ranged from approximately 0.9% to approximately 76.0%, with an average of approximately 34.3%. The estimated gross profit margin from the provision of the Marketing Services for the Cooperation Products, which is expected to be no less than 50%, falls within the range of the gross profit margins of the Marketing Services Comparable Companies and above the average gross profit margin of the Marketing Service Comparable Companies.

Given that the Group will primarily leverage on its internal resources, such as Pumpkin Films online streaming platform and manpower from its content production business, for provision of marketing services for the Cooperation Products, the Management estimates that the Group is able to deliver the marketing services in a cost-efficient and controllable manner, which in turn will be able to generate reasonable profit from the Market Services. Therefore, having taken into account the gross profit margin comparable analysis of the Marketing Services Comparable Companies as discussed above and the commercial rationale of utilising the internal resources of the Group to maximise its returns from the provision of the Marketing Services, we consider that the corresponding pricing term of the Marketing Services (i.e. not more than 5% of the revenue generated from respective Cooperation Products within scope of the Marketing Services) is justifiable.

In view of the above, we consider the terms of the 2023 Game Cooperation Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Annual Caps

5.1 *The Annual Caps*

The three modes of cooperation under the 2023 Game Cooperation Framework Agreement are all of the same nature, and are inter-related and complementary to each other to the same type of game cooperation business. Depending on the needs and requirements of the Group and/or Tencent Representative Parties, the parties may include one or more type of the services/cooperation in respect of the Cooperation Products. The proposed annual caps for the total amount payable and receivable by the Group to and from Tencent Representative Companies for the transactions under the 2023 Game Cooperation Framework Agreement are as follows:

	Proposed annual caps for the year ending 31 December		
	2023	2024	2025
	<i>(RMB million)</i>		
(1) Total amount payable by the Group to Tencent Representative Companies ⁽¹⁾	1,000	1,000	1,000
(2) Total amount receivable by the Group from Tencent Representative Companies ⁽²⁾	700	700	700

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) The total amount payable by the Group to Tencent Representative Companies is (a) the relevant fees payable to Tencent Representative Companies by the Group, as the authorized distributor of Tencent Representative Companies, for distributing Cooperation Products on different platforms, after deriving income from the end users of the Cooperation Products; and (b) relevant fees payable to the Tencent Representative Companies by the Group after the Group derives revenue from the end users of the Cooperation Products, which are jointly operated and distributed by the parties, on the platforms the Group is responsible for. For details of the relevant cooperation, please refer to the section headed “4. The 2023 Game Cooperation Framework Agreement” above.
- (2) The total amount receivable by the Group from Tencent Representative Companies is (a) the relevant fees payable by Tencent Representative Companies to the Group after Tencent Representative Companies derive income from the end users of the Cooperation Products, which are jointly operated and distributed by the parties, on the platform they are responsible for; and (b) marketing service fees. For details of the relevant cooperation and provision of services, please refer to the section headed “4. The 2023 Game Cooperation Framework Agreement” above.

As disclosed in the Letter from the Board, there was no historical amount incurred prior to the date of the 2023 Game Cooperation Framework Agreement. From the date of the 2023 Game Cooperation Framework Agreement up until the Latest Practicable Date, there had been no actual transaction amount incurred under the 2023 Game Cooperation Framework Agreement. The Company endeavours to ensure that, from the date of the 2023 Game Cooperation Framework Agreement up until and including the date of the SGM, the highest applicable percentage ratio in relation to the annual maximum transaction amount under the 2023 Game Cooperation Framework Agreement shall have remained below 5%.

5.2 Basis of determination of the Annual Caps

5.2.1 Distribution Cooperation and Joint Operation Cooperation

Given the revenue-sharing mechanism contemplated in the 2023 Game Cooperation Framework Agreement, the transaction amounts in relation to the Distribution Cooperation and Joint Operation Cooperation under the 2023 Game Cooperation Framework Agreement are expected to depend on the revenue-generating capacity of each Cooperation Product, as well as the coverage and extent of the Cooperation Products (for example, the number of Cooperation Products to be rolled out each year by the Group), which in turn, are subject to the future levels of acceptance of and popularity of the Cooperation Products.

Accordingly, despite the practicable difficulties in accurately estimating the income to be generated from each Cooperation Product in the next three years, the Board has determined the Annual Caps for the three financial years ending 31 December 2025 with reference to, among others, (i) the market demand for and development trend of gaming business; (ii) the roadmap for the development of the

Cooperation Products of the Group; (iii) the estimated scale and average cost, revenue and profit of the Cooperation Products that the Group intends to be operated by Beijing Jingxiu; and other relevant commercial factors, including but not limited to the development and production cycle of game works, budget control and work quality. The Directors believe that relatively new and high-quality game works have higher market value and can generally attract more gamers; and (iv) the expected revenue-generating capacity of the Cooperation Products with reference to similar products of comparable attributes.

5.2.2 Marketing Services

It is expected that the transaction amount of the Marketing Services under the 2023 Game Cooperation Framework Agreement will depend on the revenue-generating capability of the relevant Cooperation Products. Therefore, with respect to the Marketing Services under the 2023 Game Cooperation Framework Agreement, in addition to the above factors, the Board has also taken into consideration, among other things: (i) the number, size, type, revenue-generating capability of Cooperation Products which are expected to be delivered by the Company in the coming years; and (ii) the marketing services and the scope thereof which are expected to be required by Tencent Representative Companies.

5.3 Assessment on the Annual Caps

5.3.1 Total amount payable by the Group to Tencent Representative Companies

In order to assess the reasonableness of the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies, we have obtained and reviewed the revenue projection of the Cooperation Products that are currently in the pipeline along with the underlying calculation of the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies for the three years ending 31 December 2023, 2024 and 2025, and discussed with the Management on the bases and assumptions adopted in the calculation. Given that Beijing Jingxiu has not commenced negotiation with Tencent Computer regarding the distribution of Cooperation Products under the scope of the Joint Operation Cooperation, the Management primarily takes into consideration of the revenue-generating capability of the Cooperation Products within the scope of the Distribution Cooperation when determining the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies.

As discussed in the section headed “4. The 2023 Game Cooperation Framework Agreement” above, Beijing Jingxiu will strive to act as an exclusive distributor of two Cooperation Products under the Proposed Distribution Cooperations which will be launched in the 3rd and 4th quarter of 2023, respectively (the “**Distribution Cooperation Products**”). Due to (i) the lack of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

historical data in respect of the Distribution Cooperation Products; and (ii) the unpredictability in the mobile game user's habits and behavior as well as the popularity or ratings of the Distribution Cooperation Products, there are practicable difficulties for the Management to accurately estimate the income to be generated from each Distribution Cooperation Products in the next few years. When determining the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies, the Management has made reference to the operating data of other mobile games that are similar or comparable to the Distribution Cooperation Products (the "**Distribution Cooperation Comparable Games**") in projecting the income generated from the operation of the Distribution Cooperation Products. In selecting the Distribution Cooperation Comparable Games, the Management has taken into account of, among others, the following criteria: (i) the game genre; (ii) settings of plot contents and characters; and (iii) game rating, of the Distribution Cooperation Comparable Games, which are similar to the Distribution Cooperation Products. We have independently reviewed the Distribution Cooperation Comparable Games against such criteria and we noted that the Distribution Cooperation Comparable Games are simulation anime role-playing games and massive multiplayer online strategy games, which are the similar types of games as each Distribution Cooperation Product respectively. Therefore, we concur with the Management that the Distribution Cooperation Comparable Games are representative samples and comparable to the Distribution Cooperation Products. The income to be generated from each Distribution Cooperation Products is projected based on the average income generated from at least two or three Distribution Cooperation Comparable Games. The Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies are then estimated based on the projected annualised net income to be generated from each of two Distribution Cooperation Products and multiplied by the relevant percentage of revenue, being the range of 30% to 50%. As part of our due diligence, we have independently obtained the cumulative number of downloads of and income derived from the Distribution Cooperation Comparable Games in Android system and iOS system, from Beijing Qimai Technology Co., Ltd. (a company that is principally engaged in the provision of business analysis of mobile product intelligence in the PRC) ("**Beijing Qimai**"), to verify against the data used in calculating the projected annualised net income of the Distribution Cooperation Products. As confirmed by the Management, Beijing Qimai is independent of the Company and its connected person. Based on our review, we are not aware of any material discrepancy between the data of the Distribution Cooperation Comparable Games we have obtained and the data adopted by the Company in the calculation of the Annual Caps in respect of the total amount payable by the Group to Tencent Representative Companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the Management and review of the calculation for the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies, the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies of RMB1,000 million for each of the three years ending 31 December 2023, 2024 and 2025 are determined with reference to the sum of average annualised net income of the Distribution Cooperation Comparable Games with a buffer of 10% to 20%. Taking account into (i) the possibility of the performance of Distribution Cooperation Products may better than current expectation; (ii) Beijing Jingxiu may further distribute and operate potential new game products to be launched by Tencent Computer in 2024 and 2025; and (iii) the buffer of 10% to 20% is not a material portion of the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies, we consider the buffer set for the Annual Caps in respect of provision of the total amount payable by the Group to Tencent Representative Companies to be reasonable.

5.3.2 Total amount receivable by the Group from Tencent Representative Companies

In order to assess the reasonableness of the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies, we have obtained and reviewed the revenue projection derived from five Cooperation Products within the scope of the Marketing Services along with the underlying calculation of the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies for the three years ending 31 December 2023, 2024 and 2025, and discussed with the Management on the bases and assumptions adopted in the calculations.

As mentioned in the section headed “4. The 2023 Game Cooperation Framework Agreement” above, Beijing Jingxiu has entered into the Marketing Services Agreement with Tencent Computer in relation to one of the Cooperation Products in February 2023 and the Management expects that Beijing Jingxiu will provide marketing services to Tencent Representative Companies for four more Cooperation Products (collectively, the “**Market Services Cooperation Products**”) to be launched in the 3rd and 4th quarter of 2023. When determining the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies, the Management has made reference to the operating data of other the mobile games that are similar or comparable to the Market Services Cooperation Products (the “**Market Services Comparable Games**”) in projecting the income generated from the operation of the Market Services Cooperation Products. In selecting the Market Services Comparable Games, the Management has taken into account of, among others, the following criteria: (i) the game genre; (ii) settings of plot contents and characters; and (iii) game rating, of the Marketing Services Comparable Games, which are similar to the Cooperation Products to be promoted by Beijing Jingxiu. The income to be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

generated from each Market Services Cooperation Products is projected based on the average income generated from one or two Market Services Comparable Games. We have independently reviewed the Market Services Comparable Games against such criteria and we concur with the Management that the Market Services Comparable Games are representative samples and comparable to the Market Services Cooperation Products. The Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies are then estimated based on the projected annualised income to be generated from each of five Market Services Cooperation Products and multiplied by the relevant marketing fee rate, being not more than 5%. As part of our due diligence, we have independently obtained the cumulative number of downloads of and income derived from the Market Services Comparable Games in Android system and iOS system, from Beijing Qimai and two research reports released by securities firms¹, to verify and cross-checked against the data used in calculating the projected annualised income of the Market Services Cooperation Products. Based on our review, we are not aware of any material discrepancy between the data of the Market Services Comparable Games we have obtained and the data adopted by the Company in the calculation of the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies.

Based on our discussion with the Management and review of the calculation for the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies, the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies of RMB700 million for each of the three years ending 31 December 2023, 2024 and 2025 are determined with reference to the sum of average annualised income of the Market Services Comparable Games with a buffer of 3% to 6%. Taking account into (i) the possibility of the performance of Marketing Services Cooperation Products may better than current expectation; (ii) Beijing Jingxiu may further for provide Marketing Services to potential new game products to be launched by Tencent Computer in 2024 and 2025; and (iii) the buffer of 3% to 6% is not a material portion of the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies, we consider the buffer set for the Annual Caps in respect of provision of the total amount receivable by the Group from Tencent Representative Companies to be reasonable.

The total amount payable/receivable by the Group to/from Tencent Representative Companies under the 2023 Game Cooperation Framework Agreement would eventually depend on the future levels of acceptance of and popularity of the Distribution Cooperation Products and Market Services Cooperation Products, which are beyond the control of the Group. Therefore, we

¹ Internet industry research report released by Zheshang Securities Co., Ltd. on 14 February 2023 and research report of NetEase (9999.HK) released by Cinda Securities Co., Ltd. on 25 July 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consider it difficult for the Management to determine the Annual Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies with high degree of certainty. Also, the 2023 Game Cooperation Framework Agreement is a new arrangement between Beijing Jingxiu and Tencent Computer, and there is no historical transaction receivable by the Group from Tencent Representative Companies that can be referenced and indicative of the future transactions amount payable/receivable by the Group to/from Tencent Representative Companies. Nonetheless, we consider that it is in the interests of the Group and the Shareholders to determine the Annuals Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies which can accommodate the potential growth of the Group's business. In addition, the Group has appropriate internal control policies (please refer to the section headed "6. Internal Control Policies" below for reference) in place to safeguard the interests of the Shareholders. In assessing the fairness and reasonableness of the Annual Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies, we have discussed with the Management the factors taken into account as stated earlier in this section. We consider it is reasonable for the Company to use the above factors and assumption in determining the Annual Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies and that the Annual Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies for each of the three years ending 31 December 2025 (including the projected annualised income adopted by the Company in determining the Annual Caps in respect of provision of the total amount payable/receivable by the Group to/from Tencent Representative Companies) to be fair and reasonable.

6. Internal Control Policies

In order to ensure that the Company complies with the pricing policies, the monitoring of the aggregate accumulated transaction amount and, if applicable, the approval of the Annual Caps under the 2023 Game Cooperation Framework Agreement, the Company has adopted a series of internal control policies in its daily operations. These internal control policies are implemented and monitored by the Company's internal audit and internal control department, independent non-executive Directors and external auditors:

- (i) the Group will monitor the amount incurred for the transactions contemplated under the 2023 Game Cooperation Framework Agreement on a regular basis to ensure that the proposed Annual Caps thereunder will not be exceeded;
- (ii) the Company's internal control department conducts regular monitoring of connected transactions, the results of which together with the external auditor's report are then submitted to the audit committee and independent non-executive Directors for review. The Company's internal audit and internal control department

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

supervises connected transactions and ensures that these transactions are carried out in the following ways: (a) in accordance with the pricing principles of the 2023 Game Cooperation Framework Agreement; (b) in the ordinary and usual course of business of the Group; (c) on normal or better commercial terms; and (d) in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole;

- (iii) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions and confirm in the annual report whether: these transactions are entered into on normal or better commercial terms; in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole;
- (iv) the Group will prepare a continuing connected transaction report (the “**CCT Report**”) once every three months on continuing connected transactions which will be submitted internally to such dedicated team within the Group for consideration. The contents of the CCT Report will include (i) the fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies within the relevant reporting period; and (ii) the status of compliance with the proposed Annual Caps and utilization of the proposed Annual Caps. If the transaction amount of any continuing connected transaction under the 2023 Game Cooperation Framework Agreement that is or will be incurred in the financial year is expected to reach or exceed the relevant annual cap, the internal audit and internal control department of the Group shall report to the management of the Company and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required);
- (v) for the purposes of comparison, to the extent there are comparable services and/or cooperation, the Group shall on a quarterly basis review the prevailing market benchmark pricing terms of at least three independent third parties for the provision of similar types of services under the same or similar conditions. The Group will form a dedicated team (led by the Chief Financial Officer and the Chief Technology Officer of the Group) to oversee the monitoring, collection and evaluation of the market data, including but not limited to the prevailing market benchmark on the pricing terms of comparable services on a regular basis. The above team will conduct comparison analysis on the portion of the fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies against the pricing terms offered by other independent third parties, to ensure that the terms of the transactions under the 2023 Game Cooperation Framework Agreement are reasonable and not more favourable to Tencent Representative Companies nor less favourable to Beijing Jingxiu; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the Company's external auditors will also conduct annual reviews of the pricing principles, total amount of accumulated transactions and, if applicable, Annual Caps of the 2023 Game Cooperation Framework Agreement and make corresponding confirmations in the Company's annual report.

For the purpose of evaluating the effectiveness of internal control policies in place to monitor the pricing methods and procedures under the 2023 Game Cooperation Framework Agreement and usage of the Annual Caps, and ensure that the Annual Caps would not be exceeded, we have discussed with the Management and understood the comparison analysis on the pricing terms of comparable services will be submitted quarterly and jointly approved by the CFO and CTO of the Group. The head of the Group's finance department will be responsible for monitoring the revenue generated from the Cooperation Products and cumulative amount of fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies on a monthly basis. The Group's finance department will prepare a CCT Report to the senior management including the fees payable and receivable (as the case may be) by Beijing Jingxiu to/from Tencent Representative Companies within the relevant reporting period and the status of compliance with the proposed Annual Caps and utilization of the proposed Annual Caps on a quarterly basis. Given that there is no historical transaction between Beijing Jingxiu and Tencent Computer prior to the date of the 2023 Game Cooperation Framework Agreement, there is no historical transaction record and internal approval document available in respect of the transactions contemplated under the 2023 Game Cooperation Framework Agreement for our review. However, we note that the Company has been in compliance with the annual caps requirement under the Listing Rules as we note from the 2021 AR and 2022 AR that the Company's auditors had issued unqualified letters containing the findings and conclusions in respect of the Company's continuing connected transactions and nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions (i) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the transaction; and (ii) have exceeded the maximum aggregate annual caps in respect of the disclosed continuing connected transactions. In view of the above, we concur with the Directors' view that there are effective internal control policies in monitoring the pricing methods and procedures under the 2023 Game Cooperation Framework Agreement and the usage of the Annual Caps and ensure that the Annual Caps would not be exceeded.

In light of the on-going reporting requirements to the transactions contemplated under the 2023 Game Cooperation Framework Agreement, in particular, (i) the restriction on the transaction amount under the 2023 Game Cooperation Framework Agreement by way of the Annual Caps; and (ii) the going review by the independent non-executive Directors and auditors of the Company on the terms of the 2023 Game Cooperation Framework Agreement and the Annual Caps, and given the Company's internal safeguards in place, we are of the view that appropriate measures will be in place to monitor the transactions contemplated under the 2023 Game Cooperation Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the view that (i) the terms of the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the 2023 Game Cooperation Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM for approving the 2023 Game Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Sammy Leung
Managing Director

Mr. Sammy Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This document, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executives of the Company in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, were as follows:

Interest of the Company

Name of Director	Capacity in which interests are held	Interest in the Shares	Approximate percentage of total issued Shares as at the Latest Practicable Date
Mr. Ke Liming	Interest of a controlled corporation	3,727,381,250 (Note 1)	37.26%
Ms. Chen Xi	Beneficial owner	48,000,000 (Note 2)	0.52%
Mr. Wan Chao	Beneficial owner	2,032,000 (Note 3)	0.02%
Mr. Zhang Qiang	Beneficial owner	10,000,000 (Note 4)	0.11%

Notes:

- (1) 1,893,101,943 Shares were indirectly held by Mr. Ke Liming through Pumpkin Film Limited, a company indirectly wholly-owned by Mr. Ke Liming. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares within the meaning of Part XV of the SFO, being the underlying shares of the warrants granted to Pumpkin Films Limited, a company wholly-owned by him.
- (2) Ms. Chen Xi was interested in 48,000,000 Shares, all of which were represented by share options of the Company.
- (3) Mr. Wan Chao was interested in 2,032,000 Shares, of which 1,592,000 Shares were directly held by Mr. Wan Chao and 440,000 Shares were deemed interests held through his spouse, Ms. Hu Zhengrong.
- (4) Mr. Zhang Qiang was interested in 10,000,000 Shares, all of which were represented by share options of the Company.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

(b) Interests of substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity in which interests are held	Interest in the Shares	Approximate percentage of total issued Shares as at the Latest Practicable Date
Mr. Ke Liming	Interest of a controlled corporation	3,727,381,250	37.26%
Virtual Cinema Holding Limited (<i>Note 1</i>)	Interest of a controlled corporation	3,727,381,250	37.26%
Pumpkin Films Limited (<i>Note 1</i>)	Beneficial owner	3,727,381,250	37.26%
Tencent Holdings	Interest of a controlled corporation	2,045,734,565	20.45%
Water Lily (<i>Note 2</i>)	Beneficial owner	2,045,734,565	20.45%

Notes:

- (1) Virtual Cinema Holding Limited was deemed to be interested in 3,727,381,250 Shares through its wholly-owned subsidiary Pumpkin Films Limited. Virtual Cinema Holding Limited is directly wholly-owned by Mr. Ke Liming, a Director. Pumpkin Films Limited is wholly-owned by Mr. Ke Liming. 1,893,101,943 Shares were indirectly held by Mr. Ke Liming through Pumpkin Films Limited. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares (as defined in Part XV of the SFO), i.e. the underlying shares of the warrants granted to Pumpkin Films Limited.
- (2) Tencent Holdings was deemed to be interested in 2,045,734,565 Shares through its wholly-owned subsidiary Water Lily.

Save as disclosed above in the table, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or proposed Director or their respective close associates (as defined in the Listing Rules) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Director had any direct or indirect interest in any asset which had been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

9. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Maxa Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

- (b) As at the Latest Practicable Date, Maxa Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Maxa Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively.
- (d) As at the Latest Practicable Date, Maxa Capital Limited did not have any interest, direct or indirect, in any assets which have been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is at 15/F, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, the Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The company secretary of the Company is Mr. Fong Kar Chun, Jimmy, who is a member of the Law Society of Hong Kong and a qualified solicitor in Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

11. DOCUMENTS ON DISPLAY

A copy of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.ryholdings.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the written consent of Maxa Capital Limited as referred to in the section headed “9. QUALIFICATION AND CONSENT OF EXPERT” in this appendix; and
- (b) the 2023 Game Cooperation Framework Agreement.

NOTICE OF SGM



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of China Ruyi Holdings Limited (the “**Company**”) shall be held at 2:45 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following ordinary resolution. Words and expressions that are not expressly defined in this notice of SGM shall bear the same meaning as those defined in the circular of the Company dated 12 June 2023.

ORDINARY RESOLUTION

“THAT

- (a) the 2023 Game Cooperation Framework Agreement (as defined in the circular of the Company dated 12 June 2023 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the Annual Caps (as defined in the Circular) for the respective financial years ending on 31 December 2023, 31 December 2024 and 31 December 2025 be and are hereby approved; and
- (c) any one Director (or one Director and the secretary of the Company or any two Directors or such other person (including a Director) or persons as the Board may appoint, in the case of execution of documents under seal) be and is/are hereby authorized for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder including the affixing of common seal thereon.”

Yours faithfully,
By order of the Board
China Ruyi Holdings Limited
Ke Liming
Chairman

Hong Kong, 12 June 2023

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he is the holder of two or more Shares, more than one proxy to attend and vote instead of him/her/it. A proxy need not be a member.
2. A form of proxy for use at the SGM is enclosed herewith. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and deposit of the form of proxy will not preclude a Shareholder from attending and voting in person at the SGM or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude a Shareholder of the Company from attending and voting in person at the SGM convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order for a Shareholder of the Company to be eligible to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 June 2023.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the executive directors of the Company are Mr. KE Liming, Ms. CHEN Xi, Mr. WAN Chao and Mr. ZHANG Qiang; and the independent non-executive directors of the Company are Mr. CHAU Shing Yim, David, Mr. NIE Zhixin, Mr. CHEN Haiquan and Professor SHI Zhuomin.