

## WAIVERS AND EXEMPTIONS

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong.

Our Company does not have, and does not contemplate in the foreseeable future that our Company will have sufficient management presence in Hong Kong for satisfying the requirement under Rule 8.12 of the Listing Rules. Given that (i) our Company’s management, business operations and assets are principally based outside Hong Kong; (ii) our Company’s headquarters and senior management are primarily based outside Hong Kong, and (iii) our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted us,] a waiver from strict compliance with Rule 8.12 of the Listing Rules. Our Company will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

1. **Authorized representatives:** Our Company has appointed Mr. WU Xubo, an executive Director, and Mr. ZHANG Mengchi (張夢弛), the company secretary of our Company, as the authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Although Mr. WU Xubo resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Mr. ZHANG Mengchi ordinarily resides in Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See “Directors and Senior Management” in this document for the biographies of the Authorized Representatives;
2. **Directors:** Our Company will implement a policy to provide the up-to-date contact details of each Director (such as office phone numbers, mobile phone numbers, fax numbers, and email addresses) to the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of our Directors promptly as and when required, including when our Directors are traveling. To the best of our Company’s knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period when required by the Stock Exchange;

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3. **Compliance adviser:** Our Company has appointed Somerley Capital Limited as our compliance adviser (the “**Compliance Adviser**”) in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives and our Directors, act as an additional channel of communication of our Company with the Stock Exchange. The Compliance Adviser will provide us with professional advice on continuing obligations under the Listing Rules and during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED]. The Compliance Adviser will also provide advice to us when consulted by us in compliance with Rule 3A.23 of the Listing Rules. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when the Authorized Representatives and Directors are not available. In turn, they will provide to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. Our Company has provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of at least two of our Compliance Adviser’s officers who will act as the Compliance Adviser’s contact persons between the Stock Exchange and our Company; and
  
4. **Company secretary:** Our Company has appointed Mr. ZHANG Mengchi as our company secretary. Mr. ZHANG Mengchi and other company secretary to be appointed by the Company will maintain constant contact with our Directors and senior management team members through various means.

Meetings between the Stock Exchange and our Directors could be arranged through the Authorized Representatives, our Directors, our Compliance Adviser and/or our company secretary within a reasonable time. Our Company will also ensure that there are adequate and efficient means of communication among our Company, the Authorized Representatives, our Directors and other officers, our Compliance Adviser and our company secretary. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, our Directors, our Compliance Adviser and/or our company secretary in accordance with the Listing Rules.

## CONTINUING CONNECTED TRANSACTIONS

Our Company has entered into and is expected to continue certain transactions after the [REDACTED] that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. See “Connected Transactions” in this document for further information.

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### PRE-[REDACTED] SHARE OPTION PLAN

Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, requires our Company to disclose, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, the names and addresses of the persons to whom it was given, potential dilution effect on the shareholdings upon [REDACTED] as well as the impact on the earnings per share arising from the exercise of such outstanding options.

As of the Latest Practicable Date, our Company had granted options under the Pre-[REDACTED] Share Option Plan to a total of 153 eligible grantees, including (i) four connected persons of our Company, including one Director; (ii) four non-connected employees of our Company each of whom held 500,000 options or above; and (iii) 145 non-connected employees of our Group each of whom held less than 500,000 options, to subscribe for an aggregate of 17,463,918 Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised) on the terms set out in “Statutory and General Information — D. Pre-[REDACTED] Share Option Plan” in Appendix IV to this document.

Assuming full exercise of options under the Pre-[REDACTED] Share Option Plan, in relation to the shareholding of the Shareholders immediately after the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), since our Company has issued an aggregate of 17,463,918 Shares to the ESOP BVIs to hold on trust for the Pre-[REDACTED] Share Option Plan on November 22, 2022, there will be no dilution to the shareholding of the Company, and no consequent impact on the earnings per Share for the three years ended December 31, 2022 and the four months ended April 30, 2023.

We have applied to the Stock Exchange and SFC, respectively, for (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 153 grantees are involved, setting out full details of all the grantees under the Pre-[REDACTED] Share Option Plan in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and document preparation;

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- (b) as of the date of this document, except for four grantees who are connected persons of our Company, including one Director, none of the grantees under the Pre-[REDACTED] Share Option Plan is a Director, member of senior management or the connected person of our Company. Disclosing the names, addresses and entitlements on an individual basis in this document will require number of additional pages of disclosure that does not provide any material information to the [REDACTED] public. In addition, the disclosure of the personal details of each grantee, including the number of options granted, may require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;
- (c) the grant and exercise in full of the options under the Pre-[REDACTED] Share Option Plan will not cause any material adverse impact on the financial position of our Company;
- (d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential [REDACTED] with information for assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (e) material information relating to the options under the Pre-[REDACTED] Share Option Plan will be disclosed in this document, including the total number of Shares to be issued subject to the Pre-[REDACTED] Share Option Plan, the exercise price per Share, the exercise period, the vesting period and the potential dilution effect on shareholding. For the avoidance of doubt, the exercise of the options granted under the Pre-[REDACTED] Share Option Plan will not result in any impact on the earnings per Share. Our Directors consider that the information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of our Company in their [REDACTED] decision making process has been included in this document.

The Stock Exchange [has granted] to us a waiver under the Listing Rules on the conditions that:

- (a) full details of the options granted under the Pre-[REDACTED] Share Option Plan to (1) the connected persons of our Company, and (2) non-connected employees of our Company each of whom held 500,000 options or above, will be disclosed in “Statutory and General Information — D. Pre-[REDACTED] Share Option Plan” in Appendix IV to this document, as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) for the remaining non-connected grantees, disclosures will be made for, on an aggregate basis, of (1) the aggregate number of grantees and the number of Shares underlying the options granted to all the grantees under the Pre-[REDACTED] Share Option Plan, (2) the consideration (if any) paid for the grant of the options under the Pre-[REDACTED] Share Option Plan, and (3) the exercise period, the exercise price and vesting period for the options granted under the Pre-[REDACTED] Share Option Plan;

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- (c) there will be disclosure in this document for the aggregate number of Shares underlying the options under the Pre-[REDACTED] Share Option Plan and the percentage of our Company’s total issued share capital represented by such number of Shares as of the date of this document;
- (d) the dilutive effect upon full exercise of the options under the Pre-[REDACTED] Share Option Plan will be disclosed in “Statutory and General Information — D. Pre-[REDACTED] Share Option Plan” in Appendix IV to this document;
- (e) a summary of the major terms of the Pre-[REDACTED] Share Option Plan will be disclosed in “Statutory and General Information — D. Pre-[REDACTED] Share Option Plan” in Appendix IV to this document;
- (f) the particulars of the waiver and the exemption will be disclosed in this document;
- (g) a physical copy of a full list of all the grantees under the Pre-[REDACTED] Share Option Plan, containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection at the Company’s principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document;
- (h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and
- (i) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has agreed to grant] to our Company the certificate of exemption under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) on an individual basis, full details of the options granted under the Pre-[REDACTED] Share Option Plan to (1) the connected persons of our Company, and (2) non-connected employees of our Company each of whom held 500,000 options or above, will be disclosed in “Statutory and General Information — D. Pre-[REDACTED] Share Option Plan” in Appendix IV to this document, as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) for the remaining non-connected grantees, disclosures will be made of, on an aggregate basis, (1) the aggregate number of grantees and the number of Shares

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underlying the options granted to them under the Pre-[REDACTED] Share Option Plan, (2) the consideration (if any) paid for the grant of the options under the Pre-[REDACTED] Share Option Plan, and (3) the exercise period, the exercise price and vesting period for the options granted under the Pre-[REDACTED] Share Option Plan;

- (c) a physical copy of a full list of all the grantees under the Pre-[REDACTED] Share Option Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection at the Company’s principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document; and
- (d) the particulars of the exemption will be disclosed in this document and this document will be issued on or before [REDACTED].

## EQUITY INTERESTS ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, a new listing applicant is required to include in its accountants’ report in the listing document the results and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the listing applicant have been made up in respect of each of the three financial years immediately preceding the issue of the listing document, or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.



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Since the end of the Track Record Period, for the purpose of strengthening strategical alliance with a major player in the digital entertainment industry chain and creating cross-industry synergy, our Group has acquired certain equity interests in Century Huatong and Guangzhou Xili Technology Co., Ltd. (“**Guangzhou Xili**”) as set out below (the “**Acquisitions**” and each of them, an “**Acquisition**”):

| <u>Target company</u>     | <u>Vendor</u>   | <u>Principal business activities</u>              | <u>Percentage of equity interest acquired/subscribed</u> | <u>Status of the Acquisition</u>   | <u>The amount of consideration to be paid and the basis of consideration</u>   |
|---------------------------|---|---|--|--|--|
| Century Huatong . . . . . | Shanghai Yaoquru Network Technology Partnership (L.P.) (“ <b>Shanghai Yaoquru</b> ”) <sup>(1)</sup> | Online game development, operation and publishing | 1.07%  | The public bidding process has been completed on June 14, 2023 and Jiangxi Tanwan won the bid for 80,000,000 shares held by Shanghai Yaoquru in Century Huatong at a bidding price of RMB585,920,000. The share transfer registration procedures for the 80,000,000 shares of Century Huatong acquired by our Company were completed on June 26, 2023. | RMB585,920,000, which is the winning price of the judicial auction for 80,000,000 shares of Century Huatong. The auction starting price per share is 90% of the average closing price of the 20 trading days prior to the auction starting date of shares of Century Huatong. The consideration was fully paid on June 20, 2023. |
| Guangzhou Xili . . .      | N/A <sup>(2)</sup>  | Artificial intelligence R&D                       | 3.00%  | The corporate registration procedures for the capital increase was completed on July 10, 2023.   | RMB30,000,000, of which RMB5,000,000 was fully paid on June 2, 2023 and the remaining will be paid in installment. The consideration was determined on an arm’s length basis mainly with reference to the prospects of Guangzhou Xili future development.  |

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*Notes:*

- (1) The Acquisition was conducted through judicial auction by way of internet public bidding. Century Huatong is the Pre-[REDACTED] Investor of our Company. To the best of our knowledge, information and belief, having made all reasonable enquiries, each of Century Huatong and the ultimate beneficial owners of its substantial shareholders prior to the completion of the Acquisition was an Independent Third Party.
- (2) The Acquisition was conducted by way of capital increase in Guangzhou Xili. To the best of our knowledge, information and belief, having made all reasonable enquiries, each of Guangzhou Xili and the ultimate beneficial owners of its substantial shareholders prior to the completion of the Acquisition was an Independent Third Party.

Our Directors believe that, as the principal business activities of Century Huatong and Guangzhou Xili are closely related to the Group’s core business, the Acquisitions will complement the Group’s publishing of online game products and are expected to enrich the range of consumer products offered to our customers so as to create synergies. Accordingly, our Directors believe that the Acquisitions were and reasonable and in the interests of the Shareholders as a whole.

The considerations for the Acquisitions have been and will be satisfied by the Group’s own source of funds. For the avoidance of doubt, the [REDACTED] of the [REDACTED] will not be used to fund the Acquisitions.

We have applied for, and the Stock Exchange [has granted,] a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the preparation of financial statements in respect of the Acquisitions on the following grounds:

- (a) **Ordinary and usual course of business** — The Acquisitions are in the ordinary and usual course of business of our Group and our Group has a history of making minority investments and have conducted a number of minority investments during the Track Record Period.
- (b) **Immateriality of the Acquisitions** — Based on the financial information of Century Huatong and Guangzhou Xili available to our Company, all the applicable size test percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to each Acquisition referenced against the financials of our Company in the most recent financial year of the Track Record Period are less than 5%.

Accordingly, the Directors believe that the Acquisitions (i) are immaterial when compared to the scale of our Group’s operations as a whole; (ii) have not resulted in any significant change to the financial position of our Group since April 30, 2023; and (iii) all information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of the activities or financial position of our Group has been included in the document. As such, a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED] public.



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- (c) **Unavailability of information** — Note 2 to Rules 4.04(2) and 4.04(4) of the Listing Rules requires that “the financial information on the business or subsidiary acquired, agreed to be acquired or proposed to be acquired must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants’ report or in a separate accountants’ report”. As Century Huatong is a public company listed on Shenzhen Stock Exchange and Guangzhou Xili is a private company incorporated in the PRC, the historical information of Century Huatong and Guangzhou Xili was prepared in accordance with PRC GAAP as opposed to HKFRS. Our Company confirms that Century Huatong and Guangzhou Xili do not have available historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules.

In addition, it would require considerable time and resources for us and our reporting accountant to fully familiarize ourselves with the management accounting policies of Century Huatong and Guangzhou Xili and compile the necessary financial information in accordance with HKFRS that complies with Rule 4.04 of the Listing Rules for disclosure in the document. It is equally impractical to request the Company to produce such historical financial information in accordance with HKFRS.

- (d) **No control or significant influence over Century Huatong or Guangzhou Xili** — We are neither able to exercise any control, nor have any significant influence over Century Huatong or Guangzhou Xili, in light of our minority shareholding in each of them. The minority rights given to us are generally commensurate to our status as a minority shareholder and are for the protection of our interests as a minority stakeholder in the Acquisitions. These rights are neither intended, nor sufficient to compel or require Century Huatong or Guangzhou Xili to prepare or to disclose in this document audited financial statements for the purposes of compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules. It could also be prejudicial and potentially harmful to our portfolio relationships and commercial interests to make such disclosures. In addition, as the Guangzhou Xili is a private company, disclosing this information could harm its interests and bring it into an unfavorable competitive position. Accordingly, as we do not expect the Acquisitions to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interest of the [REDACTED] public.
- (e) **Alternative disclosure available** — Our Company has provided in this document alternative information regarding the Acquisitions which includes:
- (i) description of the principal business activities of Century Huatong and Guangzhou Xili;
  - (ii) confirmation that the counterparties and the ultimate beneficial owners of the substantial shareholders of the counterparties are independent third parties;
  - (iii) the date of the Acquisitions;

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- (iv) the consideration of the Acquisitions, how the consideration was or would be satisfied and the basis upon which the consideration was determined; and
- (v) the reasons for the Acquisitions and the benefits which are expected to accrue to our Group as a result of the Acquisitions.