**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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Feiyu Technology International Company Ltd. (飛魚科技國際有限公司)**, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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# Feiyu Technology International Company Ltd.
# 飛魚科技國際有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1022)**

# (1) CONTINUING CONNECTED TRANSACTIONS – THE GAME BUSINESS COOPERATION FRAMEWORK AGREEMENT AND (2) NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee And the Independent Shareholders**

RAINBOW CAPITAL (HK) LIMITED
滾 博 資 本 有 限 公 司

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Circular.

A letter from the Board is set out on pages 4 to 20 of this circular. A letter of recommendation from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 23 to 53 of this circular. A notice convening the EGM to be held at Senior Executive Meeting Room, 5/F, Block A, No. 78 Hu'an Road, High-tech Park, Huli District, Xiamen, Fujian Province, the People's Republic of China, on Friday, 26 June 2026 at 3:00 p.m. or any adjournment thereof is set out on pages 60 to 61 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.feiyuhk.com).

Whether or not you are able to attend the EGM or any adjournment thereof, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

9 June 2026

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

| | |
|---|---|
| "Annual Cap(s)" | the Receivable Annual Caps and the Payable Annual Caps |
| "associate(s)" | shall have the meaning ascribed to it under the Listing Rules |
| "Board" | the board of directors of the Company |
| "Circular" | this circular, including the Appendix I hereto |
| "Company" | Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014 |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Cooperative Business" | the game business cooperation contemplated under the Game Business Cooperation Framework Agreement, including but not limited to game development, game operation, payment services, advertising display and other related game businesses between the Group and the Tencent Group. |
| "Director(s)" | the director(s) of the Company |
| "EGM" | an extraordinary general meeting of the Company to be held to, among other things, consider and, if thought fit, approve the Game Business Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps |
| "EGM CCT Matters" | the Game Business Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps |
| "Game Business Cooperation Framework Agreement" | the game business cooperation framework agreement entered into by Xiamen Feiyu and Tencent Computer on 2 April 2026 in respect of the Cooperative Business |
| "Group" | the Company, its subsidiaries and the PRC Operating Entities |

| | |
|---|---|
| "HK$" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Board Committee" | an independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Liu Qianli, Mr. Lai Xiaoling and Mr. Cao Xi |
| "Independent Financial Adviser" or "Rainbow Capital" | Rainbow Capital (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| "Independent Shareholders" | the Shareholders other than persons (if any) who are involved or interested in the Game Business Cooperation Framework Agreement, and who do not have any material interest in the matters to be considered at the EGM |
| "Latest Practicable Date" | 3 June 2026, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "mini games" | HTML5 games |
| "Notice" | the notice of the EGM as set out in this Circular |
| "Payable Annual Caps" | the expected maximum annual amount payable by the Group to the Tencent Group in respect of the continuing connected transactions under the Game Business Cooperation Framework Agreement for each of the years ending 31 December 2026, 2027 and 2028 |
| "PRC" | the People's Republic of China, for the purpose of this Circular, excludes Hong Kong, Macau and Taiwan |
| "PRC Operating Entities" | Xiamen Guanghuan and its subsidiaries and "PRC Operating Entity" means any one of them |

| | |
|---|---|
| "Receivable Annual Caps" | the expected maximum annual amount payable by the Tencent Group to the Group in respect of the continuing connected transactions under the Game Business Cooperation Framework Agreement for each of the years ending 31 December 2026, 2027 and 2028 |
| "RMB" | Renminbi, the lawful currency of the People's Republic of China |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Share(s)" | ordinary share(s) with nominal value of US$0.0000001 each in the share capital of the Company |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | shall have the meaning ascribed to it under the Listing Rules |
| "substantial shareholder" | has the meaning ascribed to it under the Listing Rules |
| "Tencent", together with its subsidiaries, "Tencent Group" | Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: HKEX: 00700 (HKD Counter) and 80700 (RMB Counter)) |
| "Tencent Computer" | Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a limited liability company established under the laws of the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and accounted for by Tencent as a controlled structured entity of Tencent |
| "Xiamen Feiyu" | Xiamen Feiyu Technology Co., Ltd.* (廈門飛魚科技有限公司)*, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| "%" | percent. |

* *For identification purposes only*



**Feiyu Technology International Company Ltd.**
**飛魚科技國際有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1022)**

*Executive Directors:*
Mr. YAO Jianjun
*(Chairman and Chief Executive Officer)*
Mr. CHEN Jianyu *(President)*
Mr. BI Lin *(Vice President)*
Mr. LIN Zhibin *(Vice President)*

*Independent Non-executive Directors:*
Ms. LIU Qianli
Mr. LAI Xiaoling
Mr. CAO Xi

*Registered office:*
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P.O. Box 2681
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*Corporate Headquarters:*
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No. 78 Hu'an Road, Huli District,
Xiamen, Fujian Province,
PRC

*Principal Place of Business in Hong Kong:*
Unit B, 17/F, United Centre,
95 Queensway, Admiralty,
Hong Kong

9 June 2026

*To the Shareholders*

Dear Sir or Madam,

# (1) CONTINUING CONNECTED TRANSACTIONS – THE GAME BUSINESS COOPERATION FRAMEWORK AGREEMENT AND (2) NOTICE OF EGM

## INTRODUCTION

The Board refers to the announcement of the Company dated 2 April 2026 in relation to, among other things, the Game Business Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

The purposes of this Circular are, among other things: (i) to provide you with further details of the EGM CCT Matters; (ii) to set out the letter of advice from the

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the matters set out in (i); (iii) to set out the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration the advice of the Independent Financial Adviser in relation to the matters set out in (i); and (iv) to give you the notice of the EGM at which ordinary resolutions will be proposed to approve the matters set out in (i).

## 1. THE GAME BUSINESS COOPERATION FRAMEWORK AGREEMENT

Historically, the Group and the Tencent Group have entered into various game cooperation agreements. Pursuant to those game cooperation agreements, the Company will normally, amongst others, grant Tencent Group rights to distribute and operate the game. Tencent Group will normally provide the game operating system, server, interface with operators and users, system maintenance and certain customers services. An example of such is the San Guo Zhi Ren Mobile Game Cooperation Agreement as disclosed in the announcement of the Company dated 10 September 2024.

For the purpose of operation of games and providing additional revenue stream to the Group, the Group has applied for the virtual payment function and opened up marketing platform function on the Weixin Mini Programs for the games operated by the Group pursuant to the Tencent Mini Game Agreements in relation to the payment services and advertising display services as disclosed in the circular of the Company dated 11 December 2024.

As the cooperation between the Group and the Tencent Group including but not limited to the San Guo Zhi Ren Mobile Game Cooperation Agreement and the Tencent Mini Game Agreements (each constituting a definitive agreement under the Game Business Cooperation Framework Agreement) will continue, the Group has entered into the Game Business Cooperation Framework Agreement with Tencent to provide a clear framework to regulate the continuing transactions between the parties and enhance the Group's efficiency in managing and monitoring such continuing connected transactions.

On 2 April 2026, Xiamen Feiyu (an indirect wholly-owned subsidiary of the Company) entered into the Game Business Cooperation Framework Agreement with Tencent Computer for the period from 2 April 2026 to 31 December 2028.

The principal terms of the Game Business Cooperation Framework Agreement are summarised below:

**Date**

2 April 2026

**Parties**

(1) Xiamen Feiyu (for itself and on behalf of its affiliates); and

(2) Tencent Computer (for itself and on behalf of its affiliates)

**Term**

From 2 April 2026 to 31 December 2028.

**Subject matter**

Xiamen Feiyu (and its affiliates) and Tencent Computer (and its affiliates) shall cooperate in the game business, primarily including but not limited to game development, game operations, game payment services, and game advertising display (the "**Cooperative Business**"), within the framework of the Game Business Cooperation Framework Agreement. The detailed terms of each Cooperative Business transaction shall be set out in separate definitive agreements to be entered into between the parties in accordance with the terms of the Game Business Cooperation Framework Agreement.

**Pricing Policy**

The pricing for all Cooperative Business, including but not limited to (i) commissioned development fees for game development services; (ii) revenue-sharing arrangements for game operations, (iii) technical service fees for payment channels relating to game payment services, and (iv) advertising revenue-sharing for game advertising display, shall be determined by the parties through arm's length negotiations with reference to prevailing market prices, and shall be fair and reasonable.

Prior to entering into any definitive agreement pursuant to the Game Business Cooperation Framework Agreement, the Company shall assess the pricing terms during the contract review process to ensure that they are normal commercial terms which are no less favourable to the Company than those available to or from independent third parties. For more details, please refer to the paragraph headed "Internal Control Measures" below.

Details of the specific pricing policy for different types of Cooperative Business with Tencent under the Game Business Cooperation Framework Agreement are set out below.

| **Cooperative Business** | **Principal pricing policy** |
|---|---|
| Game development service | The production fee shall be determined by comprehensively considering the game's content, scale, and technical complexity, as well as evaluating factors such as required resources, development timeline, staffing arrangements, and cost structure. The Company will endeavor to consider the pricing terms of at least two other independent third parties to the extent commercially practicable, and compare the pricing terms of such independent third parties with those offered by the Tencent Group. |

| Cooperative Business | Principal pricing policy |
|---|---|
| Game operation service | Based on the existing game operation arrangements for the game operations with Tencent, the game operation service fee ranges from 40 to 60% revenue share rate of the net revenue after deducting channel cost for the operation of the game. The Company will endeavor to consider the pricing terms of at least two other independent third parties to the extent commercially practicable, and compare the pricing terms of such independent third parties with those offered by the Tencent Group. |
| Game payment services | The Group will share 40% (for normal game without considering the incentive policies provided by Tencent at different periods) of the gross payments generated from the game, based on the standard payment services terms offered by Tencent, as governed by the backend agreement with Tencent where standard terms and conditions apply. These standard terms and conditions are the same as those offered by Tencent to all parties. |
| Advertising display services | The Group will be entitled to 50% of the gross receipt generated from the advertising revenue, based on the standard advertising display services terms offered by Tencent, as governed by the backend agreement with Tencent where standard terms and conditions apply. These standard terms and conditions are the same as those offered by Tencent to all parties. |

**Payment Terms**

Payment terms will vary from monthly payment to milestone payment depending on the market practices for different categories of transactions contemplated thereunder. Payment terms, settlement method and credit period will be specified in the separate definitive agreements to be entered into between the parties, and settled periodically. Details of the specific payment terms for different types of Cooperative Business with Tencent under the Game Business Cooperation Framework Agreement are set out below.

| Cooperative Business | Principal payment terms |
|---|---|
| Game development service | The production fee will be payable in multiple installments according to status of the development under the delivery schedule. |

| Cooperative Business | Principal payment terms |
|---|---|
| Game operation service | The amount to be received will be paid to the designated bank account by bank transfer, and will be payable within 20 business days from the date the invoice is received. |
| Game payment services | The Group reconciles accounts with Weixin in the backend interface on a monthly basis. The current backend settlement periods are as follows: (i) Standard Payment Level: The settlement period is the end of the next calendar month plus 7 days, meaning the funds will be credited on the 7th day of the next month following the transaction, the Group can download the account statement to complete the reconciliation; (ii) High Payment Level: The settlement period is 30 days, meaning the funds will be credited on the 31st day after the transaction, the Group can download the account statement to complete the reconciliation; and (iii) T+1 Level: Subject to the satisfaction of certain conditions, the funds will be credited one day after the transaction. The credited amount will have the technical service fee to Tencent Computer deducted. The default payment level for each game is Standard Payment Level, after meeting the backend operational requirements, an application can be made to upgrade the payment level to High Payment Level. These payment terms are the same as those offered by Tencent to all parties. |
| Advertising display services | Tencent will email the settlement statement to the Group in the following month. The Group shall then mail an invoice to Tencent for the amount shown on the settlement statement. Tencent will transfer the settlement amount to the Group's designated bank account within 30 working days after receiving the said invoice. These payment terms are the same as those offered by Tencent to all parties. |

**Historical Transaction Amounts**

Set out below are the historical transaction amounts between the Group and Tencent in respect of the Cooperative Business for the years/periods indicated:

| | For the year ended 31 December | | | For the period between 1 January and 1 April 2026 | For the period between 2 April 2026 and the Latest Practicable Date |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Amount received by the Group from the Tencent Group** | | | | | |
| – Game development service fee | – | – | – | – | – |
| – Game operation services fee | 9,006 | 6,295 | 4,349 | 409 | 193 |
| – Advertising display services fee | 9,725 | 14,553 | 14,946 | 2,632 | 2,190 |
| **Total:** | **18,731** | **20,848** | **19,295** | **3,041** | **2,383** |
| **Amount paid by the Group to the Tencent Group** | | | | | |
| – Game operation services fee | – | – | – | – | – |
| – Game payment services fee | – | 23,336 | 78,675 | 11,290 | 11,042 |
| **Total:** | **–** | **23,336** | **78,675** | **11,290** | **11,042** |

The Company confirms that all relevant historical transaction amounts in respect of the Cooperative Business have been conducted in compliance with the applicable requirements under Chapter 14A of the Listing Rules.

**Annual Caps and Basis of Determination**

Set out below are the Annual Caps of the transactions contemplated under the Game Business Cooperation Framework Agreement for the three years ending 31 December 2028:

| | For the year ending 31 December | | |
|---|---|---|---|
| | **2026[1]** | **2027** | **2028** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **The Receivable Annual Caps[2]** | | | |
| – Game development service fee | – | – | – |
| – Game operation services fee | 2,899 | 1,492 | 1,492 |
| – Advertising display services fee | 73,430 | 59,746 | 24,173 |
| **Total:** | **76,329** | **61,238** | **25,665** |
| **The Payable Annual Caps[2]** | | | |
| – Game operation services fee | 81,181 | 139,427 | 59,545 |
| – Game payment services fee | 426,847 | 475,790 | 161,512 |
| **Total:** | **508,028** | **615,217** | **221,075** |

*Notes:*

1. The Receivable Annual Cap and the Payable Annual Cap for the year ending 31 December 2026 cover the historical transaction amount during the period from 1 January 2026 to 1 April 2026, and the estimated transaction amount for the period from 2 April 2026 (being the date of the Game Business Cooperation Framework Agreement) to 31 December 2026.

2. The Receivable Annual Caps and the Payable Annual Caps are determined on an aggregate basis, taking into account the total expected transaction amount across different service types and across different game titles. In this regard, the utilisation of the annual caps is not assessed on a per-service or per-game basis, but rather by reference to the overall amounts to be received or paid, i.e. the Receivable Annual Caps and the Payable Annual Caps.

Each of the above Annual Caps has been determined with reference to:

(a) the historical transaction amounts between the Group and the Tencent Group in respect of game development services, game operation services, game payment services, and advertising display services;

(b) the expected gross billings (estimated based on parameters such as daily active users (DAU), average revenue per user (ARPU) and daily new users (DNU)) and advertising income based on the performance of the Group's existing games during testing periods or post-launch periods (as applicable), as well as future operational plans;

(c) the actual performance of existing games of the similar types as those within the scope of the Game Business Cooperation Framework Agreement; and

(d) the Group's game business targets for the year ending 31 December 2026, including the anticipated number of new games to be developed and launched.

Shareholders should note that the Annual Caps represent the best estimates by the Directors based on the information currently available. The Annual Caps should not be construed as any estimate or projections of the performance of the Group's games and bear no direct relationship to, nor should be taken to have any direct bearing to the Group's financial or potential financial performance.

The trends in the Annual Caps are mainly due to the combined effects of the following:

**1. Payable Annual Caps**

***a. Game payment services fee payable by the Group to Tencent Group***

This refers to the transaction amounts for game virtual payment services in which the Group acts as the customer and pays service fees to the Tencent Group. The estimated transaction amounts are primarily based on the expected gross billing of 13 mini games launched or expected to be launched on Weixin Mini Programs, multiplied by the relevant game virtual payment services fee percentage, which is expected to be 40%. Game payment services fee is recurring in nature and is incurred each time a game user makes an in-app purchase.

Gross billing is projected using performance indicators such as user retention, payment data, lifetime value (LTV), and return on investment during testing or post-launch stages, reflecting different phases of a game's lifecycle. The Group estimates gross billing by aggregating projected daily billing, calculated as projected number of daily new users multiplied by expected day-over-day LTV increases. LTV growth is modeled using a standard industry power function (y = ax^b), fitted to actual LTV data collected during testing or launch periods to forecast future user value.

Other than the LTV approach that the precedent paragraph described, the Group also adopted an approach with reference to average revenue per user (ARPU). This is also a commonly used approach in gaming industry and the inputs are easily observable and verifiable. Mini games typically have a lifecycle of two to three years, with DAU peaking shortly after launch and declining over time. DAU

projections are based on marketing plans, expected user retention, and historical performance of similar games. User numbers generally rise with intensive acquisition efforts and decline as novelty fades and acquisition slows. Future revenue is estimated by applying expected average revenue per user (ARPU), benchmarked against similar games.

Game genre and content also influence projections. Role-playing games tend to have longer lifecycles and stronger long-term retention, while player-versus-player games often show higher engagement and payment willingness. Frequent content updates, events, and promotions are expected to boost in-app spending.

Marketing strategy is another key factor, as it affects user acquisition and payer conversion. Planned campaigns, including pre-launch promotions, partnerships, and paid advertising, are considered in the projection of gross billing. Higher marketing intensity typically supports stronger user growth and monetization. For high-potential games, the Group may invest more in targeted advertising campaigns, using data-driven methods and diverse ad formats (e.g., video, playable, and storyline ads) to maximize reach and return on investment.

The estimated gross billing for 2026 was calculated based on 11 mini games, including certain existing games as well as new games to be officially launched in 2026. This represents nearly four times the number of mini games in operation in 2025, which was three (other games listed for 2025 remained in the testing phase). In addition, one of the mini games expected to be launched in the second half of 2026 (as further elaborated in paragraph (b) below) is derived from an established intellectual property, which is expected to enhance brand recognition and user acceptance. Accordingly, a high level of gross billing is estimated for this particular game. As a result, the expected transaction amount in respect of game payment services under the Payable Annual Caps for 2026 is significantly higher than the corresponding historical transaction amount for 2025. The expected transaction amount for 2027 is slightly higher than that for 2026, primarily because the new games launched in 2026 will be in operation for the full year in 2027, as opposed to only a few months in 2026. In 2028, the games are expected to enter the mid-to-late stage of their lifecycles, during which marketing efforts will be reduced. As a result, revenue generated from these games is expected to decline, leading to a lower expected transaction amount for game payment services.

***b. Game operation services fee payable by the Group to Tencent Group***

This represents transactions where the Group acts as service provider to provide game operation services for Tencent Group.

Historically, the Group has not provided such services to the Tencent Group, hence there was no historical transaction amount for this type of service. However, the Group is in active negotiation with the Tencent Group on the provision of game operation services to Tencent Group in relation to a game. As at the Latest Practicable Date, the game operation agreement for such game between the Group and Tencent Group has not been signed. According to the contemplated game operation arrangement, the Group will provide the mobile game product operating system, the server, the interface with operators and users, system maintenance and customer services in relation to operation of the mini game. Based on the latest discussion with Tencent Group, it is contemplated that the pricing policy would be to share with Tencent Group a certain revenue-sharing percentage of the net revenue (i.e. gross billing after channel fees) generated from the game. The expected transaction amount for the game operation services (where the Group acts as the service provider and pays share of revenue to the Tencent Group) for the three years ending 31 December 2028 are calculated based on the estimated future share of revenue to Tencent Group arising from the operation of the relevant game based on the below formula:

*Net Revenue x Tencent Revenue Sharing Ratio*

where "Net Revenue" means Gross Billing minus Channel Fees;

"Gross billing" means the gross amount of in-app purchase by the players of the game and advertising revenue received by the Group;

"Channel Fees" means the service fee to be paid to platform or payment channels for in-app purchase; and

"Tencent Revenue Sharing Ratio" means the share of revenue of the game operation to the Tencent Group.

Given that the Group did not historically provide this type of service to the Tencent Group, the Payable Annual Caps, which take into account, among other things, the estimated transaction amounts for such services, are higher than the historical transaction amounts. The abovementioned mini game is derived from an established intellectual property, which is expected to enhance brand recognition and user acceptance. Accordingly, the Group anticipates stronger user engagement and a higher willingness to pay, attributable to the appeal of the underlying intellectual property. The official launch of this mini game is currently expected to take place in the second half of 2026. Therefore, substantial game operation revenue sharing is expected to be payable by the Group to the Tencent Group in the

year ending 31 December 2027, resulting in a higher expected amount for the full year 2027 compared with the few months of 2026 following its launch in the second half of that year. In 2028, the mini game is expected to enter the mid-to-late stage of its lifecycle, during which marketing efforts will be reduced, and revenue generated from the game is therefore expected to decline. Accordingly, a lower transaction amount is expected for the year ending 31 December 2028 in respect of game operation services under the Payable Annual Caps.

**2. Receivable Annual Caps**

***a. Advertising display services fee payable by the Tencent Group to the Group***

This is calculated based on the estimated gross billing generated from advertisement displayed in 16 games launched or expected to be launched, multiplied by the relevant advertising display services fee percentage, which is expected to be 50%. Advertising display services fee is recurring in nature and is incurred each time an advertisement is effectively displayed to users in the Group's games.

In 2025, only three major mini games were officially in operation without taking into account (i) two mobile games, one of which had an advertising display services fee that remained relatively stable is expected to continue to do so through 2026 to 2028, while the other remained insignificant and is projected to remain so; and (ii) other games that remained in the testing phase in 2025), as compared to 12 major mini games officially launched in 2026. Accordingly, the estimated transaction amount in respect of advertising display services for 2026 is significantly higher than the corresponding transaction amount for 2025. The trend in the estimated transaction amount of advertising display services fee differs from that of payment services fee, mainly because a large number of casual and non-paying users typically join the games at the initial launch stage in 2026 by watching advertisements. After the games enter a stable operation phase in 2027, the users who remain are generally core users with a higher willingness to pay. The decline in the proportion of non-paying users is expected to reduce the total number of advertisement impressions and the click-through rate, resulting in a lower estimated advertising display services fee under the Receivable Annual Caps for 2027 and a further decline in 2028.

*b. Game operation services fee payable by the Tencent Group to the Group*

The expected transaction amount in respect of game operation services fee payable by the Tencent Group to the Group for the year ending 31 December 2026 is significantly lower than the historical transaction amount for 2025. This is primarily because the game that historically contributed the largest portion of revenue under this category is expected to cease operation after the first half of 2026, hence no further service fees are expected to be generated from this game during the remainder of 2026 and in subsequent years. A few other games which contribute smaller amounts are also expected to cease operations in 2026.

For the remaining games which contribute relatively smaller transaction amounts, as they have been in operation for multiple years and they are the Group's renowned self-owned intellectual property, the Group intends to continue to operate the games to generable stable revenue.

As a result, the expected transaction amount for 2027 is projected to be lower than that for 2026, reflecting the full-year impact of the cessation of the highest revenue-generating game in the second half of 2026. Nevertheless, the transaction amounts for 2027 and 2028 are expected to remain relatively stable, supported by the continued operation of the Group's long-standing games.

**Reasons for and benefits of entering into the Game Business Cooperation Framework Agreement**

As disclosed in the Company's previous announcements and circular, the Group has been cooperating with the Tencent Group in relation to the game business, including the launch of multiple games on the Weixin Mini Programs platform and the Group's engagement by Tencent to develop mini games. As such cooperation is expected to continue, the Directors consider that the entering into of the Game Business Cooperation Framework Agreement will provide a clear and structured framework to regulate the continuing transactions between the parties and facilitate the Group's effective management and monitoring of such transactions in compliance with the Listing Rules.

The Directors further believe that the Tencent Group, being a major participant in the PRC games market with extensive industry resources, a large user base and strong operational capabilities, represents a valuable long-term strategic partner for the Group. The Game Business Cooperation Framework Agreement will enable the Group to leverage Tencent's established platform, distribution channels and market presence, thereby supporting the Group's sustainable business development and enhancing its competitiveness in the mini game sector.

The Directors (including the independent non-executive Directors) are of the view that the Game Business Cooperation Framework Agreement has been entered into in the ordinary and usual course of business of the Group and is on normal commercial terms or better, the terms of which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## 2. INTERNAL CONTROL MEASURES

In order to monitor the transactions under the Game Business Cooperation Framework Agreement, the Company has in place the following internal control procedures:

(a) the Game Business Cooperation Framework Agreement is subject to prior contract review procedures, whereby the Group's business unit is required to present details of the relevant Cooperative Business to the financial controller and chief executive officer for approval. The pricing terms will be assessed during the contract review process to ensure that they are normal commercial terms which are no less favourable to the Company than those available to or from independent third parties. In particular, the Company will endeavor to consider the terms of at least two independent third parties to the extent commercially practicable, and compare the commercial terms of such independent third parties with those of the Tencent Group. When it is unable to obtain more than two other independent third parties due to commercial or other reasons, the Company will compare the commercial terms provided by Tencent Group with the terms provided by at least one independent third party, and consider from multiple perspectives whether it is the best option to cooperate with Tencent Group. Upon signing of a definitive agreement under the Game Business Cooperation Framework Agreement, the business unit will promptly notify the finance department and internal control team of the Group;

(b) on a monthly basis, the finance department shall report to the chief executive officer, president and vice president of the Company the progress of each Cooperative Business, as well as the relevant monthly transaction amounts. The internal control team will be kept abreast of the same and shall continue to monitor and perform monthly review on the transaction amount of each of the Cooperative Business to prevent deviation from the Annual Caps. Based on the actual transaction amounts, the internal control team will assess the expected transaction amounts for the following month. The internal control team will report the utilisation status of the Annual Caps to the senior management on a monthly basis. In the event that the actual transaction amount reaches (or is expected to reach in the following month) 50% of the Annual Cap for the relevant period, the Company will conduct a timely assessment of the expected transaction amounts for the remaining period. Where it is anticipated that the relevant Annual Cap may be exceeded, the Company will take appropriate steps in advance, including revising the Annual Caps and/or re-complying with the applicable requirements under Chapter 14A of the Listing Rules (including announcement and, where required, independent shareholders' approval), to ensure ongoing compliance with the Listing Rules;

(c) the external auditors shall conduct annual review and the independent non-executive Directors of the Company shall conduct biannual review on the continuing connected transactions of the Group to confirm whether the continuing connected transactions have been conducted in compliance with the pricing policies or system or terms and whether the Annual Caps have been exceeded; and

(d) the Board shall conduct annual review on the Company's internal control system to consider whether it is effective and adequate.

## 3. INFORMATION ABOUT THE GROUP AND THE TENCENT GROUP

The Company is an investment holding company whose subsidiaries are principally engaged in the development, operation and distribution of web and mobile games in Mainland China, together with games-related advertising and licensing services.

Xiamen Feiyu, an indirect wholly-owned subsidiary of the Company and a party to the Game Business Cooperation Framework Agreement, is principally engaged in the development of web games, mobile games and mini games.

Tencent is principally engaged in the provision of communication, social, digital content, games, marketing services, fintech and cloud services primarily in the PRC. Tencent Computer is a consolidated affiliated entity of Tencent and is principally engaged in the business of provision of value-added services and marketing services in the PRC.

## 4. LISTING RULES IMPLICATIONS

### The Game Business Cooperation Framework Agreement

As at the Latest Practicable Date, Tencent has an indirect interest in approximately 14.97% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Accordingly, Tencent and its associates constitute connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

As the transactions contemplated under the Game Business Cooperation Framework Agreement will be conducted on a continuing or recurring basis during the term of the agreement, such transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratios calculated with reference to the Annual Caps exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### Approval by the Board

The Board has approved the Game Business Cooperation Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

None of the Directors has a material interest in the Game Business Cooperation Framework Agreement and the transactions contemplated thereunder, and therefore none of the Directors was required to abstain from voting on the relevant Board resolutions.

### Independent Board Committee

The Independent Board Committee, comprising Ms. Liu Qianli, Mr. Lai Xiaoling and Mr. Cao Xi, being the independent non-executive Directors, has been established to advise the Independent Shareholders on whether the Game Business Cooperation Framework Agreement, the transaction contemplated thereunder and the Annual Caps are in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole, after taking into account the recommendations of the Independent Financial Adviser. The letter from the Independent Board Committee is set out on pages 21 to 22 of this circular.

None of the members of the Independent Board Committee has any interest or involvement in the Game Business Cooperation Framework Agreement and the related Annual Caps.

**Independent Financial Adviser**

The Company has appointed Rainbow Capital as its independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps. The letter from the Independent Financial Adviser is set out on pages 23 to 53 of this circular.

**EGM**

A notice of the EGM to be held at Senior Executive Meeting Room, 5/F, Block A, No. 78 Hu'an Road, High-tech Park, Huli District, Xiamen, Fujian Province, the People's Republic of China, on Friday, 26 June 2026 at 3:00 p.m. is set out on pages 60 to 61 of this circular for the purpose of considering and, if thought fit, approving, the EGM CCT Matters.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, the votes of the Shareholders on the proposed resolutions for approving the transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps will be taken by way of poll at the EGM and an announcement on the poll results will be made by the Company after the EGM. Any other Shareholder who is involved or interested in the Game Business Cooperation Framework Agreement and the related Annual Caps will be required to abstain from voting in respect of the resolution(s). Save as disclosed above, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, save as Tencent Group, no other Shareholder had any material interest in the EGM CCT Matters, and no other Shareholder was required to abstain from voting at the EGM in respect of the EGM CCT Matters. As at the date of this circular, THL H Limited, a wholly owned subsidiary of Tencent, is beneficially interested in 261,882,607 Shares. As the beneficial owner, THL H Limited, and by extension Tencent, are entitled to exercise control over these shares. THL H Limited will abstain from voting on the resolutions to be proposed at the EGM to approve the EGM CCT Matters.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

## 5. RECOMMENDATIONS

Your attention is drawn to:

(i) the letter from the Independent Board Committee set out on pages 21 to 22 of this Circular which contains its recommendation to the Independent Shareholders; and

(ii) the letter from the Independent Financial Adviser set out on pages 23 to 53 of this Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders.

The Independent Board Committee, having considered the EGM CCT Matters, and having taken into account the advice of the Independent Financial Adviser, considers that the entering into of the Game Business Cooperation Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the EGM CCT Matters.

Taking into account the recommendation of the Independent Board Committee and all other factors stated above as a whole, the Directors are of the view that the entering into of the Game Business Cooperation Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors also recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the EGM CCT Matters.

## 6. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in Appendix I to this Circular.

Yours faithfully,
For and on behalf of the board of
**Feiyu Technology International Company Ltd.**
**YAO Jianjun**
*Chairman, Chief Executive Officer and Executive Director*

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.

**Feiyu Technology International Company Ltd.**
**飛魚科技國際有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1022)**

9 June 2026

*To the Independent Shareholders*

Dear Sir or Madam,

## (1) CONTINUING CONNECTED TRANSACTIONS - THE GAME BUSINESS COOPERATION FRAMEWORK AGREEMENT AND (2) NOTICE OF EGM

We refer to the circular dated 9 June 2026 issued by the Company to the Shareholders (the "**Circular**") of which this letter forms part. Terms used in this letter shall bear the same meanings as defined in the Circular unless the context otherwise requires.

We have been authorised by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders on the Transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps, details of which are set out in the section headed "Letter from the Board" contained in the Circular.

We wish to draw your attention to the letter from the Board set out on pages 4 to 20 of the Circular and the letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps are fair and reasonable, set out on pages 23 to 53 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice and the respective terms and conditions of the Game Business Cooperation Framework Agreement, we consider that the transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps are in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the transactions contemplated under the Game Business Cooperation Framework Agreement and the related Annual Caps.

Yours faithfully,
For and on behalf of the Independent Board Committee

| | | |
|---|---|---|
| **LIU Qianli** | **LAI Xiaoling** | **CAO Xi** |
| *Independent non-executive Director* | *Independent non-executive Director* | *Independent non-executive Director* |

*The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.*

**Rainbow Capital (HK) Limited**

9 June 2026

*To the Independent Board Committee and the Independent Shareholders*

Feiyu Technology International Company Ltd.
Unit B, 17/F
United Centre
95 Queensway
Admiralty, Hong Kong

Dear Sir or Madam,

## CONTINUING CONNECTED TRANSACTIONS
## GAME BUSINESS COOPERATION FRAMEWORK AGREEMENT

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Game Business Cooperation Framework Agreement, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 9 June 2026 (the "**Circular**"), of which this letter forms a part of. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

Historically, the Group and the Tencent Group has entered into various game cooperation agreements. Pursuant to those game cooperation agreements, the Company will normally, amongst others, grants Tencent Group rights to distribute and operate the game. Tencent Group will normally provide the game operating system, server, interface with operators and users, system maintenance and certain customers services. An example of such is the San Guo Zhi Ren Mobile Game Cooperation Agreement as disclosed in the announcement of the Company dated 10 September 2024.

For the purpose of operation of games and providing additional revenue stream to the Group, the Group has applied for the virtual payment function and opened up marketing platform function on the Weixin Mini Programs for the games operated by the Group pursuant to the Tencent mini game agreements in relation to the payment services and advertising display services as disclosed in the circular of the Company dated 11 December 2024. The virtual payment function would provide game players to make in-game purchases via Weixin Pay, while the marketing platform function would allow advertisements to be displayed in the game.

As the cooperation between the Group and the Tencent Group including but not limited to the abovementioned services will continue, the Group has entered into the Game Business Cooperation Framework Agreement with Tencent to provide a clear framework to regulate the continuing transactions between the parties and enhance the Group's efficiency in managing and monitoring such transactions.

As at the Latest Practicable Date, Tencent has indirect interest in approximately 14.97% of the total issued share capital of the Company, and it and its associates are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions under the Game Business Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratios calculated with reference to the Annual Caps exceed 5%, the transactions under the Game Business Cooperation Framework Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Liu Qianli, Mr. Lai Xiaoling and Mr. Cao Xi, has been formed to advise the Independent Shareholders on whether the Game Business Cooperation Framework Agreement, the transaction contemplated thereunder and the Annual Caps are in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, or Tencent that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committee and the independent Shareholders of the Company in relation to revision of the annual caps of the Tencent mini game agreements in relation to the payment services and advertising display services, details of which are set out in the circular of the Company dated 11 December 2024. Other than that, there was no engagement or connection between the Group or Tencent and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Transactions. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Game Business Cooperation Framework Agreement.

**BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have

assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular. Should there be any subsequent material changes in the information in the Circular during the period from the Latest Practicable Date up to the date of the EGM, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible.

We consider that we have reviewed sufficient information currently available and corroborated and substantiated any public information referred to in this letter to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or any of their respective substantial shareholders, subsidiaries or associates.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Game Business Cooperation Framework Agreement, we have taken into account the principal factors and reasons set out below:

### 1. Information of the Group and the Tencent Group

#### (i) The Group

The Company is an investment holding company whose subsidiaries are principally engaged in the development, operation and distribution of web and mobile games in Mainland China, together with games-related advertisements and licensing services.

Xiamen Feiyu, an indirect wholly owned subsidiary of the Company and a party to the Game Business Cooperation Framework Agreement, is principally engaged in development of web games, mobile games and mini games.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2024 ("**FY2023**" and "**FY2024**", respectively) as extracted from the Company's annual report for FY2024, and for the year ended 31 December 2025 ("**FY2025**") as extracted from the Company's annual report for FY2025:

*(a) Financial performance*

| | **FY2023** | **FY2024** | **FY2025** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(audited)* | *(audited)* | *(audited)* |
| Revenue | 226,189 | 276,748 | 810,239 |
| Gross profit | 194,467 | 237,193 | 743,974 |
| Selling and distribution expenses | (37,494) | (160,356) | (470,813) |
| Administrative expenses | (54,576) | (50,529) | (62,052) |
| Research and development costs | (64,092) | (68,265) | (86,622) |
| Profit/(loss) before tax | 52,560 | (44,473) | 107,181 |
| Profit/(loss) attributable to the Shareholders | 52,013 | (44,394) | 105,304 |

*FY2024 compared to FY2023*

Revenue of the Group increased by approximately 22.4% from approximately RMB226.2 million for FY2023 to approximately RMB276.7 million for FY2024, mainly attributed to the launch of new game Yi Bu Liang Bu (一步兩步) on 1 August 2024 which had been well received by users and rose to 8th position on the Weixin mini game best-selling list in January 2025, which was partially offset by the decline in revenue generated by Carrot Fantasy 4 (保衛蘿蔔4) as the Group focused on long-term operation of the game instead of instant monetization. Additionally, the increase of advertising revenue generated by HTML5 games during the year also contributed to the increase in revenue.

In line with the increase in revenue during the period, gross profit of the Group increased by approximately 22.0% from approximately RMB194.5 million for FY2023 to approximately RMB237.2 million for FY2024, whilst the gross profit margin remained relatively stable from 86.0% for FY2023 to 85.7% for FY2024.

Selling and distribution expenses increased by approximately 327.7% from approximately RMB37.5 million for FY2023 to approximately RMB160.4 million for FY2024. The increase was mainly attributable to (i) the increase in distribution expenses of approximately RMB102.4 million from FY2023 to FY2024, primarily due to (a) the operational activities for the launch of Yi Bu Liang Bu (一步兩步) in 2024

and (b) the operational activities and related expenses for Shen Xian Dao 3 (神仙道3) undertaken by the Company after the game was transferred to the Group's in-house operation from a third party agency at the end of 2023; and (ii) the increase in channel fees of approximately RMB20.5 million from FY2023 to FY2024, primarily due to the launch of Yi Bu Liang Bu (一步兩步) on Weixin Mini Programs which the Group recognized its revenue on a gross basis and channel technical service fee in selling and distribution expenses.

As a result of the above, the Group recorded a turnaround from profit attributable to Shareholders of approximately RMB52.0 million for FY2023 to loss attributable to the Shareholders of approximately RMB44.4 million for FY2024.

*FY2025 vs FY2024*

Revenue of the Group increased significantly by approximately 192.8% from approximately RMB276.7 million for FY2024 to approximately RMB810.2 million for FY2025, which was mainly due to (i) the increase in revenue from game operations of approximately RMB528.5 million from FY2024 to FY2025, primarily due to (a) the launch of Yi Bu Liang Bu (一步兩步) on 1 August 2024, which had been well received by users and entered its monetisation period during 2025, and (b) the launch of other HTML5 games such as Piggy Survivor (野人快跑) in December 2024 and Shou Hua San Guo (獸化三國) in March 2025; and (ii) the increase in advertising revenue of approximately RMB8.7 million due to the advertising revenue generated by various HTML5 games launched during the second half of 2024 and the first half of 2025, including Yi Bu Liang Bu (一步兩步).

The Group's gross profit increased significantly by approximately 213.7% from approximately RMB237.2 million for FY2024 to approximately RMB744.0 million for FY2025, which was mainly due to the increase in revenue as mentioned above. Gross profit margin increased from 85.7% for FY2024 to 91.8% for FY2025 as the increase in cost of sales was only approximately 67.5% from FY2024 to FY2025 due to staff costs and server costs, which is lower than the increase in revenue as mentioned above.

Selling and distribution expenses increased by approximately 193.6% from approximately RMB160.4 million for FY2024 to approximately RMB470.8 million for FY2025. The increase was mainly attributable to (i) the increase in distribution expenses of approximately RMB207.4 million from FY2024 to FY2025, primarily due to the expenses associated with the operation of Yi Bu Liang Bu (一步兩步) which was launched on 1 August 2024 and other HTML5 games launched or under testing phase; and (ii) the increase in channel fees of approximately RMB102.6 million from FY2024 to FY2025, primarily due to the launch

of Yi Bu Liang Bu (一步兩步) and other HTML5 games on Weixin Mini Programs which the Group recognized its revenue on a gross basis and channel technical service fee in selling and distribution expenses.

As a result of the above, the Group recorded a turnaround from loss attributable to Shareholders of approximately RMB44.4 million for FY2024 to profit attributable to the Shareholders of approximately RMB105.3 million for FY2025.

***(b) Overall comment and outlook***

The financial performance of the Group generally fluctuates with the life cycle of the games. Nevertheless, the Company's strategy of developing premium games combined with maintaining long-term operations has allowed its existing titles to continue demonstrating strong resilience. Many games first launched in early to mid-2010s are still making stable revenue contributions to the Group, demonstrating strong resilience and player loyalty. Going forward, the Group expects that new opportunities will continue to emerge in the gaming industry, particularly in the HTML5 game space. The Group has made strategic decision to invest in HTML5 game (which includes mini game) in 2024 which delivered exceptional result while enriched the game portfolio. Alongside the launch of new titles, the Company remains committed to investing in existing games by releasing fresh and engaging content, enhancing gameplay features, as well as implementing targeted operational strategies to foster deeper connections with players. The Group believe the continuous investment and frequent update of new features are paramount in cultivating user loyalty, prolonging the lifecycle of games, and ultimately maximising return on investment.

**(ii) Tencent Group**

Tencent is principally engaged in the provision of communication, social, digital content, games, marketing services, fintech and cloud services primarily in the PRC. Tencent Computer is a consolidated affiliated entity of Tencent and is principally engaged in the business of provision of value-added services and marketing services in the PRC.

**2. Reasons for and benefits of entering into of the Game Business Cooperation Framework Agreement**

The Group principally generated its revenue from game operations, with approximately 86.3% and 94.7% of the total revenue for FY2024 and FY2025 were generated from the game operations. On the other hand, Tencent Group has a strong position in the PRC Internet value added services industry, and its Weixin Mini Programs is one of the most popular mini games programs in the PRC which offers a wide range of top-rated game products. In addition to Tencent's communication and social services platform Weixin, Tencent also publishes some of the world's most popular video games and offers a range of services in technology space, including cloud computing, advertising and Fintech that support digital transformation and business growth.

As a leading developer and operator of web game and mobile game in the PRC, the Group has more than a decade of cooperation experience with Tencent Group. Given Tencent's dominating position in the social media and communication, payment services and gaming business industry in the PRC, building sustainable long-term relationship with Tencent Group is imperative for the Group to achieve its business objective. The cooperation between the two groups are further solidified after Tencent became one of the substantial shareholders of the Group since 2021. With the successful launch of its mini games in the Weixin Mini Programs since 2024, the Group has then delivered exceptional financial performance as mentioned in the section headed "1. Information of the Group and Tencent Group" of this letter.

The Company considers the Game Business Cooperation Framework Agreement will provide a framework to integrate the various type of cooperations with Tencent Group in an organised manner, thereby enhance the Group's efficiency in managing and monitoring transactions. This also lied the foundation for the Group in governing, assessing and evaluating future business opportunities with Tencent Group.

**Game Development**

On 12 September 2025, the Group has entered into a game development agreement with Tencent Group, pursuant to which the Group shall develop a mini game for Tencent Group and in return, Tencent Group will pay a production fee of RMB12,500,000 to the Group by installments according to the development status of the mini game. The Group may continue to cooperate with Tencent in game development should such opportunities arise in the future.

**Game Operations**

The Group has a long business relationship with Tencent Group for game operations. One of that being the granting of rights to distribute and operate the game San Guo Zhi Ren (三國之刃), an intellectual property right that owned by the Group, since 2014. The general terms of the game operations arrangement includes the provision of the content of mobile game and technical support of the running software by the Group, and the provision of mobile game product operating system, server, interface with operators and users, system maintenance and customer services by the Tencent Group.

To broaden the Group's revenue stream and maximise economic returns to the Shareholders, together with the number of newly developed games by the Group in 2025 as mentioned in the Group's annual report for FY2025, the Group considers the business cooperation with Tencent in game operations could scale up in the near future.

**Game Payment Services and Advertising Display Services**

Since November 2023, the Group has applied for virtual payment function and opened up marketing platform function on the Weixin Mini Programs for its mini games in preparation for the launch of mini games on Weixin Mini Programs.

The standard terms relating to the virtual payment function under the payment services agreements (on Weixin Mini Programs backend) include service agreements, terms of service and notice documents related to the activation of the virtual payment function and its related merchant account. Under the virtual payment function, Tencent would provide Weixin Pay as a means of payment for game players to make in-game purchases in the Group's mini games.

For the marketing platform function, the Group is required to accept the advertising display service agreements (on the Weixin Mini Programs backend) and the Group would allow advertisements to be displayed in the Group's mini games under the marketing platform function.

**Overall Summary**

Developing and operating of mobile games and web games is the principal business of the Group, which relates to the game development and game operation services of the Game Business Cooperation Framework Agreement. Given the historical business relationship, current project with Tencent and the pipeline projects of the Group, we consider the continued cooperation between the Group and Tencent in the future is beneficial to the Group and will deliver sustained value to its players and Shareholders. Furthermore, by leveraging the strong position of Tencent Group in the PRC game market, social media and online payment services industry, the cooperation will support the Group's strategy in developing high-quality games, including mini games in the Weixin Mini Programs ("**Weixin Mini Games**"), in the competitive industry.

As for other parts of the Game Business Cooperation Framework Agreement, being game payment services and advertising display services, we consider they are complementary to the game development and operation business of the Group, where the Group can utilize these services to broaden its revenue stream, provide better player experience or support the day-to-day operation of the game and the in-game functions. Furthermore, we understand from the management and as elaborated in the rest of this letter, that these services are governed by the backend agreement with Tencent where standard terms and conditions applies.

Weixin Mini Programs offers a convenient payment method to users, whereby in-game purchases can be completed easily through the Weixin Pay pop-up window. In addition, Weixin Mini Games are integrated into the WeChat social app platform, featuring instant play without the need for downloads. The platform also has a sharing and viral feature that can reduce customer acquisition costs for the Group. Further, Weixin Mini Games provides comprehensive support such as an advertising system, game club, and official accounts, which can support the entire process of user acquisition, testing, launch, and long-term operation.

From a strategic angle, Tencent Group owns a large number of top-rated game products and game platforms, and the Group has been dedicated to the development and operation of mini games. Thus, it is expected that the Tencent Group and the Group could leverage on each other's competitive advantages in products and platforms to increase the number of game users and hence improve the popularity of mini games developed by the Group.

In particular, the collaboration with Tencent Group allows the Group to benefit from Tencent's extensive experience and resources in the gaming industry, including a vast network of potential users. By utilizing Tencent's established infrastructure and expertise, the Group can enhance the development, distribution, and revenue generation of its games, or enable a faster game development cycle by leveraging on any existing intellectual properties that Tencent has for cooperation of game operation business. Moreover, the integration with Weixin Mini Programs offers unique advantages such as seamless user experience, instant play capabilities, and enhanced social interaction features. These elements are crucial for attracting and retaining users, as they provide convenience and foster a sense of community among players. The viral nature of Weixin's social features also facilitates user growth and engagement, further boosting the popularity of the mini games. The strategic alignment with Tencent Group, including cooperation in game development and operation, or the utilization of Weixin Mini Programs, position the Group to effectively capitalize on the growing gaming market in the PRC. This approach not only enhances the visibility and accessibility of the Group's games but also ensures a competitive edge through the combined strengths of both entities.

Having said that, the Group does not intend to exclusively launch its mini games on the Weixin Mini Programs platform. As at the Latest Practicable Date, the Group has also launched its mini games on the other platforms such as Douyin platform, Alipay, Vivo, Oppo, and the Group will continue to assess and launch its mini games on other platforms in the future.

Based on the above, we concur with the Directors that the transactions under Game Business Cooperation Framework Agreement are necessary to the operation of the Group and are conducted 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.

**3. Principal terms of the Game Business Cooperation Framework Agreement**

**Date:** 2 April 2026

**Parties:** Xiamen Feiyu (for itself and on behalf of its affiliates); and

Tencent Computer (for itself and on behalf of its affiliates)

**Term:** From 2 April 2026 to 31 December 2028

**Subject matter:** Xiamen Feiyu (and its affiliates) and Tencent Computer (and its affiliates) shall cooperate in the game business, primarily including but not limited to game development, game operations, game payment services, and game advertising display (the "**Cooperative Business**"), within the framework of the Game Business Cooperation Framework Agreement. The detailed terms of each Cooperative Business transaction shall be set out in separate definitive agreements to be entered into between the parties in accordance with the terms of the Game Business Cooperation Framework Agreement.

**Pricing policies:** The pricing for all Cooperative Business, including but not limited to (i) commissioned development fees for game development services; (ii) revenue-sharing arrangements for game operations, (iii) technical service fees for payment channels relating to game payment services, and (iv) advertising revenue-sharing for game advertising display, shall be determined by the parties through arm's length negotiations with reference to prevailing market prices, and shall be fair and reasonable.

Prior to entering into any definitive agreement under the Game Business Cooperation Framework Agreement, the Company shall assess the pricing terms during the contract review process to ensure that they are normal commercial terms which are no less favourable to the Company than those available to or from independent third parties.

**Payment terms:** Payment terms will vary from monthly payment to milestone payment depending on the market practices for different categories of transactions contemplated thereunder. Payment terms, settlement method and credit period will be specified in the separate definitive agreements to be entered into between the parties, and settled periodically.

According to the Game Business Cooperation Framework Agreement, we noted the services covered in the agreement broadly covered the existing type of cooperations between the Group and Tencent Group as mentioned in section headed "2. Reasons for and benefits of entering into of the Game Business Cooperation Framework Agreement" of this letter. In relation to the pricing policies, benchmarking to offers by at least two independent third parties to the extent commercially practicable will be conducted prior to entering into any definitive agreement under the Game Business Cooperation Framework Agreement, as a measure to ensure the terms for all the definitive agreements are no less favourable to the Company than those available to or from independent third party.

We have enquired with the management of the Company regarding the rationale for adopting such pricing policy. We understand that there are various types of cooperation arrangements between the Group and Tencent, and the subject matter of such cooperation (including games in operation, games under development, or games to be developed) may not be available or confirmed at the time of entering into the Game Business Cooperation Framework Agreement. Given the diversity of transaction types and the inherent differences in their respective pricing mechanisms, it would not be practicable to exhaustively prescribe all pricing models within the framework agreement.

In addition, incorporating rigid pricing terms for all transaction types at the framework level may limit the Company's flexibility to adapt to specific business circumstances and evolving market conditions. For instance, certain backend service pricing or publicly quoted fees may be subject to change in line with industry developments.

Accordingly, we concur with the Company that adopting a pricing approach based on prevailing market benchmarks, including benchmarking against offers from at least two independent third parties to the extent commercially practicable, together with fair commercial negotiations, is a more appropriate and flexible mechanism for determining the terms of individual cooperation agreements with Tencent. The Company will also implement internal control measures to ensure that all transactions are conducted on terms that are fair, reasonable and transparent, and in compliance with the requirements under the Listing Rules in respect of continuing connected transactions, thereby safeguarding the interests of the Independent Shareholders.

Nevertheless, we have performed the below work to assess the pricing policies of the Game Business Cooperation Framework Agreement. In particular, we have obtained and reviewed the samples of agreements with independent third party, as well as the definitive agreement with Tencent in relation to the services under the Game Business Cooperation Framework Agreement for the period from 1 January 2021 to 28 February 2026 (the "**Review Period**"), representing approximately five years prior to the date of this letter. While we initially sought to obtain samples over a shorter timeframe, we understand that (i) certain types of transactions, such as game development and game operation, do not occur frequently, and (ii) a broader sample set is necessary to facilitate a more meaningful comparison. As such, the sampling period has been extended to

approximately five years for the purpose of our analysis. Set out below is a general summary of the pricing policies based on our review:

| Nature of services | Principal pricing policy and payment terms with Tencent | Principal pricing policy and payment terms with independent third party(ies) |
|---|---|---|
| (A) Game development service *(Group acts as the service provider and receives revenue)* | The production fee shall be determined by comprehensively considering the game's content, scale, and technical complexity, as well as evaluating factors such as required resources, development timeline, staffing arrangements, and cost structure. The Company will endeavor to consider the pricing terms of at least two other independent third parties to the extent commercially practicable, and compare the pricing terms of such independent third parties with those offered by the Tencent Group.<br><br>The production fee will be payable in multiple installments according to status of the development under the delivery schedule. | We understand that the Group has limited engagement with other parties for game development and there is only one agreement signed with independent third party during the Review Period. The production fee of approximately RMB9.3 million was determined on an arm's length basis after comprehensive consideration of the game's content, scale, and technical complexity. Such fee was payable in five installments in accordance with the development milestones. |
| (B) Game operation service *(Group acts as the service provider and pays share of revenue, or Group acts as the customer and receives share of revenue)* | Based on the existing game operation arrangements for the game operations with Tencent, the game operation service fee ranges from 40 to 60% revenue share rate of the net revenue after deducting channel cost for the operation of the game. The Company will endeavor to consider the pricing terms of at least two other independent third parties to the extent commercially practicable, and compare the pricing terms of such independent third parties with those offered by the Tencent Group.<br><br>The amount to be received will be paid to the designated bank account by bank transfer, and will be payable within 20 business days from the date the invoice is received. | We have reviewed five game operation agreements signed with independent third parties during the Review Period, and noted the game operation service fee ranges from 15 to 70% of the net revenue after deducting channel cost for the operation of the game.<br><br>The payment period for the game operation service fees ranges from 14 business days to 60 calendar days following the date of invoice. |

| Nature of services | Principal pricing policy and payment terms with Tencent | Principal pricing policy and payment terms with independent third party(ies) |
|---|---|---|
| (C) Game payment services *(Group acts as the customer and pays service fee)* | The Group will share 40% (for normal game without considering the incentive policies provided by Tencent at different periods) of the gross payments generated from the game, based on the standard payment services terms offered by Tencent, as governed by the backend agreement with Tencent where standard terms and conditions apply. These standard terms and conditions are the same as those offered by Tencent to all parties.<br><br>The Group reconciles accounts with Weixin in the backend interface on a monthly basis. The current backend settlement periods are as follows: (i) Standard Payment Level: The settlement period is the end of the next calendar month plus 7 days, meaning the funds will be credited on the 7th day of the next month following the transaction, the Group can download the account statement to complete the reconciliation; (ii) High Payment Level: The settlement period is 30 days, meaning the funds will be credited on the 31st day after the transaction, the Group can download the account statement to complete the reconciliation; and (iii) T+1 Level: Subject to the satisfaction of certain conditions, the funds will be credited one day after the transaction. The credited amount will have the technical service fee to Tencent Computer deducted. The default payment level for each game is Standard Payment Level, after meeting the backend operational requirements, an application can be made to upgrade the payment level to High Payment Level. These payment terms are the same as those offered by Tencent to all parties. | The Group will share 30 to 50% of the gross bill payments generated from the game, based on the standard payment service terms offered by three other mini game platforms.<br><br>The payment period for the game payment service fees ranges from approximately 20 calendar days to 30 calendar days following the date of invoice. |

| Nature of services | Principal pricing policy and payment terms with Tencent | Principal pricing policy and payment terms with independent third party(ies) |
|---|---|---|
| (D) Advertising display services *(Group acts as the grantor to allow advertiser access for display and receives share of revenue)* | The Group will be entitled to 50% of the gross receipt generated from the advertising revenue, based on the standard advertising display services terms offered by Tencent, as governed by the backend agreement with Tencent where standard terms and conditions apply. These standard terms and conditions are the same as those offered by Tencent to all parties.<br><br>Tencent will email the settlement statement to the Group in the following month. The Group shall then mail an invoice to Tencent for the amount shown on the settlement statement. Tencent will transfer the settlement amount to the Group's designated bank account within 30 working days after receiving the said invoice. These payment terms are the same as those offered by Tencent to all parties. | The Group will be entitled to 20 to 60% of the gross receipt generated from advertising revenue, based on the standard advertising display services terms offered by three other mini game platforms.<br><br>The payment period for the advertising revenue ranges from approximately 30 calendar days to 40 calendar days following the date of invoice. |

For (A) game development services, we consider the game content, scale and technical complexity of each game development project may differ significantly which in turn affects the level of resources required, development timeline, manpower allocation and cost structure. As such the pricing and commercial terms under the agreement with Tencent are project-specific and may not be directly comparable to those under the agreements entered into with independent third parties. We have reviewed the Company's announcement dated 12 September 2025 in relation to entering into of the game development agreement with Tencent Computer. We noted the consideration of the agreement signed during the Review Period in relation to (A) game development services to Tencent of RMB12.5 million is higher than that to other independent third parties of approximately RMB9.3 million as stated in the table above. We also noted that the duration of the game development services to Tencent is 11 months, which is comparable to that of the service to the independent third party which is 10 months. Based on the historical game development transactions entered into between the Group and Tencent Group, and that between the Group and other independent third parties, we consider the game development service agreement entered into between the Group and Tencent Group is fair and reasonable.

For (B) game operation services, we consider that each agreement is not directly comparable to each other as the operation and distribution of the game involve a number of project-specific factors. We understand that the pricing and revenue-sharing arrangements of game operation agreements are determined with reference to multiple factors, including (i) the expected user acquisition approach, operational strategy and lifecycle of the game, (ii) marketability and the scale and effectiveness of distribution and promotional resources committed by the operator, (iii) the level of technical complexity and integration with the infrastructure to operate the game, (iv) game product strength and marketing potential (product performance data, the intellectual property (the "**IP**") or brand value and product completeness and innovation), (v) contributions and responsibilities of operator and content provider, and (vi) target market and competitive landscape. Given the combination of these factors, the commercial terms of each game operation agreement are inherently project-specific and thus may limit the direct comparability between agreements with Tencent and those with independent third parties. Notwithstanding the above, we have compared the revenue-sharing percentage of the game operation services agreements under the agreements signed between the Group and Tencent Group, against those of agreements entered into between the Group and independent third-parties. Based on our review, we noted that the revenue-sharing mechanism is largely aligned as generally the share of revenue is based on net revenue (gross revenue minus channel costs) and before other operating expenses. Furthermore, the revenue-sharing percentages with Tencent in relation to game operation services are generally in line with, and fall within the range of revenue-sharing percentage of, those with independent third parties for games with similar operational characteristics.

For (C) Game payment services and (D) Advertising display services, these are backend operational agreements with Tencent whereas the pricing and terms are pre-determined in nature. In other words, the terms provided by Tencent are normally the same to each of its individual customers. In this respect, we have independently searched online and noted that the terms as available on the website of Tencent offered to all parties are generally the same as these backend operational agreements accepted by the Group. We consider this suggests the terms of the definitive agreements in relation to these backend operations entered into by the Group with Tencent historically are comparable to other business partners of Tencent, and the definitive agreements in relation to these backend operation to be entered into by the Group with Tencent in the future should be comparable to other business partners of Tencent.

Based on the above, we noted the pricing of the above services between the Tencent Group and the Group are comparable to those between the independent third parties and the Group, and thus consider the pricing of the services between the Tencent Group and the Group in relation to the Game Business Cooperation Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Regarding the payment terms, we note that the settlement periods for the various services provided by Tencent and provided by the Group to Tencent are generally consistent with those offered by independent third parties. Accordingly, we consider the payment terms to be fair and reasonable and on normal commercial terms.

**4. Assessment of the proposed annual caps**

Sets out below are the breakdown of the actual transaction amounts for FY2025 and for the period between 1 January and 1 April 2026, and the Annual Caps of the Game Business Cooperation Framework Agreement for the year ended 31 December 2026 ("**FY2026**"), for the year ended 31 December 2027 ("**FY2027**") and for the year ended 31 December 2028 ("**FY2028**"), by nature of the services.

| | **Transaction amount for the year ended 31 December 2025** *RMB'000* | **Transaction amount for the period between 1 January and 1 April 2026** *RMB'000* | **Proposed Annual Caps for the year ending 31 December 2026** *RMB'000* | **Proposed Annual Caps for the year ending 31 December 2027** *RMB'000* | **Proposed Annual Caps for the year ending 31 December 2028** *RMB'000* |
|---|---|---|---|---|---|
| (A) Game development service fee *(Note 1)* | – | – | – | – | – |
| (B2) Game operation services fee paid by Tencent Group to the Group | 4,349 | 409 | 2,899 | 1,492 | 1,492 |
| (D) Advertising display services fee paid by Tencent Group to the Group | 14,946 | 2,632 | 73,430 | 59,746 | 24,173 |
| **Amount received by the Group from the Tencent Group or the Receivable Annual Caps (B2+D)** | **19,295** | **3,041** | **76,329** | **61,238** | **25,665** |
| (B1) Game operation services fee paid by the Group to Tencent Group | – | – | 81,181 | 139,427 | 59,545 |
| (C) Game payment services fee paid by the Group to Tencent Group | 78,675 | 11,290 | 426,847 | 475,790 | 161,512 |
| **Amount paid by the Group to the Tencent Group or the Payable Annual Caps (B1+C)** | **78,675** | **11,290** | **508,028** | **615,217** | **221,057** |

*Note 1:* The Company considers the connected transaction with Tencent Group in relation to the game development agreement as announced on 12 September 2025 is a one-off transaction instead of recurring in nature, the transaction amount arising from such agreement is not regarded as continuing connected transaction and has thus been excluded in the table presented above.

**(A) Game development**

The Company considers the connected transaction with Tencent Group in relation to the game development agreement as announced on 12 September 2025 is a one-off transaction and based on the latest information available to the management of the Group, there are no new game development arrangement with Tencent Group as at the Latest Practicable Date and hence the Annual Caps do not include any expected game development service fee.

**(B) Game operation**

***(B1) Game operation services fee paid by the Group to Tencent Group***

This represents the Group acts as service provider to provide game operation services for Tencent Group. The Group has not provided such services to the Tencent Group for the year ended 31 December 2025. However, the Group is in active negotiation with Tencent Group on the provision of game operation services to Tencent Group in relation to Game 18. As at the Latest Practicable Date, the game operation agreement for the Game 18 between the Group and Tencent Group has not been signed. According to the contemplated game operation arrangement, the Group will provide the mobile game product operating system, the server, the interface with operators and users, system maintenance and customer services in relation to operation of the mini game. As confirmed by the management of the Group, based on the latest discussion with Tencent Group, it is contemplated that the pricing policy would be to share Tencent Group with a certain revenue-sharing percentage of the net revenue (i.e. gross billing after channel fees).

The Annual Caps for the game operation services (the Group acts as the service provider and pays share of revenue to Tencent Group) for the three years ending 31 December 2028 are calculated based on the estimated future share of revenue to Tencent Group arising from the operation of Game 18. We have reviewed the calculation and summarized the calculation in the below:

Net Revenue x Tencent Revenue Sharing Ratio

"Net Revenue" means Gross Billing minus Channel Fees

"Gross billing" means the gross amount of in-app purchase by the players of Game 18 and advertising revenue received by the Group

"Channel Fees" means the service fee to be paid to platform or payment channels for in-app purchase

"Tencent Revenue Sharing Ratio" means the share of revenue of the game operation of Game 18 to the Tencent Group

Based on our review of calculation, the Company expects the official launch of Game 18 in second half of 2026. Game 18 is carefully designed after combining internal experience and external benchmarking. Leveraging on the Group's historical experience from its successful title like Game 10, the Group conducted in-depth research of recent successful comparable products in the market, focusing on core game design and mechanics, early-stage user experience and engagement, monetisation structure and payment conversion, and user preferences within card-based game segment. The result of the research has been analysed and formed the key element in tailoring the Game 18's specific product design.

With reference to the estimated gross billing (details of the gross billing projection are set out in the subsection headed "(C) Game payment services" in section 4 "Assessment of the proposed annual caps" in this letter), we have discussed with the management and understand the projection for the gross billing of Game 18 is primarily driven by two core factors, (i) user acquisition scale and (ii) lifetime value growth. The high amount of gross billing of the game is due to stronger fundamental commercial attributes. The game is based on an existing intellectual property that enhances brand recognition and user acceptances, which easily improves click-through and conversion efficiency and as a result supports higher initial user acquisition. This also suggest lower user education cost and stronger marketability during promotion phase. As a result of the in-depth market research conducted by the Group and the integration of matured monetization structure from successful products in the market, the Group expects there will be stronger user engagement and willingness to pay driven by the intellectual property appeal.

Channel fees will be deducted from the gross billing receipt and the nature and calculation of the channel fees will be dependent on whether the player is using IOS or non-IOS platform in playing the game. Based on the calculation, we noted that 70% and 30% of the gross billing are allocated to non-IOS platform and IOS platform respectively for Game 18 for the 3 years ending 31 December 2028. We have requested and obtained the non-IOS to IOS platform proportion for the gross billing of three mini games that have officially launched before 31 December 2025 and noted the non-IOS platform gross billing proportion to total of non-IOS platform and IOS platform billing ranged from 64 to 66% for FY2025. As a result of the above, we consider the 70%:30% allocation of gross billing to non-IOS to IOS platform in the calculation is fair and reasonable.

For the players using non-IOS platform, Tencent game virtual payment fees will be deducted. We noted from the calculation that 40% of the non-IOS platform gross billing are used in calculating the Tencent game virtual payment fees, which is in line with our understanding of the game virtual payment services agreement between the Group and Tencent. Given it is a backend agreement with Tencent where standard terms and conditions apply, we consider the calculation basis is fair and reasonable.

For the players using IOS platform, similar to non-IOS platform, we noted from the calculation that a fixed portion of the IOS platform gross

billing is applied in determining the channel fees, which is in line with our understanding of the relevant payment service arrangements between the Group and Tencent and handling charges in connection with the payment function. Given that this is a backend arrangement with Tencent where standard terms and conditions apply and in accordance with the policy in effect, we consider the calculation basis to be fair and reasonable.

For the purpose of calculating the advertising revenue which is part of the gross billing, gross receipt on advertisement, being the amount of gross payment by the advertiser in return for the in-game advertisement slots displayed to the mobile game player, will be estimated by the Group. With reference to the historical data of the three mini games that has officially launched before 31 December 2025, the highest monthly gross receipt on advertisement to gross billing made by users for the year ended 31 December 2025 ranged from 3% to 14%. Based on the calculation schedule provided by the Group, we have divided the monthly gross receipt on advertisement to the monthly gross billing of Game 18, and noted such percentage is approximately 6%, which is within the range of the percentage as noted from the Company's historical data.

Same as other mini game of the Group in the Weixin Mini Programs, advertising revenue arrangement will be made in which the Group will grant advertiser access for display advertisement inside the mini game, as a return Tencent Group will pay the Group display fees. We noted from the calculation that 50% of the gross receipt generated from advertisement are used in calculating the advertising display services fee, which is in line with our understanding of the advertising display service agreement between the Group and Tencent. Given it is a backend agreement with Tencent where standard terms and conditions applies, we consider the calculation basis for the advertising display services fee is fair and reasonable.

As at the Latest Practicable Date, the game operation agreement for Game 18 between the Group and Tencent Group has not been signed. Based on our review of the calculation schedule, the latest profit-sharing arrangement in discussion between the Group and Tencent Group are used. With reference to the information provided by the Group in relation to its continued discussion between the Group and Tencent Group for the game operation services for Game 18 (being the only mini game included for the game operation services fee paid by the Group to Tencent Group for the purpose of the Annual Caps), we consider the calculation basis for the Tencent profit sharing ratio is fair and reasonable.

As a result of the above, we consider the Annual Caps for the game operation services fee paid by the Group to Tencent Group are fair and reasonable.

***(B2) Game operation services fee paid by Tencent Group to the Group***

Based on the calculation schedule provided by the Company, the transaction amounts and Annual Caps for game operation services fee paid by

Tencent Group to the Group for the respective periods broken down by games are set out in the table below:

| Games | Transaction amount for the year ended 31 December 2025 *RMB'000* | Transaction amount for the period between 1 January and 1 April 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2027 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2028 *RMB'000* |
|---|---|---|---|---|---|
| Game 1 | 2,748 | 129 | 1,374 | – | – |
| Sum of Game 2, 3, 4, 5, and 6 | 1,492 | 277 | 1,492 | 1,492 | 1,492 |
| Game 7 | 66 | 3 | 33 | – | – |
| Games discontinued in 2026 | 43 | – | – | – | – |
| Total | 4,349 | 409 | 2,899 | 1,492 | 1,492 |

We understand from the management of the Company that it is expected that the operation of Game 1 will only continue for the first half of 2026 and then it will be discontinued thereafter. Thus half of transaction amount in FY2025 is used in setting the proposed amount for FY2026 for Game 1. Similarly, we understand from the management of the Company that it is expected that the operation of Game 7 will only continue for the first half of 2026 and then it will be discontinued thereafter. Thus half of transaction amount in FY2025 is used in setting the proposed amount for FY2026 for Game 7.

Game 2 to Game 6 are games that has been in operation for multiple years and they are the Group's renowned self-owned intellectual property, the Group intends to operate the game to generate stable revenue contributions to the Group given the players are loyal and stable paying users, hence used the actual historical transaction amount in FY2025 in estimating the proposed amount for FY2026 to FY2028. Based on aforementioned, we consider the Annual Caps for the game operation services fee paid by Tencent Group to the Group are fair and reasonable.

**(C) Game payment services**

Based on the calculation schedule provided by the Company, the transaction amounts and Annual Caps for game virtual payment services where the Group acts as customer and pays service fee to the Tencent Group for the respective periods broken down by games are set out in the table below:

| Games | Transaction amount for the year ended 31 December 2025 *RMB'000* | Transaction amount for the period between 1 January and 1 April 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2027 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2028 *RMB'000* |
|---|---|---|---|---|---|
| Game 5 | 280 | 121 | 264 | 132 | – |
| Game 6 | 15 | 61 | 11,630 | 19,075 | 20,003 |
| Game 8 | 822 | 416 | 36,876 | 16,838 | 7,564 |
| Game 9 | 823 | – | – | – | – |
| Game 10 | 59,330 | 6,449 | 17,527 | 925 | – |
| Game 11 | 16,150 | 4,101 | 11,062 | 3,368 | 1,110 |
| Game 12 | 1,239 | 31 | – | – | – |
| Game 13 | – | 14 | 35,980 | 24,571 | 1,400 |
| Game 14 | 9 | 23 | 35,916 | 26,480 | 1,743 |
| Game 15 | – | – | 26,551 | 31,016 | 2,061 |
| Game 16 | 7 | 74 | 66,420 | 50,191 | 4,102 |
| Game 17 | – | – | 23,161 | 25,891 | 5,102 |
| Game 18 *(Note 1)* | – | – | 161,459 | 277,303 | 118,427 |
| Total | 78,675 | 11,290 | 426,846 | 475,790 | 161,512 |

*Note 1:* This is the mini game being referred to in (B1) Game operation services fee paid by the Group to Tencent Group.

**General method used in estimation**

***(i) Calculation of the gross billing***

The calculation of the Annual Caps for game virtual payment services (and to advertising display services as well) are largely referenced to gross billing of each game. Hence the gross billing is one of the key components in evaluating the Annual Caps. Based on our review of the information provided by the management, the calculation of the gross billing can be summarised below:

The expected gross billing is based on the performance such as user retention, payment data, life time value and return on investment during the testing period or

post-launch period (as applicable) of the mini games. For illustration purposes, the Group determined its expected gross billing by aggregating the daily gross billing expected, which is arrived at by multiplying the projected number of daily new users with the expected day-over-day LTV increase, with reference to the expected lifecycle of a mini game. LTV increase refers to the incremental amount of LTV each day compared to the previous day. The expected range of the day-over-day LTV increase value is between 0.00 and 2.39, with a general decreasing rate throughout the lifecycle. The expected day-over-day LTV increase is determined using a modeling tool that is commonly used in the gaming industry, which is further elaborated in the below paragraph.

The modelling tool used by the Group is a commonly used mathematical power function in the gaming industry. During the testing period or the official launch, the Group collects data of the actual LTVs (y) corresponding to key dates (x) in a game's lifecycle and fitting that data with a power function trendline which has a formula of y = ax^b. Based on the actual data (namely x and y), the two parameters (namely a and b) of the power function are calculated to generate the fitting formula. This fitting formula is then used to derive the LTVs (y) corresponding to future dates (x). Based on the actual LTV values of key days during the testing period or the launch process, mathematical methods are used to analyze historical data, fit the historical LTV growth patterns, and obtain appropriate parameters to predict future LTV changes.

Other than the LTV approach that the precedent two paragraphs described, the management also adopted an approach reference to average revenue per user (ARPU). This is also a commonly used approach in gaming industry and the inputs are easily observable and verifiable. The below is the description of such approach.

Based on the experience of the Group, mini games generally have a lifecycle of two to three years, with the number of daily active users reaching its peak in the initial few months after its launch. The projected daily active users is determined with reference to the Group's marketing plan for each of the games and an expected retention rate based on historical data gathered from games that are both formally launched and under testing. In particular, user scale typically reaches its peak during periods of intensive user acquisition efforts, and gradually declines as user acquisition activities scale down and user lifecycle effects take place. After reaching the peak, with the continuous launch of new games, reduction of game novelty and update frequency, the growth in new players generally slows while existing players are gradually lost. The main factors for determining the decline rate of daily active users in the mid to late period of the game lifecycle are the decline rates during the later stages of the lifecycle of the Group's other historical games, as well as the commonly referenced decline rates in the later stages of the lifecycle within the gaming industry. After the number of users is estimated, the total purchase amount by users is estimated by multiplying with the revenue margin expected to be earned from an average user, being the ARPU, with reference to the mobile games previously launched by the Company of similar type.

Other than the above, the other factors that the management would consider in estimating the gross billing for each games include the game content and marketing effort in relation to the game.

Game genre and content features are also being considered in determining the parameters in estimating the gross billing. The Company recognizes that different game types (for example role-playing games, player-versus-player competitive titles and casual games) exhibit different behavior and monetization patterns. For role-playing games with rich narrative, the projection generally embeds longer average lifecycle and higher long-term retention. For PvP centric games where competitiveness and real-time engagement are key, management typically assumes higher engagement intensity and higher willingness to pay. Consequently, payer conversion assumptions may be set higher than that for casual titles. Game content cadence is another important consideration. For titles with planned frequent content updates, live-ops events, seasonal passes or limited-time offers, the Company generally factors in uplift in in-app purchase activity.

Marketing strategy and spending are another benchmark in the Company's projection of gross billing, as they directly influence user acquisition, brand awareness and ultimately the size and quality of the payer user base. These include pre-launch campaigns, launch promotions, partnerships and ongoing user-acquisition spending. Higher planned marketing intensity, particularly around launch and major content updates, generally supports higher projected user inflows and higher payer conversion assumptions. The management will also cross-check this against historical performance of prior campaigns to comparable titles. For certain games that the Company considered with higher potential to groom and attract a wider group of players, the Company may increase marketing efforts to conduct concentrated user acquisition campaigns to increase the game's exposure and attract user attention and participation. This marketing action, known as "user acquisition through paid advertising", involves strategically investing in advertisements to draw in new users. User acquisition through paid advertising is a strategic approach that involves investing in various forms of advertisements to attract new users to a game or app. Companies use data analytics to identify and target specific demographics that are most likely to be interested in their game, ensuring that the ads reach the right audience and maximize the return on investment. These marketing efforts include diverse ad formats such as short, engaging video ads that quickly capture the viewer's attention, playable ads that allow users to interact with a mini-version of the game directly within the ad, and live-action storyline ads that use real actors and narrative storytelling to create an emotional connection with the audience. Consequently, this necessitates a larger allocation of resources to ensure the effectiveness of these campaigns.

***(ii) Applying the game virtual payment services fee percentage to gross billing***

After calculating the estimated gross billing for the game, the gross billing will be allocated to non-IOS platform and IOS platform respectively for the each game similar to what mentioned in the section headed "(B1) Game operation services fee paid by the Group to Tencent Group" above for channel fee. We noted generally the gross billing allocation are around 70%:30% for non-IOS to IOS platform, which is same as the mini game as discussed in the section headed "(B1) Game operation services fee paid by the Group to Tencent Group" of this letter.

Based on the estimated gross billing for each of the game, the relevant game virtual payment services fees were calculated by multiplying 40% to the gross billing of the relevant game through non-IOS channel. This is in line with the pricing policy for game virtual payment services fee to Tencent as mentioned in section 3 "Principal terms of the Game Business Cooperation Framework Agreement" of this letter.

**Analysis to each game**

Please refer to the description in the subsection headed "(B1) Game operation services fee paid by the Group to Tencent Group" in this letter for the description about the gross billing of mini game.

As advised by the management of the Company, official launch date for Game 13 to Game 17 are around middle of 2026. The gross billing of Game 13 to Game 17 are largely referenced to Game 10, which is the mini game launched by the Group in second half of 2024 which significant of historical data are available. Although the historical performance of Game 10 is a core reference anchor, the Group will made adjustments for differences in game design and content, such as the gameplay structure, monetisation framework, content progression and user retention structure (e.g. season-based gaming system), social and alliance features affecting user stickiness and market trends. For example, we noted Game 16 is relatively higher in terms of the estimated gross billing (and hence the amount for game virtual payment services). The management has considered various aspects of the game, including the core gameplay module of Game 16 is with simulation and strategy element that involves character progression, alliance system that boost cooperation and competition in the game. Game 16 also adopted a seasonal operation model that allows version updates, alter gameplay dynamics and in-game ecosystem that foster long-term player engagement. The core monetisation framework is also enhanced to allow season-driven consumption and even-driven monetisation. We noted the first year average monthly gross billing of Game 16 is estimated to be around 15% higher than that of Game 10 and considered it fair given the enhancement to the gameplay that the management has implemented to Game 16 based on its experience in Game 10. Furthermore, we have reviewed the ratio of the estimated user acquisition cost compared to the gross billing of the first year for Game 13 to Game 17 and noted such ratio is similar to the historical data of Game 10. As a result, we consider the estimated gross billing of Game 13 to Game 17 are fair.

As confirmed by the management, Game 9 and Game 12 are expected to be discontinued in the first half of 2026 and are with minimal operation, thus no game virtual payment are included in the estimated.

Game 10 is officially launched in the second half of 2024 and based on the Group's experience mini games generally have a lifecycle of two to three years. We consider the downward trend of approximately 71.5% from actual amount of RMB59,330,000 for FY2025 to Annual Cap of RMB17,527,000 for FY2026, and then further reduction to RMB925,000 for FY2027, and discontinued and became nil in FY2028 to be fair.

Similar to Game 10, we noted Game 8 and Game 11 exhibit similar trend throughout the expected game lifecycle. This is in line with the Group's experience of mini games general lifecycle of two to three years, with the number of daily active users reaching its peak in the initial few months after its launch and then the number of new players will generally grow in a declining rate while existing player gradually lost. Then the traffic of the game will enter into a decline period with number of daily active users continuously declining in the mid to late period of the game lifecycle. We noted the Game 11 was launched in the first half 2025 (around half year later than Game 10), and the figures as shown in the table above for Game 11 exhibited a trend similar to Game 10 according to the stage of the lifecycle of the game, decrease by 31.5% from RMB16,150,000 in FY2025 to RMB11,062,000 in FY2026, then 69.6% to RMB3,368,000 in FY2027, then 67.0% to RMB1,110,000 in FY2028. And we noted the Game 8 was tested in the 2025 and officially launched in March 2026, and the figures as shown in the table above for Game 8 exhibited a trend similar to Game 10 according to the stage of the lifecycle of the game, significantly increase of from RMB822,000 in FY2025 to RMB36,876,000 in FY2026, then a downward trend of a 54.3% to RMB16,838,000 in FY2027, then a 55.1% to RMB7,564,000 in FY2028.

For Game 5, as the size of gross billing of the game is relatively small and it was launched in the middle of 2024 and is already passed the exponential growth stage of the game lifecycle, we understand the management has referenced to the transaction amount of FY2025 of RMB280,000 to estimate the FY2026 amount of RMB264,000, and then reduced by half to RMB132,000 for FY2027, and nil as the game is expected to be discontinued by 2027. We consider such approach to be fair given the size of Game 5 and our understanding to the general principal in projecting the gross billing and game virtual payment of the games of the Group.

For Game 6, as it is one of the long term intellectual property owned by the Group, the management considers this game can generate a relatively more stable revenue and exhibit a longer game lifecycle. The management consider it is a casual title and referenced to the gross billing of the mobile version of such game which launched in 2022 in estimating the gross billing and applying the relevant game virtual payment services fee percentage to calculate the amount for FY2026 to FY2028. We have reviewed the gross billing data provided by the management of that mobile version of such game and noted the gross billing are largely stable with sustainable trend, thus consider the approach to be fair.

Based on aforementioned, we consider the Annual Caps for game payment services fee to the Tencent Group is fair and reasonable.

**(D) Advertising display services**

Based on the calculation schedule provided by the Company, the transaction amounts and Annual Caps for advertising display services fee paid by Tencent Group to the Group for the respective periods broken down by games are set out in the table below:

| Games | Transaction amount for the year ended 31 December 2025 *RMB'000* | Transaction amount for the period between 1 January and 1 April 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2026 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2027 *RMB'000* | Proposed Annual Caps for the year ending 31 December 2028 *RMB'000* |
|---|---|---|---|---|---|
| Game 2 | 61 | 11 | 61 | 61 | 61 |
| Game 5 | 1,729 | 896 | 1,729 | 865 | – |
| Game 6 | 13 | 60 | 5,365 | 5,036 | 4,060 |
| Game 8 | 139 | 81 | 6,914 | 3,157 | 1,418 |
| Game 9 | 155 | – | – | – | – |
| Game 10 | 6,766 | 714 | 1,081 | 57 | – |
| Game 11 | 2,278 | 373 | 3,073 | 936 | 308 |
| Game 12 | 324 | 5 | – | – | – |
| Game 13 | – | 9 | 6,200 | 1,725 | 83 |
| Game 14 | – | 8 | 6,187 | 1,835 | 98 |
| Game 15 | – | – | 5,127 | 2,600 | 116 |
| Game 16 | – | 19 | 11,405 | 3,439 | 231 |
| Game 17 | – | – | 4,595 | 5,137 | 1,012 |
| Game 18 | – | – | 18,403 | 31,608 | 13,496 |
| Game 19 *(Note 1)* | 3,290 | 453 | 3,290 | 3,290 | 3,290 |
| Game 20 *(Note 2)* | 191 | 2 | – | – | – |
| Total | 14,946 | 2,632 | 73,430 | 59,746 | 24,173 |

*Note 1:* Game 19 represents the mobile game version of Game 5 and Game 6.

*Note 2:* Game 20 represents the mobile game version of Game 10.

With reference to the estimated gross billing (details of the gross billing projection are set out in the subsection headed "(C1) Game virtual payment services" in section 4 "Assessment of the proposed annual caps" in this letter), gross receipt generated from advertisement displayed in the game will be estimated by the Company by multiplying a percentage to the gross billing of the relevant game (the "**Advertising Receipt to Gross Billing Ratio**"). Advertising display services revenue is then calculated by multiplying 50% to the gross billing of the relevant game. This is in line with the pricing policy for advertising display services

arrangement with Tencent as mentioned in section 3 "Principal terms of the Game Business Cooperation Framework Agreement" of this letter.

For Game 5, similar to virtual payment services fee, as the size of gross billing of the game is relatively small and it was launched in the middle of 2024 and is already passed the exponential growth stage of the game lifecycle, the transaction amount of FY2025 has been referenced to in estimating the FY2026 amount, and then reduced by half to for FY2027, and nil for FY2028 as the game is expected to be discontinued by 2027. We consider such approach to be fair given the size of Game 5 and our understanding to the general principal in projecting the gross billing of the games of the Group.

For the games other than Game 5, we have reviewed the calculation schedule and noted the Advertising Receipt to Gross Billing Ratio ranged from 3% to 14% with an exception of Game 6 of over 25%. We understand from the Company that a higher percentage has been used for Game 6 as it is a casual game which the advertising receipt to gross billing ratio is usually higher because casual games' large base of free users cannot be effectively monetized through in-app purchase alone and the low-immersion gameplay also makes advertisement less disruptive and more acceptable to users. Hence casual games rely on scale-driven advertisement monetization as compared to other genres rely more on in-app purchases. Based on the historical data of the Company on the games launched including the Game 10, Advertising Receipt to Gross Billing Ratio generally ranged from 3% to 13%. We consider the Advertising Receipt to Gross Billing Ratio used by the Company is largely in line with the historical ratios observed from its operation.

When reviewing and analyzing each game specifically, we noted that for Game 13 to Game 16, the Company adopts a higher Advertising Receipt to Gross Billing Ratio (10% to 14%) in the estimation which is close to the high end of the historical data of the Company while a lower Advertising Receipt to Gross Billing Ratio will be used when the game has launched for more than one year. We have enquired the management and understand that such decreasing trend for Advertising Receipt to Gross Billing Ratio is set after referencing to historical game data pattern, including Game 10 which is launched in 2024. It is also because Game 13 to Game 16 are developed with reference to the framework of Game 10 and the game genre are similar, being tower defense games with some variation.

For Game 8, Game 11, Game 17 and Game 18, we noted their Advertising Receipt to Gross Billing Ratio are fixed throughout the game lifecycle and are set at 5 to 11% throughout the game lifecycle. We have enquired the management and understand that such fixed Advertising Receipt to Gross Billing Ratio is because of the deliberate design of the game and commercialization strategy. These games are IP-based game or are designed to have a stable monetization strategy rather than natural fluctuations over the game lifecycle. For example, advertising placements are closely integrated with core in-game resources such that users can spend time through viewing ads to achieve outcomes similar to in-app purchases. This creates a structurally stable relationship between advertising and in-app purchase revenue.

And the user base for IP-based game tends to be stable and the Group generally avoid heavy advertising to preserve user experience and brand positioning. As a result, these games are less reliant on advertising-driven users and do not exhibit the typical pattern of higher advertising contribution in early stages followed by decline.

On a broader level, given both the projection for advertising display services fee revenue is similar to the virtual payment services fee in the sense that they are mainly referenced to the gross billing of the game, we have also conducted a high level trend analysis and noted the trends from FY2025 to FY2028 for each of the game listed in the table above are consistent between advertising display services fee revenue and virtual payment services fee.

Based on the above, we consider the advertising display services fee revenue from Tencent are fair and reasonable.

***Overall Annual Caps of setting total fees paid by Tencent Group to the Group and total fees paid by the Group to Tencent Group***

The proposed Annual Caps for the continuing connected transactions are determined on an aggregate basis, taking into account the total expected transaction amount across different service types and across different game titles. In this regard, the utilisation of the Annual Caps is not assessed on a per-service or per-game basis, but rather by reference to the overall amounts to be received or paid, i.e. the Receivable Annual Caps and the Payable Annual Caps. Accordingly, over-utilisation of certain service categories or specific game titles may be offset by under-utilisation of other service categories or game titles, provided that the aggregate transaction amount remains within the Receivable Annual Caps and the Payable Annual Caps. Such arrangement is considered commercially reasonable given the nature of the gaming business, where revenue contribution across different games and services may fluctuate depending on actual launch time, product lifecycle, market reception and operational strategy, and it provides the Group with necessary flexibility in allocating resources and adjusting business focus without exceeding the overall cap.

Based on the review of the forecasts and taking into account that the forecasts were estimated based on the performance and test results of the games during the testing period, and the actual performance and user traffic of games of the same type, their respective gameplay content and existence of consumption stimulating content, proposed marketing investment amount, and the forecast method is commonly adopted in the gaming industry, we are of the view that the Annual Caps are fair and reasonable.

**5. Internal control measures of the Group**

In order to protect the interests of the Shareholders and monitor the transactions under the Game Business Cooperation Framework Agreement, the Group has adopted certain internal control procedures, including:

(a) the Game Business Cooperation Framework Agreement is subject to prior contract review procedures, whereby the Group's business unit is required to present details of the relevant Cooperative Business to the financial controller and chief executive officer for approval. The pricing terms will be assessed during the contract review process to ensure that they are normal commercial terms which are no less favourable to the Company than those available to or from independent third parties. In particular, the Company will endeavor to consider the terms of at least two other independent third parties to the extent commercially practicable, and compare the commercial terms of such independent third parties with those of the Tencent Group. When it is unable to obtain more than two other independent third parties due to commercial or other reasons, the Company will compare the commercial terms provided by Tencent Group with the terms provided by at least one independent third party, and consider from multiple perspectives whether it is the best option to cooperate with Tencent Group. Upon signing of a definitive agreement under the Game Business Cooperation Framework Agreement, the business unit will promptly notify the finance department and internal control team of the Group;

(b) on a monthly basis, the finance department shall report to the chief executive officer, president and vice president of the Company the progress of each Cooperative Business, as well as the relevant monthly transaction amount. The internal control team will be kept abreast of the same and shall continue to monitor and perform monthly review on the transaction amount of each of the Cooperative Business to prevent deviation from the Annual Caps. Based on the actual transaction amounts, the internal control team will assess the expected transaction amounts for the following month. The internal control team will report the utilisation status of the Annual Caps to the senior management on a monthly basis. In the event that the actual transaction amount reaches (or is expected to reach in the following month) 50% of the Annual Cap for the relevant period, the Company will conduct a timely assessment of the expected transaction amounts for the remaining period. Where it is anticipated that the relevant Annual Cap may be exceeded, the Company will take appropriate steps in advance, including revising the Annual Caps and/or re-complying with the applicable requirements under Chapter 14A of the Listing Rules (including announcement and, where required, independent shareholders' approval), to ensure ongoing compliance with the Listing Rules;

(c) the external auditors shall conduct annual review and the independent non-executive Directors of the Company shall conduct biannual review on the continuing connected transactions of the Group to confirm whether the continuing connected transactions have been conducted in compliance with the pricing policies or system or terms and whether the relevant annual caps have been exceeded; and

(d) the Board shall conduct annual review on the Company's internal control system to consider whether it is effective and adequate.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the monthly reports issued by the finance department of the Company and noted that the actual transaction amounts of the mini games under cooperation with Tencent had been included in the report. As such, we consider that the annual caps under the Game Business Cooperation Framework Agreement will be closely monitored. In addition, we have obtained and reviewed the contract review form for the approval of the entering into of the cooperation business with Tencent, and noted approvals from financial controller and chief executive officer.

We have obtained one sample of the external auditors' report on the annual review for the continuing connected transactions of the Group and noted nothing has come to the external auditors' attention that the transactions were not entered in accordance with the relevant agreements governing the transactions. Regarding the independent non-executive Directors' biannual review on the continuing connected transactions of the Group, we have obtained one sample of the information provided by the management for the independent non-executive Directors' biannual review on the continuing connected transactions of the Group and noted a control list of cooperations businesses with Tencent with relevant actual transaction amounts and contract terms were included. We also noted the signatures of independent non-executive Directors in the meeting minutes of the biannual review on the continuing connected transactions.

As such, we are of the view that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Game Business Cooperation Framework Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**OPINION AND RECOMMENDATION**

Having taken into account the above principal factors and reasons, we consider that the Game Business Cooperation Framework Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Game Business 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. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at

the EGM to approve the Game Business Cooperation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
**Rainbow Capital (HK) Limited**
**Larry Choi**
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

### (a) Directors and chief executive's interest and short positions in Shares, underlying Shares and debentures of the Company or its Associated Corporations

Save as disclosed below, as at the Latest Practicable Date, no Directors and the chief executive of the Company had or was deemed to have interests and short positions in Shares, underlying Shares and debentures of the Company or 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 provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors of the Company is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**Long positions in shares**

| Name of Director/chief executive | Capacity | Number of ordinary shares held (long position) | Approximate % of shareholding |
|---|---|---|---|
| YAO Jianjun | Founder of a discretionary trust<br>Interest of controlled corporation and Beneficial owner[1 and 2] | 492,115,000 | 28.13 |
| CHEN Jianyu | Founder of a discretionary trust<br>Interest of controlled corporation[1 and 3] | 161,538,000 | 9.23 |
| BI Lin | Founder of a discretionary trust<br>Interest of controlled corporation[1 and 4] | 77,470,000 | 4.43 |
| LIN Zhibin | Founder of a discretionary trust<br>Interest of controlled corporation[1 and 5] | 37,390,500 | 2.14 |

*Notes:*

1 As at the Latest Practicable Date, TMF (Cayman) Ltd. is the trustee of The Yao Family Trust, The Bi Family Trust, The Chen Family Trust and The Zhi Family Trust.

2 These interests represented:

(a) 10,716,000 Shares held directly by Mr. YAO; and

(b) 481,399,000 Shares held by YAO Holdings Limited. The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 shares held by YAO Holdings Limited pursuant to Part XV of the SFO.

3 The entire share capital of Fishchen Holdings Limited is wholly owned by Honour Gate Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Chen Family Trust, which was established by Mr. CHEN Jianyu (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. CHEN and his family members. Mr. CHEN (as founder of The Chen Family Trust) and Honour Gate Limited are taken to be interested in 161,538,000 Shares held by Fishchen Holdings Limited pursuant to Part XV of the SFO.

4 The entire share capital of BILIN Holdings Limited is wholly owned by Rayoon Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Bi Family Trust, which was established by Mr. BI Lin (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. BI and his family members. Mr. BI (as founder of The Bi Family Trust) and Rayoon Limited are taken to be interested in 77,470,000 Shares held by BILIN Holdings Limited pursuant to Part XV of the SFO.

5 The entire share capital of LINCHEN Holdings Limited is wholly owned by Sheen Field Limited, as the nominee of TMF (Cayman) Ltd., the trustee of The Zhi Family Trust, which was established by Mr. LIN Zhibin on 13 August 2014 as a discretionary trust for the benefit of Mr. LIN and his family members. Mr. LIN (as founder of The Zhi Family Trust) and Sheen Field Limited are taken to be interested in 37,390,500 Shares held by LINCHEN Holdings Limited pursuant to Part XV of the SFO.

6. The percentage is calculated on the basis of 1,749,442,062 Shares in issue as at the Latest Practicable Date.

**(b) Interests of substantial shareholders and other persons in Shares and underlying Shares**

As at the Latest Practicable Date, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

| Name of Shareholder | Capacity | Number of ordinary Shares held (long position) | Approximate percentage of shareholding[5] % |
|---|---|---|---|
| TMF (Cayman) Ltd.[1] | Trustee of the family trusts | 817,627,500 | 46.74 |
| YAO Holdings Limited[2] | Beneficial owner | 481,399,000 | 27.52 |
| Jolly Spring International Limited[2] | Interest in a controlled corporation | 481,399,000 | 27.52 |
| Fishchen Holdings Limited[3] | Beneficial owner | 161,538,000 | 9.23 |
| Honour Gate Limited[3] | Interest in a controlled corporation | 161,538,000 | 9.23 |
| Tencent Holdings Limited[4] | Interest in a controlled corporation | 261,882,607 | 14.97 |

*Notes:*

1. As at the Latest Practicable Date, TMF (Cayman) Ltd. is the trustee of The Yao Family Trust, The Bi Family Trust, The Chen Family Trust and The Zhi Family Trust.

2. The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 Shares held by YAO Holdings Limited pursuant to Part XV of the SFO.

   Mr. YAO, an executive Director, the chairman of the Board and the chief executive officer of our Company, is a director of YAO Holdings Limited.

3. The entire share capital of Fishchen Holdings Limited is wholly owned by Honour Gate Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Chen Family Trust, which was established by Mr. CHEN Jianyu (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. CHEN and his family members. Mr. CHEN (as founder of The Chen Family Trust) and Honour Gate Limited are taken to be interested in 161,538,000 Shares held by Fishchen Holdings Limited pursuant to Part XV of the SFO.

   Mr. Chen, an executive Director and the president of the Company, is a director of Fishchen Holdings Limited.

4. Tencent holds 261,882,607 Shares indirectly through its wholly-owned subsidiary, THL H Limited, a company incorporated under the laws of British Virgin Islands.

5. The percentage is calculated on the basis of 1,749,442,062 Shares in issue as at the Latest Practicable Date.

Other than as disclosed above, as at the Latest Practicable Date, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

Other than as disclosed above, none of the Directors is a director or an employee of any of the substantial shareholders of the Company that is a company.

## 3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

## 4. SERVICE CONTRACTS

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

## 5. INTERESTS IN CONTRACTS OR ARRANGEMENT

### (a) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2025 (being the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by or leased to any member of the Group.

**(b) Interest in contracts**

None of the Directors were materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

## 6. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group was made up.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration 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. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinions, letter or advice included in this circular (the "**Expert**"):

| Name | Qualifications |
|---|---|
| Rainbow Capital (HK) Limited | a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |

Rainbow Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Rainbow Capital 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.

As at the Latest Practicable Date, Rainbow Capital did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.feiyuhk.com) for display for a period of not less than fourteen (14) days before the date of the EGM and on the date of the EGM:

(a) the Game Business Cooperation Framework Agreement;

(b) the letter from the Independent Financial Adviser as set out in this circular; and

(c) the written consent referred to in paragraph headed "Qualification and Consent of Expert" of this appendix.



**Feiyu Technology International Company Ltd.**
**飛魚科技國際有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1022)**

# NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the "**EGM**") of Feiyu Technology International Company Ltd. (the "**Company**") will be held at Senior Executive Meeting Room, 5/F, Block A, No. 78 Hu'an Road, High-tech Park, Huli District, Xiamen, Fujian Province, the People's Republic of China, on Friday, 26 June 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as an ordinary resolution of the Company respectively. Capitalised terms defined in the circular dated 9 June issued by the Company (the "**Circular**") shall have the same meanings when used herein unless otherwise specified:

## ORDINARY RESOLUTION

**1. "THAT:**

(a) the entering into of Game Business Cooperation Framework Agreement (as defined and described in the circular of the Company dated 9 June 2026 (the "**Circular**")) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the Annual Caps as defined and described in the Circular in respect of the Game Business Cooperation Framework Agreement for each of the three years ending 31 December 2028 be and are hereby approved; and

(c) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the transactions contemplated under the Game Business Cooperation Framework Agreement and all matters incidental to, ancillary or incidental thereto.

By order of the Board
**Feiyu Technology International Company Ltd.**
**YAO Jianjun**
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 9 June 2026

*As at the date of this notice, the Board comprises Messrs. YAO Jianjun, CHEN Jianyu, BI Lin and LIN Zhibin, as executive Directors; and Ms. LIU Qianli, and Messrs. LAI Xiaoling and CAO Xi, as independent non-executive Directors.*

*Notes:*

1. All resolutions (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining qualification of members to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify as members to attend and vote at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026. The record date for determining the eligibility of the shareholders to attend and vote at the meeting will be Friday, 26 June 2026.