
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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of **Sino-Entertainment Technology Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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



SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6933)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE LICENCE AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 24 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser is set out on pages IFA-1 to IFA-46 of this circular.

The notice convening the EGM at 3:30 p.m. on Tuesday, 20 October 2026 at Unit No. 4811, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is also enclosed.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

30 September 2026

CONTENTS

	<i>Page</i>
DEFINITIONS.....	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	IBC-1
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	IFA-1
APPENDIX I — GENERAL INFORMATION.....	I-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 15 July 2026 in relation to the Licence Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capybara Group”	Capybara Group Limited, an indirect wholly owned subsidiary of the Company incorporated in Hong Kong
“Character”	Capybara PIMOO
“Company”	Sino-Entertainment Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 6933)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, among others, the Licence Agreement, the transactions contemplated thereunder and the Proposed Annual Caps
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property

DEFINITIONS

“IP Assets”	the intellectual property assets in respect of the Character, including but not limited to trademarks, patents and artistic images of the Character
“IP Rights”	the rights exercisable in respect of the IP Assets include, but are not limited to, the rights of (1) reproduction; (2) distribution; (3) sale; (4) exhibition; (5) performance; (6) manufacturing; (7) broadcasting; (8) information network communication; (9) cinematographic production; (10) adaptation; (11) translation; (12) development; and (13) merchandising
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established to advise the Shareholders with respect to the Licence Agreement and the Proposed Annual Caps
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee and the independent Shareholders with respect to the Licence Agreement
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Jiangsu Dongfang”	Jiangsu Dongfang Chaowan Technology Co., Ltd.* (江蘇東方潮玩科技有限公司), a company established in the PRC and is principally engaged in literary and artistic creation, as well as the sale of toys, animation and entertainment products. It is the IP rights owner of the Character
“Latest Practicable Date”	28 September 2026, being the latest practicable date for ascertaining certain information contained in this circular

DEFINITIONS

“Licence Agreement”	the licence agreement dated 15 July 2026 entered into between Capybara Group and Jiangsu Dongfang in relation to the IP Rights of the Character
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. Xu Mingjun (徐銘駿), a director of Capybara Group and indirectly wholly owns Jiangsu Dongfang
“PRC”	the People’s Republic of China, and for the sole purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Proposed Annual Caps”	the maximum amounts to be paid by Capybara Group to Jiangsu Dongfang for the IP Rights per year under the Licence Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6933)

Executive Directors:

Mr. Sui Jiaheng (*Chairman*)
Mr. Li Tao (*Chief Executive Officer*)
Mr. Wang Donglei

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Independent non-executive Directors:

Ms. He Chuan
Ms. Pang Xia
Mr. Deng Chunhua
Ms. Chen Nan

Principal Place of Business in the PRC:

Room 3, Floor 5, Fortune Plaza
No. 4 Deshan Road
Luocheng Dongmen Town
Luocheng Mulao Autonomous County
Hechi City, Guangxi Zhuang
Autonomous Region, China

Principal Place of Business in Hong Kong:

Unit No. 4811, 48th Floor
COSCO Tower
183 Queen's Road Central
Hong Kong

30 September 2026

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE LICENCE AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 15 July 2026 and 12 August 2026 in relation to the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the transactions contemplated under the Licence Agreement, together with the Proposed Annual Caps; (ii) the recommendation of the Independent Board Committee in connection with the Licence Agreement and the Proposed Annual Caps; (iii) the advice of the Independent Financial Advisor in connection with the Licence Agreement and the Proposed Annual Caps; and (iv) a notice convening the EGM.

2. THE LICENCE AGREEMENT

On 15 July 2026 (after trading hours), Capybara Group and Jiangsu Dongfang entered into the Licence Agreement, pursuant to which Jiangsu Dongfang has agreed to grant, and Capybara Group has agreed to obtain, the licence of the IP Assets for Commercial Use in the PRC from completion to 31 December 2028 (or such other extended date as the parties may agree in writing).

The major terms of the Licence Agreement are set out as follows:

Date	:	15 July 2026
Term	:	from completion up to 31 December 2028 (or such other extended date as the parties may agree in writing)
Parties	:	(1) Capybara Group, an indirect wholly owned subsidiary of the Company; and (2) Jiangsu Dongfang, an associate of a connected person
Scope	:	Pursuant to the Licence Agreement, Jiangsu Dongfang grants the following exclusive licence of the IP Rights relating to the IP Assets to the Company and its subsidiaries for use in commercial activities or business (the “ Commercial Use ”) in the PRC, including but not limited to: (1) the manufacturing, development and sales of, among others, toys, figures, blind box and plush products; (2) brand collaboration and marketing;

LETTER FROM THE BOARD

- (3) content development, including but not limited to comics, animations, short series, videos, TV series and other content for broadcasting and publication;
- (4) offline experiences, including but not limited to theme parks, exhibitions, restaurants, hotels and retail shops;
- (5) use and application on social media platforms and mobile applications; and
- (6) commercial partnership, including but not limited to corporate gifts, member benefits, points redemption and promotional giveaways.

Pricing policy : Pursuant to the terms of the Licence Agreement, consideration payable shall be determined on an arm's length basis in the following manners:

- (1) Licence fees: Capybara Group and/or its controlled entities shall pay Jiangsu Dongfang a fixed licence fee equivalent to 20% of all sublicense income received by Capybara Group and/or its controlled entities from activities conducted under the Commercial Use.

— In determining the licence fees under the Licence Agreement, the Board has taken into account prevailing industry benchmarks in the IP licensing sector, where revenue sharing ratios between IP owners and operators typically range from 10% to 30%;

LETTER FROM THE BOARD

- (2) Royalty fees: the 35% to 50% royalty fee is structured as an all-inclusive fee and is not directly comparable to the industry benchmark range of 10% to 30%, which relates to pure IP licensing arrangements where the licensor grants only the IP rights without operational support. Of the 35% to 50% royalty fee, approximately 5% to 8% of product sales revenue represents logistics costs and approximately 10% to 15% represents procurement and production-related costs, in each case borne by Jiangsu Dongfang on behalf of the Group. After deducting such embedded costs, the effective net royalty rate retained by Jiangsu Dongfang is approximately 20% to 27% across the product range, which falls within the upper end of the range of its pure royalty arrangements with Independent Third Parties (being 20% to 40% of sales revenue) and within the 10% to 30% industry benchmark for pure IP licensing. Jiangsu Dongfang has further represented that its product supply business achieves a gross profit margin of approximately 55% after deducting the embedded costs, consistent with the margin profile of its arrangements with Independent Third Parties, confirming that the pricing does not discriminate against the Group. The estimated logistics component of approximately 5% to 8% is supported by market data, including Pop Mart International Group Limited (9992.HK)'s disclosed transportation and logistics expenses of approximately 5.5% of revenue for the year ended 31 December 2025, and the Frost & Sullivan industry research¹ indicating that logistics, warehousing and fulfillment costs typically range from 5% to 10% of gross sales revenue.

¹ An independent industry report conducted by Frost & Sullivan in December 2024, regarding the global and China's toy market, in particular, including size, growth pattern and pricing benchmarks of the PRC trendy toy and IP licensing markets.

LETTER FROM THE BOARD

- In determining the royalty fee under the Licence Agreement, the Board has taken into account the following factors:
- i. the typical sharing ratios between IP owners and operators, which generally range from 10% to 30%. Having regard to the support services provided by Jiangsu Dongfang in the areas of design, supply chain and marketing, and noting that the agreed royalty ratio already includes the logistics costs to be borne by Jiangsu Dongfang (representing approximately 5% to 8% of product revenue), Cappybara Group will not be required to bear any additional logistics costs;
 - ii. the more extensive operational responsibilities assumed by the Group as compared with pure licensing arrangements. The Group is responsible for the overall commercialisation strategy and the management and coordination of a broader range of operational functions, including product design (subject to review by Jiangsu Dongfang), selection of independent third-party manufacturers, establishment of quality control standards, warehousing and distribution channel management, marketing execution and after-sales services. Whilst the Group manages and coordinates the foregoing functions, the physical logistics and transportation services in respect of the products are provided by, and the corresponding costs borne by, Jiangsu Dongfang as part of the integrated support services under the Licence Agreement. Such logistics costs, representing approximately 5% to 8% of product revenue, are embedded in the 35% to 50% royalty fee, and Cappybara Group will not be required to bear any additional logistics costs;

LETTER FROM THE BOARD

- iii. the 10% to 15% procurement and production-related estimate covers supply chain coordination and supplier management, sampling and prototyping, quality control management and materials procurement support, and is derived from the cost breakdowns provided by Jiangsu Dongfang for comparable product supply arrangements with Independent Third Parties, which was reviewed by the Board;
 - iv. without such established IP, the Group would need to invest heavily in brand development with uncertainties associated with the product business, including inventory backlog, product defects and quality control risks; and
 - v. after deducting both embedded cost components, Jiangsu Dongfang retains a gross profit margin of approximately 55% on its product supply business, consistent with the margin achieved in its arrangements with Independent Third Parties.
- (3) Integrated support services: Pursuant to the Licence Agreement, Jiangsu Dongfang will provide integrated support services, including product design, supply chain coordination, quality control management, marketing support and logistics, as well as ongoing maintenance, protection and enforcement of the IP Assets and continuous content development. Such support services are provided as part of the licensing arrangement and are not subject to additional consideration separate from the licence fees and royalty fees payable thereunder. The costs of such support services in respect of the IP Product Business are embedded in the 35% to 50% product royalty fee, which is structured as an all-inclusive fee.

Such fees are determined on arm's length basis based on the abovementioned factors and shall be on terms that are normal commercial terms or better to the Group.

LETTER FROM THE BOARD

The fees payable by Capybara Group to Jiangsu Dongfang for the Commercial Use of the IP Rights shall be separately agreed under the specific transaction agreements or orders to be entered.

Conditions precedent : Completion of the Licence Agreement is conditional upon the Company having obtained the independent Shareholders' approval in the EGM approving the Licence Agreement and the transactions contemplated thereunder.

Special arrangement in adaptation and derivative works : Where Capybara Group and/or its controlled entities carry out any adaptation or secondary creation of the IP Assets (including but not limited to the creation of adapted character images, new derivative products and short-form videos), Capybara Group and/or its controlled entities shall, within a specified period after completion of the initial draft of such adapted content, submit the same to Jiangsu Dongfang for review.

Jiangsu Dongfang shall have the right to propose reasonable amendments to such adapted content.

Payment terms : The Licence Fee shall be settled and paid on a transaction-by-transaction basis within one month after the realisation of each sublicense income.

The Royalty Fee shall be settled and paid to Jiangsu Dongfang within 15 business days after the Capybara Group's receipt of the relevant customer payment.

3. PROPOSED ANNUAL CAPS FOR THE LICENCE AGREEMENT

Having considered the factors as set out in the paragraph headed "Reasons for and benefits of the Licence Agreement", the Directors propose that the Proposed Annual Caps of the licensing the IP Rights during the term of the Licence Agreement shall be as follows:

LETTER FROM THE BOARD

	From completion to 31 December 2026 <i>RMB'000</i>	For year ending 31 December 2027 <i>RMB'000</i>	For year ending 31 December 2028 <i>RMB'000</i>
The Proposed Annual Caps in licence fees	2,500	4,000	4,000
The Proposed Annual Caps in royalty fees	19,600	24,290	24,290
Total amount of the Proposed Annual Caps	22,000	28,290	28,290

(1) Proposed Annual Caps in licence fees

The Proposed Annual Caps in licence fees have been determined based on the projected sublicense income from the IP Licensing Business, calculated at 20% of all sublicense income received by Capybara Group which is based on approximately 36 clients' contracts in hand with licensing arrangements for the second half of 2026.

For the period from Completion to 31 December 2026, the projection is based on the actual licensing client portfolio expected during the second half of 2026. For 2027 and 2028, the projections assume a client retention rate of 85% (representing the mid-to-high range of the industry average renewal rate of 80% to 90%) with approximately 20 new licensing clients added each year. In assessing the reasonableness of the 85% retention rate assumption, the overall IP licensing market records an average contract renewal rate of approximately 57.8%. Such overall average is, however, depressed by a significant volume of short-term, flash or traffic-driven limited-time collaborations that do not represent sustainable commercial partnerships. For proven, mature and continuously operated IP assets with verified commercial conversion (such as the Character, which is a proven and well-established IP with existing brand recognition and a track record of commercial success), the renewal rate for co-branding and licensing arrangements typically falls within the range of 75% to 90%. This is further corroborated by the China Toy and Juvenile Products Association (中國玩協) industry white paper on brand authorization development, which notes that collaborations involving head-tier IP tend to migrate towards medium-to-long-term engagements, as distinguished from short-term one-off collaborations that tend to lower the overall market average. The Group's adopted assumption of 85% therefore sits at the mid-to-high end of the proven and well-established IP range and is considered reasonable for an established IP of the Character's caliber. The Proposed Annual Caps of RMB2.0 million, RMB4.0 million and RMB4.0 million reflect the expected client base expansion and the transition from partial-year to full-year operations.

LETTER FROM THE BOARD

In addition, the Group is actively in negotiations with owners of other more established characters in the market for potential collaboration to expand its IP portfolio for Commercial Use. As at the date of this circular, none of these discussions have been materialised. The Board is of the view that the successful conclusion of any such negotiations would provide additional sublicensing opportunities and revenue streams, thereby enhancing the growth potential of the IP Licensing Business and supporting the sustainability of the Proposed Annual Caps.

(2) Proposed Annual Caps in royalty fees

The Proposed Annual Caps in royalty fees have been determined based on the projected sales revenue from the IP Product Business, calculated at 42.5% (being the median of the 35% to 50% range) of the relevant sales revenue. The 42.5% rate represents the median of the 35% to 50% range under the all-inclusive fee arrangement, which covers logistics costs and certain procurement and production-related costs borne by Jiangsu Dongfang on behalf of the Group.

For the period from Completion to 31 December 2026, the projection is based on the actual product collaboration pipeline expected during the second half of 2026. For 2027 and 2028, the projections assume a client retention rate of 85%, with approximately 20 new clients added each year in aggregate across the IP Licensing Business and the IP Product Business, given that the same clients may enter into both licensing and product collaboration arrangements in respect of the Character, being the same retention rate assumption adopted for the IP Licensing Business as discussed above to support the estimated revenue growth. The same assumption is adopted for the IP Product Business given that (i) the product collaboration clients enter into co-branding and licensing arrangements of a similar nature in respect of the same established IP, and their renewal decisions are driven by the same factor, namely the continued brand value and track record of commercial success of the Character, rather than one-off consumer sales; and (ii) the client bases of the IP Licensing Business and the IP Product Business overlap, as brand clients may collaborate with the Group under both licensing and product arrangements concurrently, such that applying different retention rate assumptions to the two businesses would be inconsistent, with approximately 20 new product collaboration clients added each year. The Proposed Annual Caps provide reasonable headroom to accommodate revenue volatility associated with product sales cycles and market acceptance risks during the early-stage ramp-up.

In general, the Proposed Annual Caps have been determined with reference to (i) the scale of the PRC trendy toy market, which is expected to reach approximately RMB110.1 billion in 2026; (ii) the uncertainties associated with the Group's early stage of business development; and (iii) the pricing policy mentioned above. The Board (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) is of the view that the Proposed Annual Caps provide reasonable headroom for potential growth.

LETTER FROM THE BOARD

For the period from Completion to 31 December 2026, being a partial year of approximately 2 to 3 months, the projected sublicense income and product sales revenue are based on approximately 35 clients' contracts with product collaboration arrangements in hand for the second half of 2026. For 2027, the projections are calculated separately for each business line:

- (a) projected sublicense income of approximately RMB19.9 million, comprising (i) approximately RMB15.6 million, being 85% of the licence fee income of approximately RMB18.3 million from the 2026 clients for the full year 2026 (including clients acquired in the first half of 2026, whose licence arrangements are expected to continue under the Licence Agreement); and (ii) approximately RMB4.3 million, the expected licence fee income from the approximately 20 new clients; and
- (b) projected product sales revenue of approximately RMB56.5 million, comprising (i) approximately RMB45.9 million, being 85% of the product-related revenue of approximately RMB54.0 million from the 2026 clients for the full year 2026, on the same basis; and (ii) approximately RMB10.6 million, the expected product-related revenue from the new clients.

The same methodology is applied for 2028. The implied maximum aggregate sublicense income of RMB20.0 million and the implied maximum aggregate product sales revenue of RMB57.2 million represent the maximum revenue bases which the Proposed Annual Caps would support at the pricing terms of 20% and 42.5%, respectively, whereas the projected sublicense income of approximately RMB19.9 million and projected product sales revenue of approximately RMB56.5 million represent the projections based on the assumptions described above. The minor differences of approximately RMB0.1 million and RMB0.7 million between the implied maximum amounts and the projections arise from the rounding of the projections and the setting of the caps at rounded amounts, such that the caps would support the projected revenue bases with a small margin.

The step-up from the annual cap for 2026 to that for 2027 reflects the transition from a partial year of approximately 2 to 3 months from Completion to 31 December 2026 to a full 12-month cycle, together with the expected conversion of client negotiations into binding agreements and the resulting growth in licensing and product revenue. The annual cap for 2028 is maintained at the same level as 2027, reflecting the Board's current assessment of the sustainable scale of the business following the initial ramp-up period. As the Proposed Annual Caps are maximum thresholds rather than forecasts, and the projections for 2028 remain below the implied maximum amounts, the Board considers it prudent to maintain the 2028 caps at the 2027 levels given that that business is still at an early stage of development. The Group monitors the transaction amounts under the Licence Agreement against the Proposed Annual Caps on a monthly basis, with an early-warning report to the Board at 80% utilisation, quarterly Board reporting and

LETTER FROM THE BOARD

the annual review by the independent non-executive Directors and the auditors as described in the section headed “Internal Control Measures” below; any revision of the Proposed Annual Caps would be subject to compliance with the applicable requirements under Chapter 14A of the Listing Rules.

The Licence Agreement is for a fixed term ending on 31 December 2028 (or such other extended date as the parties may agree in writing). Upon expiration, the Company will conduct a comprehensive review of the market performance and popularity of the Character and the related IP-based products. The Group intends to continue the collaboration with Jiangsu Dongfang to extend the licensing of the Character where commercially available. The Group will negotiate in good faith with Jiangsu Dongfang for renewal or extension of the licence on terms that are fair and reasonable and in the interests of the Company and its Shareholders.

4. REASONS FOR AND BENEFITS OF THE LICENCE AGREEMENT

The Group is principally engaged in mobile game publishing as well as development and sale of customised software and mobile games and blockchain technology business. In light of the increasingly competitive landscape of the gaming industry and changes in the regulatory environment, the Board has decided to integrate into the IP-based trendy brand segment as a new growth driver of the Group, including but not limited to IP of mobile game character and/or other industry segments by leveraging the licensed IP Assets relating to the Character.

Integration with the Character

In order to diversify the Group’s revenue streams amid intensifying competition in the gaming sector, the Company plans to expand into the IP-based trendy brand segment by leveraging the licensed IP Assets relating to the Character.

The IP Assets will be closely integrated with the Group’s core mobile game publishing and development businesses. As a starting point, the Company intends to incorporate the Character into its existing or upcoming mobile games for distribution in the PRC. This initial integration is expected to enhance player engagement, improve user retention, and generate cross-promotional synergies. Positive market feedback from the game integration should strengthen brand awareness and lay the foundation for broader commercial exploitation across physical and digital products, including toys, figures, blind boxes, plush products, branded merchandise, content development, and other initiatives.

Following the integration of the Character into the Group’s mobile gaming business, the enlarged game portfolio is expected to generate revenue through in-app purchases made by players within the games, including the purchase of limited-edition appearances of the Character, the

LETTER FROM THE BOARD

redemption of additional in-game coins, the collection of illustrated guides, monthly cards, seasonal cards and other similar items. Concurrently, activities will be launched within the games in collaboration with Cappybara Group through in-game physical product sales or the unlocking and claiming rewards upon completion of mission objectives. The Company will conduct quarterly reviews to facilitate dynamic resource allocation.

The development cycle from project initiation to the completion of testing and commercial launch is expected to take approximately three months. The Company expects that casual mobile games aligning with the characteristics of the Character will be launched in the fourth quarter of 2026.

This allows the Group to utilise its gaming expertise as a foundation for IP commercialisation, supported by Jiangsu Dongfang's services in design, supply chain, and marketing. The Directors consider this strategy will create synergies, reduce market entry risks, and contribute to the long-term growth of the Group.

The Character under the Licence Agreement is a proven and well-established IP with existing brand recognition and market acceptance. Mr. Xu is the creator of the Character, who also created other cartoon characters. In anticipation of entering into the Licence Agreement, the Group in June 2026 acquired several companies which include Cappybara Group (together, the “**New Companies**”) with company names similar to the Character and another cartoon character. Mr. Xu is the ultimate beneficial owner of the New Companies and procured the vendors of the New Companies (who are Independent Third Parties who held the interests of the New Companies on trust for Mr. Xu) to transfer the entire equity interest of the New Companies to the Group. The New Companies were used to secure the IP of the names of cartoon characters and have not commenced business at the time of the acquisitions. The Group acquired the New Companies at cost in the sum of US\$20,000 representing the nominal paid-up capital. The acquisitions did not constitute notifiable transactions under Chapter 14 of the Listing Rules, hence no announcement was made. The Directors consider entering into the Licence Agreement will enable the Group to leverage the established IP portfolio and enter the growing market of IP-driven consumer products. It is expected to shorten the commercialization cycle and reduce market entry risk of IP business for the Group. The Company also consider cooperation with other IP rights of mobile game character if suitable targets are identified.

Business model

Over the years, the Group has established extensive engagement with upstream suppliers, including art and animation studios, software development tool suppliers, and raw material suppliers for merchandise; as well as downstream clients and partners, including digital platform operators, retailers and distributors of consumer products, e-commerce platforms, brand owners for

LETTER FROM THE BOARD

co-marketing campaigns, and licensing agents. These established relationships provide a strong foundation for the new IP-based trendy brand segment. The collaboration with Mr. Xu, the creator of the Character, is expected to attract further opportunities with other creators and owners of pre-existing characters, thereby facilitating additional brand collaborations, licensing deals, and merchandising contracts.

Following the development and launch of mobile games integrated with the Character, the Company intends to retain full ownership and continue the ongoing development, operation, updating and optimisation of such games, rather than disposing of, transferring or selling them to third parties upon completion. By maintaining continuous operational oversight, the Group will be able to regularly introduce new content, features and IP-themed events aligned with the Character, respond promptly to player feedback, refine monetisation strategies and extend the commercial lifecycle of the games. Such sustained involvement is expected to maximise the long-term value of the integrated IP Assets, strengthen user loyalty and generate recurring revenue through ongoing in-app purchases, advertising and related activities.

Following the launch of the games, the business model focuses on commercialising the licensed IP Assets through a combination of digital and physical products, leveraging the Group's existing gaming capabilities and the established brand recognition of the Character. Revenue will primarily be generated from product sales, brand collaborations, content licensing, and sublicensing arrangements, with payments to Jiangsu Dongfang (or other licensors collaborated with the Group in the future) in the form of licence fees (equivalent to 20% of sublicense income) and royalty fees (ranging from 35% to 50% of relevant sales revenue).

Key processes and products

The key product under the Licence Agreement centres on the integration of the Character into the Group's mobile games. The Company intends to develop and launch casual mobile games incorporating the Character as the primary digital offering and the core of its initial commercialisation strategy. These games are expected to serve as the principal platform for engaging players, generating in-app revenue, enhancing user retention and building brand awareness of the Character, thereby establishing a solid foundation for subsequent expansion into physical and other related products.

As disclosed in the Announcement, the key processes and products encompass the manufacturing, development and sales of trendy toys, figures, blind boxes, plush products and other merchandise; brand collaborations and marketing; content development (including animations, short videos and comics); and offline experiential initiatives featuring the Character.

LETTER FROM THE BOARD

As abovementioned, the Company intends to integrate the Character into the Group's mobile games for distribution in the PRC, which will serve as a foundation for broader commercial use. The production of physical merchandise will be outsourced to independent third-party manufacturers, which is in line with the industry practice of the trendy toy sector, while the Group will manage product design (subject to review by Jiangsu Dongfang under the Licence Agreement), selection of manufacturers, quality control standards and procurement planning. The physical logistics and transportation of the products are provided by, and borne by, Jiangsu Dongfang as part of the integrated support services, with the related costs (representing approximately 5% to 8% of product sales revenue) embedded in the royalty fee.

Roles of the Group and Jiangsu Dongfang

The Group acts as the operator and commercialiser of the IP Assets, and is responsible for the overall commercialisation strategy and day-to-day operations, including the integration of the Character into the Group's mobile games for distribution in the PRC and a broader range of operational functions, including product design, manufacturing, quality control, warehousing and logistics, channel management and after-sales services. Jiangsu Dongfang, in addition to granting the IP Rights, provides integrated support services, including product design support, supply chain coordination, quality control management support, marketing support and physical logistics and transportation of products, the costs of which are embedded in the 35% to 50% all-inclusive royalty fee and are not subject to any additional separate consideration. The Group bears the principal business risks of the segment, including inventory backlog, product defects and quality control risks.

The Group will add value by leveraging its expertise in game development and digital content creation to deliver engaging IP experiences. This includes comprehensive end-to-end management covering product design (subject to review by Jiangsu Dongfang), quality control, warehousing, logistics, channel management, marketing, and after-sales services, whilst the physical logistics and transportation services are provided by, and at the cost of, Jiangsu Dongfang under the integrated support services arrangement. The Group will also drive cross-promotion between its core gaming business and the new IP products to enhance brand visibility and create operational synergies.

(i) Creativity and operational capabilities

The Group is an integrated game publisher and developer, and maintains regular research and development activities in respect of its self-developed games. The Group possesses capabilities in game development and publishing operations, digital content creation and user engagement strategies, with a total workforce of 22 employees as at 31 December 2025 as disclosed in the Company's 2025 annual report. In particular, the Group has prior experience as a licensee of

LETTER FROM THE BOARD

intellectual property, having licensed fiction and animation copyrights from copyright owners for the development, publication and operation of mobile games, and is therefore familiar with the operation and commercialisation of licensed IP. These capabilities and experience can be directly applied to the adaptation and integration of the Character into mobile games for distribution in the PRC as the initial phase of commercialization, as well as to content development under the Licence Agreement.

The production of physical merchandise will be outsourced to independent third-party manufacturers, which is in line with the asset-light industry practice of the IP-based trendy brand segment, such that no production facility is required to be owned by the Group.

In addition to granting the IP Rights, Jiangsu Dongfang will provide certain integrated support services, including product design, supply chain coordination, quality control management, marketing support and logistics. Such comprehensive support is expected to enhance operational efficiency and facilitate the Group's expansion into the new business segment. The Board (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) is of the view that such contractual support arrangements provide the Group with the necessary operational support during the initial phase of operation of the segment, while the Group builds up its own merchandising team and capabilities.

(ii) Commercial capabilities

The Group's extensive network of upstream and downstream partners in the gaming and consumer products sectors provides the channel foundation for the distribution and marketing of IP-based products.

The Group is also actively in negotiations with owners of other more established characters in the market for potential collaboration to expand its IP portfolio for Commercial Use. As at the date of this circular, none of these discussions have been materialised.

Furthermore, Jiangsu Dongfang will be responsible for the ongoing maintenance, protection and enforcement of the IP Assets, as well as continuous content development. This allows the Group to benefit from sustained brand value enhancement while minimizing the need for substantial upfront and ongoing investment in IP development and protection.

Notwithstanding that the 35% to 50% royalty fee exceeds the industry benchmark range of 10% to 30% for pure IP licensing arrangements on a gross basis, the Directors consider it commercially justifiable for the following reasons: (a) the all-inclusive structure converts what would otherwise be significant fixed logistics and procurement infrastructure costs into variable costs tied to actual sales, which preserves the Group's limited working capital; (b) after paying the

LETTER FROM THE BOARD

royalty fee and its own operational costs, the Group is still projected to retain a gross profit margin of approximately 5% to 20%; and (c) the Character is a proven IP with existing brand recognition, which shortens the commercialisation cycle and reduces market entry risk. The Directors are therefore of the view that the 35% to 50% royalty fee is on normal commercial terms or better and is fair and reasonable so far as the Shareholders are concerned.

In view of the above, the Directors (excluding the independent non-executive Directors who have given their opinion in the section headed “*Letter from the Independent Board Committee*” below in this circular based on the recommendations from the Independent Financial Adviser) are of the view that the terms of the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps are fair and reasonable, on normal commercial terms, and that the entering into of the Licence Agreement and the Proposed Annual Caps is in the interests of the Company and its shareholders as a whole.

The EGM will be held at Unit No. 4811, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Tuesday, 20 October 2026 at 3:30 p.m. to consider and, if thought fit, approve the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps. To the knowledge, information and belief of the Directors, no Shareholders have a material interest in the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps and no Shareholders will have to abstain from voting at the EGM to approve the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps.

5. INTERNAL CONTROL MEASURES

In order to ensure that the terms under the Licence Agreement are fair and reasonable, and the transactions are carried out based on normal or no less favourable commercial terms than those offered by Independent Third Parties, the Group has adopted the following internal control procedures:

1. prior entering into the Licence Agreement, the Group compared the terms with those offered by Independent Third Parties who are IP owners of a similar nature and entered into the Licence Agreement because the terms contemplated thereunder are no less favourable than the terms quoted by such two other Independent Third Parties;
2. the Group has adopted a profitability analysis mechanism to ensure that the profit margin levels of connected transactions are not lower than those of Independent Third Party transactions. Where the profit margin of connected transactions is lower than that of Independent Third Party transactions, the procurement department shall reconduct

LETTER FROM THE BOARD

market price comparison, the finance department shall re-calculate profit margins, and the revised pricing proposal shall be submitted to the independent nonexecutive Directors for approval;

3. in respect of each type of licence fee and royalty fee under the Licence Agreement, the Group shall obtain and compare with quotations from at least two other Independent Third Parties for equivalent or comparable intellectual property rights for licence and will only enter into separate agreements for the licence of the IP Rights if the terms contemplated thereunder are no less favourable than the terms quoted by such two other Independent Third Parties;
4. the Group will also monitor the implementation of the Licence Agreement on a monthly basis, and report monthly to the Board and the management of the Group. In particular, the procurement department will be responsible for researching on market preference, obtaining quotations from Independent Third Parties and preparing price comparison reports; the finance Department will be responsible for reviewing the financial reasonableness of the pricing arrangements and conducting cost-benefit analysis; the legal department will be responsible for reviewing the compliance of the contract terms;
5. the independent non-executive Directors and auditors of the Company will conduct annual review of the transaction under the Licence Agreement and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the Licence Agreement and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by Independent Third Parties;
6. the Group will conduct monthly reviews of the continuing connected transaction under the Licence Agreement for not exceeding the Proposed Annual Caps thereunder. In the event the Proposed Annual Caps are expected to be exceeded, the Board will consider whether to revise the Proposed Annual Caps and comply with the applicable Listing Rules accordingly; and
7. the Group shall maintain proper records of all pricing comparison analysis reports, procurement contracts, approval documents, payment vouchers and invoices, and supplier quotations for a period of not less than seven years.

The Board considers that the above internal control procedures adopted by the Group in connection with the transactions contemplated under the Licence Agreement are appropriate and sufficient, and will give sufficient assurance that the continuing connected transaction will be appropriately monitored by the Group.

LETTER FROM THE BOARD

6. INFORMATION ON THE PARTIES TO THE LICENCE AGREEMENT

Capybara Group

Capybara Group is an indirect wholly owned subsidiary of the Company. Mr. Xu is a director of Capybara Group. It is a company incorporated in Hong Kong on 27 October 2025 and has not commenced business as at the date of this circular.

The Group is principally engaged in mobile game publishing as well as development and sale of customised software and mobile games and blockchain technology business.

Jiangsu Dongfang

Jiangsu Dongfang is a company established in the PRC and is principally engaged in literary and artistic creation, as well as the sale of toys, animation and entertainment products. It is the IP rights owner of the Character.

Jiangsu Dongfang is beneficially owned as to 70% by Wuxi Electric Whale Interactive Technology Co., Ltd.* (無錫電鯨互動科技有限公司) (“**Wuxi Electric Whale**”) and 30% by Jiangsu Xiaopai Intelligent Technology Co., Ltd.* (江蘇小拍智能科技有限公司) (“**Jiangsu Xiaopai**”).

Wuxi Electric Whale is owned as to (i) approximately 37.26% by Mr. Xu; (ii) approximately 19.33% by Wuxi Jinpai Consulting Management Services Partnership (Limited Partnership)* (無錫金拍諮詢管理服務合夥企業(有限合夥)), in which Mr. Xu holds approximately 5.20% as a limited partner; (iii) approximately 10.49% by Jiangsu Zouquan Jinmao New Materials Venture Capital Partnership (Limited Partnership)* (江蘇趵泉金茂新材料創業投資合夥企業(有限合夥)); (iv) approximately 3.87% by Wuxi Zipai Enterprise Management Services Partnership (Limited Partnership)* (無錫紫拍企業管理服務合夥企業(有限合夥)), in which Mr. Xu holds approximately 25% as a limited partner; and (v) the remaining shares owned by 10 shareholders each holds less than 6.5% equity interest of Wuxi Electric Whale.

Jiangsu Xiaopai is owned as to 95% by Mr. Xu and the remaining 5% of Ye Chenxi (葉晨曦).

As a result, Jiangsu Dongfang is directly and indirectly controlled by Mr. Xu whereby Wuxi Electric Whale and Jiangsu Xiaopai are associates of Mr. Xu.

LETTER FROM THE BOARD

7. LISTING RULES IMPLICATIONS AND RECLASSIFICATION OF A NOTIFIABLE TRANSACTION

As at the Latest Practicable Date, Capybara Group is an indirect wholly owned subsidiary of the Company and Mr. Xu is the director of Capybara Group. Jiangsu Dongfang is directly and indirectly controlled by Mr. Xu. Therefore, Mr. Xu is a connected person of the Company and Jiangsu Dongfang is an associate of Mr. Xu. As such, the transactions contemplated under the Licence Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Licence Agreement is more than 25% but less than 100% on an annual basis, the Licence Agreement constitute continuing connected transaction of the Company and is subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The auditor has confirmed that the licence fees and royalty fees payable by the Group under the Licence Agreement are expense in nature and will be charged to the profit or loss of the Group as and when they are incurred, being the period in which the relevant sublicense income or sales revenue is recognised by the Group. No intangible asset will be recognised on the Group's consolidated statement of financial position in respect of the Licence Agreement.

In this regard, the Company wishes to clarify that, although one or more of the applicable percentage ratios in respect of the transaction contemplated under the Licence Agreement is more than 25% but less than 100%, the Licence Agreement does not constitute an acquisition. Accordingly, the Licence Agreement will not constitute a major transaction and will not be subject to the requirements under Chapter 14 of the Listing Rules.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form 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 the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 October 2026 to Tuesday, 20 October 2026 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose names appear on the register of members of the Company on Wednesday, 14 October 2026 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 October 2026.

9. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Licence Agreement and the Proposed Annual Caps; and (ii) the letter from the Independent Financial Adviser, set out on pages IFA-1 to IFA-46 of this circular which contains its advice to the Independent Board Committee and the independent Shareholders in this regard.

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser, considers that the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Cap have been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee has recommended the independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) therefore recommend the independent Shareholders to vote in favour of the Licence Agreement and the transaction contemplated thereunder, together with the Proposed Annual Caps.

LETTER FROM THE BOARD

10. FURTHER INFORMATION

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

By Order of the Board
Sino-Entertainment Technology Holdings Limited
Sui Jiaheng
Chairman and Executive Director



SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6933)

30 September 2026

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE LICENCE AGREEMENT**

We refer to the circular of the Company dated 30 September 2026 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider and advise the Independent Shareholders on whether, in our opinion, the terms of the Licence Agreement and the transactions contemplated thereunder, together with the Proposed Annual Caps are fair and reasonable, on normal commercial terms or better, 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 wish to draw your attention to (i) the letter from the Independent Financial Adviser containing details of the advice from the Independent Financial Adviser, together with the principal factors and reasons it has taken into consideration, as set out on pages IFA-1 to IFA-46 of the Circular; and (ii) the letter from the Board as set out on pages 4 to 24 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that: the Licence Agreement (including the Proposed Annual Caps) are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Licence Agreement and the Proposed Annual Caps.

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

He Chuan

Pang Xia

Deng Chunhua

Chen Nan

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2502, 25/F
Carpo Commercial Building
18–20 Lyndhurst Terrace
Central
Hong Kong

30 September 2026

*The Independent Board Committee of
Sino-Entertainment Technology Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECT TRANSACTION IN RELATION TO THE LICENCE AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Licence Agreement, continuing connected transactions and the Proposed Annual Caps as contemplated thereunder, details of which are set forth in the “Letter from the Board” (the “**Board Letter**”) contained in the circular issued by the Company to the Shareholders dated 30 September 2026 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the Company’s announcement dated 15 July 2026, Capybara Group, an indirect wholly owned subsidiary of the Company entered into the Licence Agreement with Jiangsu Dongfang, pursuant to which Jiangsu Dongfang has agreed to grant, and Capybara Group has agreed to obtain, the licence of the IP Rights for Commercial Use in the PRC from Completion to 31 December 2028 (or such other extended date as the parties may agree in writing).

As at the Latest Practicable Date, Capybara Group is an indirect wholly owned subsidiary of the Company and Mr. Xu is the director of Capybara Group. Jiangsu Dongfang is directly and indirectly controlled by Mr. Xu. Therefore, Mr. Xu is a connected person of the Company and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Jiangsu Dongfang is an associate of the Company. As such, the transaction contemplated under the Licence Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. He Chuan, Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan, has been established by the Company under the Listing Rules to advise the Independent Shareholders in respect of the Licencing Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. We, Donvex Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the transactions, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the transactions, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have reviewed, among others, (i) the announcement dated 15 July 2026 in relation to the transactions; (ii) the Licencing Agreement; (iii) other information provided by the Directors and/or the senior management of the Company (the “**Management**”); (iv) the opinions expressed by and the representations of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Directors and the Management; and (v) the latest published audited financial information of the Group, i.e. the annual report for the year ended 31 December 2025 (the “**2025 Annual Report**”) and the interim report for the six months ended 30 June 2026 (the “**2026 Interim Report**”); and (vi) the revenue projections prepared by the Management, including the client contracts in hand for the second half of 2026 and the client retention and new-client assumptions, supporting the derivation of the Proposed Annual Caps as set out in the section headed “The Proposed Annual Caps” below. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the Management in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, any counterparty to the transactions or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factor and reasons.

1. Background information of the parties to the Licence Agreement

1.1. Background information of the Group

The Group is an integrated game publisher and developer with a historical focus on mobile game publishing in Mainland China, while strategically expanding into blockchain technology-related businesses and overseas game markets.

1.2. Historical financial performance and position of the Group

The following table sets out certain key consolidated financial information of the Group for the years ended 31 December 2024 and 2025 as extracted from the 2025 Annual Report, and for the six months ended 30 June 2025 and 2026 as extracted from the 2026 Interim Report:

	For the year ended		For the six month ended	
	31 December		30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Revenue				
Publishing of third parties games	30,513	14,709	9,200	7,228
Development and sales of games	14,151	—	—	2,358
Provision of digital services with blockchain technology	—	13,781	13,915	10,433
Total revenue	44,664	28,490	23,115	20,019
Cost of sales and services	(42,873)	(17,520)	(12,046)	(8,675)
Gross profit	1,791	10,970	11,069	11,344
Gross profit margin	4.0%	38.5%	47.9%	56.7%
Loss for the year	(29,068)	(29,371)	(1,756)	(2,492)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue

The Group's revenue for the year ended 31 December 2025 was approximately RMB28.5 million, representing a decrease of approximately RMB16.2 million, or approximately 36.2%, as compared to approximately RMB44.7 million for the year ended 31 December 2024. For the year ended 31 December 2025, the Group operated through two reportable segments, namely (i) the mobile game business, which recorded revenue of approximately RMB14.7 million (2024: approximately RMB44.7 million); and (ii) the blockchain technology business, which recorded revenue of approximately RMB13.8 million (2024: nil).

The mobile game business remained a principal revenue contributor, generating co-publishing revenue of approximately RMB14.7 million from the publishing of 14 third-party games during the year ended 31 December 2025 (2024: approximately RMB30.5 million from 24 third-party games). As disclosed in the annual report of the Company for the year ended 31 December 2025 (the “**Annual Report**”), the decline in revenue from this segment was a deliberate strategic choice by the Group, which adopted a more selective approach in choosing cooperative game projects so as to minimise potential losses arising from discrepancies between the expected and actual performance of published games. No revenue was generated from the development and sales of games during the year ended 31 December 2025 (2024: approximately RMB14.2 million), as the Group's self-developed games were at the product reserve and commercialisation matching stage without suitable sales arrangements in place during the year.

The decrease in revenue from the mobile game business was partially offset by the blockchain technology business, a new revenue stream of the Group comprising the development and sales of, and the provision of technical support for, SocialFi mobile applications powered by blockchain technology, which contributed revenue of approximately RMB13.8 million and recorded a positive segment result for the year ended 31 December 2025 (2024: nil).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB11.0 million for the year ended 31 December 2025, representing an increase of approximately RMB9.2 million, or approximately 512.5%, as compared to a gross profit of approximately RMB1.8 million for the year ended 31 December 2024. The Group's gross profit margin improved significantly from approximately 4.0% for the year ended 31 December 2024 to approximately 38.5% for the year ended 31 December 2025.

As disclosed in the Annual Report, the increase in gross profit and the improvement in gross profit margin were mainly attributable to the revenue contribution from the blockchain technology business during the year ended 31 December 2025, which carried a relatively higher margin and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

effectively offset the impact of the declining revenue from the mobile game segment, together with the Group's tightened operational cost controls. The substantial improvement in gross profit margin notwithstanding the decrease in overall revenue reflects the ongoing diversification of the Group's revenue structure and the shift in its revenue mix towards the higher-margin blockchain technology business.

Loss for the year

The Group's loss for the year amounted to approximately RMB29.4 million for the year ended 31 December 2025, representing a slight increase of approximately RMB0.3 million, or approximately 1.0%, as compared to approximately RMB29.1 million for the year ended 31 December 2024.

As disclosed in the Annual Report, the slight increase in loss was primarily attributable to the absence of a one-off net reversal of impairment losses under the expected credit loss model of approximately RMB26.9 million which had been recognised in the year ended 31 December 2024, as compared to a net impairment loss of approximately RMB0.3 million recognised for the year ended 31 December 2025. The impact was substantially mitigated by (i) the increase in gross profit of approximately RMB9.2 million, driven by the revenue contribution from the higher-margin blockchain technology business, which effectively offset the declining revenue from the mobile game segment; (ii) the decrease in administrative expenses from approximately RMB35.5 million for the year ended 31 December 2024 to approximately RMB22.0 million for the year ended 31 December 2025, mainly due to the decrease in share-based payment expenses; (iii) the decrease in staff costs from approximately RMB18.2 million to approximately RMB8.8 million over the same period; (iv) the decrease in research and development expenses from approximately RMB14.8 million to approximately RMB11.3 million; and (v) the reduction in impairment losses recognised in respect of intangible assets from approximately RMB7.3 million for the year ended 31 December 2024 to approximately RMB4.8 million for the year ended 31 December 2025. Accordingly, while the Group remained loss-making during the year ended 31 December 2025, the initial contribution from the blockchain technology business and the Group's tightened operational cost controls effectively contained the loss to a slight increase, partially offsetting the losses of the mobile game segment.

Six months ended 30 June 2026

The Group's revenue for the six months ended 30 June 2026 amounted to approximately RMB20.0 million, representing a decrease of approximately 13.4% as compared to approximately RMB23.1 million for the corresponding period in 2025, mainly attributable to the Group's continued phase-out of low-margin published games (revenue from the publishing of third-party games: approximately RMB7.2 million, down approximately 21.4%) and the timing of delivery

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

under the blockchain technology business (approximately RMB10.4 million, down approximately 25.0%), partially offset by the delivery of one customised software and game project (approximately RMB2.4 million).

Despite the decrease in revenue, gross profit increased slightly to approximately RMB11.3 million and the gross profit margin improved to approximately 56.7% (six months ended 30 June 2025: approximately 47.9%), reflecting the continued optimisation of the Group's earnings mix. The blockchain technology business remained profitable at the segment level, recording a positive segment result of approximately RMB3.0 million for the period.

The loss for the six months ended 30 June 2026 amounted to approximately RMB2.5 million, as compared to a loss of approximately RMB1.8 million for the corresponding period in 2025, with the increase in loss mainly attributable to a net impairment loss of approximately RMB2.5 million recognised under the expected credit loss model (six months ended 30 June 2025: net reversal of approximately RMB8.7 million), against the backdrop of an increase in trade and other receivables to approximately RMB71.7 million as at 30 June 2026 (31 December 2025: approximately RMB63.2 million). Administrative expenses increased to approximately RMB11.8 million (six months ended 30 June 2025: approximately RMB9.2 million), mainly due to legal and professional fees, while research and development expenses decreased significantly to approximately RMB1.5 million (six months ended 30 June 2025: approximately RMB12.0 million).

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated balance sheet set out in the 2025 Annual Report and 2026 Interim Report:

	As at 31 December		As at 30 June
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)
Total assets	100,549	93,725	98,708
Total liabilities	9,753	8,645	15,552
Net assets	90,796	85,080	83,155
Bank balances and cash	29,715	2,017	2,417

Total assets

The total assets of the Group amounted to approximately RMB93.7 million as at 31 December 2025, representing a decrease of approximately RMB6.8 million, or approximately 6.8%, as compared to approximately RMB100.5 million as at 31 December 2024. Such decrease was mainly attributable to the decrease in cash and cash equivalents of approximately RMB27.7

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

million, partially offset by (i) the increase in trade and other receivables from approximately RMB49.5 million as at 31 December 2024 to approximately RMB63.2 million as at 31 December 2025; and (ii) the increase in intangible assets from approximately RMB18.2 million to approximately RMB25.2 million over the same period, which was mainly due to the acquisition of the core source code and related intellectual properties of the SocialFi mobile application during the year ended 31 December 2025.

As at 30 June 2026, the total assets of the Group amounted to approximately RMB98.7 million, representing an increase of approximately RMB5.0 million, or approximately 5.3%, as compared to approximately RMB93.7 million as at 31 December 2025, mainly attributable to the increase in trade and other receivables to approximately RMB71.7 million as at 30 June 2026 (31 December 2025: approximately RMB63.2 million), partially offset by the decrease in intangible assets to approximately RMB21.3 million (31 December 2025: approximately RMB25.2 million).

Total liabilities

The total liabilities of the Group amounted to approximately RMB8.6 million as at 31 December 2025, representing a decrease of approximately RMB1.1 million, or approximately 11.4%, as compared to approximately RMB9.8 million as at 31 December 2024. The Group's liabilities comprised solely current liabilities, being trade and other payables of approximately RMB7.5 million (31 December 2024: approximately RMB6.2 million) and tax liabilities of approximately RMB1.2 million (31 December 2024: approximately RMB3.5 million). The Group did not have any bank borrowings as at 31 December 2025 and 31 December 2024.

As at 30 June 2026, the total liabilities of the Group amounted to approximately RMB15.6 million, representing an increase of approximately RMB6.9 million, or approximately 79.8%, as compared to approximately RMB8.6 million as at 31 December 2025, mainly attributable to the increase in trade and other payables to approximately RMB14.4 million as at 30 June 2026 (31 December 2025: approximately RMB7.5 million). The Group's liabilities as at 30 June 2026 comprised solely current liabilities, being trade and other payables and tax liabilities of approximately RMB1.2 million (31 December 2025: approximately RMB1.2 million), and the Group did not have any bank or other borrowings as at 30 June 2026.

Net assets

The net assets of the Group amounted to approximately RMB85.1 million as at 31 December 2025, representing a decrease of approximately RMB5.7 million, or approximately 6.3%, as compared to approximately RMB90.8 million as at 31 December 2024. Such decrease was mainly attributable to the loss for the year ended 31 December 2025 of approximately RMB29.4 million, partially offset by the increase in non-controlling interests following the capital contribution by the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

non-controlling shareholder of a non-wholly owned subsidiary of the Company by way of injection of the core source code and related intellectual properties of the SocialFi mobile application during the year ended 31 December 2025.

As at 30 June 2026, the net assets of the Group amounted to approximately RMB83.2 million, representing a decrease of approximately RMB1.9 million, or approximately 2.3%, as compared to approximately RMB85.1 million as at 31 December 2025, mainly attributable to the loss for the period, partially offset by equity-settled share-based payment transactions.

Cash and cash equivalents

The Group's cash and cash equivalents amounted to approximately RMB2.0 million as at 31 December 2025, representing a significant decrease from approximately RMB29.7 million as at 31 December 2024. Such decrease was mainly attributable to the net cash used in operating activities of approximately RMB27.8 million for the year ended 31 December 2025. Notwithstanding that the Group maintained a net assets position with no bank borrowings and a gearing ratio, calculated on the basis of total debts divided by total equity (being the basis adopted in the 2026 Interim Report), of approximately 8.78% as at 31 December 2025 (31 December 2024: approximately 6.8%), the Group remained loss-making and its cash position had tightened considerably during the year ended 31 December 2025.

As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB2.4 million (31 December 2025: approximately RMB2.0 million). Although the Group recorded net cash from operating activities of approximately RMB1.3 million for the six months ended 30 June 2026 (six months ended 30 June 2025: net cash used in operating activities of approximately RMB19.2 million), its cash position remained tight, with no bank or other borrowings as at 30 June 2026 and a gearing ratio, calculated as total debts divided by total equity (being the basis adopted in the 2026 Interim Report), of approximately 17.3% as at 30 June 2026 (31 December 2025: approximately 8.78%).

1.3. Background information of Capybara Group

Capybara Group is an indirect wholly owned subsidiary of the Company. Mr. Xu is a director of Capybara Group. It is a company incorporated in Hong Kong on 27 October 2025 and has not commenced business as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.4. Background information of Jiangsu Dongfang

Jiangsu Dongfang is a company established in the PRC and is principally engaged in literary and artistic creation, as well as the sale of toys, animation and entertainment products. It is the IP rights owner of the Character.

Jiangsu Dongfang is beneficially owned as to 70% by Wuxi Electric Whale Interactive Technology Co., Ltd.* (無錫電鯨互動科技有限公司) (“**Wuxi Electric Whale**”) and 30% by Jiangsu Xiaopai Intelligent Technology Co., Ltd.* (江蘇小拍智能科技有限公司) (“**Jiangsu Xiaopai**”).

Wuxi Electric Whale is owned as to (i) approximately 37.26% by Mr. Xu; (ii) approximately 19.33% by Wuxi Jinpai Consulting Management Services Partnership (Limited Partnership)* (無錫金拍諮詢管理服務合夥企業(有限合夥)), in which Mr. Xu holds approximately 5.20% as a limited partner; (iii) approximately 10.49% by Jiangsu Zouquan Jinmao New Materials Venture Capital Partnership (Limited Partnership)* (江蘇趵泉金茂新材料創業投資合夥企業(有限合夥)); (iv) approximately 3.87% by Wuxi Zipai Enterprise Management Services Partnership (Limited Partnership)* (無錫紫拍企業管理服務合夥企業(有限合夥)), in which Mr. Xu holds approximately 25% as a limited partner; and (v) the remaining shares owned by 10 shareholders each holds less than 6.5% equity interest of Electric Whale.

Jiangsu Xiaopai is owned as to 95% by Mr. Xu and the remaining 5% of Ye Chenxi (葉晨曦).

As a result, Jiangsu Dongfang is directly and indirectly controlled by Mr. Xu whereby Wuxi Electric Whale and Jiangsu Xiaopai are associates of Mr. Xu.

2. Reasons for and benefits of the Licence Agreement

The Group is principally engaged in mobile game publishing as well as development and sale of customised software and mobile games and blockchain technology business. In light of the increasingly competitive landscape of the gaming industry and changes in the regulatory environment, the Board has decided to integrate into the IP-based trendy brand segment as a new growth driver of the Group, including but not limited to IP of mobile game character and/or other industry segments by leveraging the licensed IP Assets relating to the Character.

The IP Assets will be closely integrated with the Group’s core mobile game publishing and development businesses. As a starting point, the Company intends to incorporate the Character into its existing or upcoming mobile games for distribution in the PRC. Priority will be given to the development of casual games that align with the characteristics of the Character, such as simulation management, puzzle-solving, social cultivation and merge-elimination games. Further,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the image of the Character will be combined with gameplay and storyline elements in graphic and video materials for advertising placements and social media content operations. This initial integration is expected to enhance player engagement, improve user retention, and generate cross-promotional synergies. Positive market feedback from the game integration should strengthen brand awareness and lay the foundation for broader commercial exploitation across physical and digital products, including toys, figures, blind boxes, plush products, branded merchandise, content development, and other initiatives.

Following the integration of the Character into the Group's mobile gaming business, the enlarged game portfolio is expected to generate revenue through in-app purchases made by players within the games, including the purchase of limited-edition appearances of the Character, the redemption of additional in-game coins, the collection of illustrated guides, monthly cards, seasonal cards and other similar items. Concurrently, activities will be launched within the games in collaboration with Capybara Group through in-game physical product sales or the unlocking and claiming of rewards upon completion of mission objectives. The Company will conduct quarterly reviews to facilitate dynamic resource allocation.

The development cycle from project initiation to the completion of testing and commercial launch is expected to take approximately three months. The Company expects that casual mobile games aligning with the characteristics of the Character will be launched in the fourth quarter of 2026.

This allows the Group to utilise its gaming expertise as a foundation for IP commercialisation, supported by Jiangsu Dongfang's services in design, supply chain, and marketing. The Directors consider this strategy will create synergies, reduce market entry risks, and contribute to the long-term growth of the Group.

The Character under the Licence Agreement is a proven and well-established IP with existing brand recognition and market acceptance. Mr. Xu is the creator of the Character, who also created other cartoon characters. In anticipation of entering into the Licence Agreement, the Group in June 2026 acquired several companies which include Capybara Group (together, the "**New Companies**") with company names similar to the Character and another cartoon character. Mr. Xu is the ultimate beneficial owner of the New Companies and procured the vendors of the New Companies (who are Independent Third Parties who held the interests of the New Companies on trust for Mr. Xu) to transfer the entire equity interest of the New Companies to the Group. The New Companies were used to secure the IP of the names of cartoon characters and have not commenced business at the time of the acquisitions. The Group acquired the New Companies at cost in the sum of US\$20,000 representing the nominal paid-up capital. The Directors consider entering into the Licence Agreement will enable the Group to leverage the established IP portfolio and enter the growing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

market of IP-driven consumer products. It is expected to shorten the commercialization cycle and reduce market entry risk of IP business for the Group. The Company also consider cooperation with other IP rights of mobile game character if suitable targets are identified.

Over the years, the Group has established extensive engagement with upstream suppliers, including art and animation studios, software development tool suppliers, and raw material suppliers for merchandise; as well as downstream clients and partners, including digital platform operators, retailers and distributors of consumer products, e-commerce platforms, brand owners for co-marketing campaigns, and licensing agents. These established relationships provide a strong foundation for the new IP-based trendy brand segment. The collaboration with Mr. Xu, the creator of the Character, is expected to attract further opportunities with other creators and owners of pre-existing characters, thereby facilitating additional brand collaborations, licensing deals, and merchandising contracts.

Business model

Following the development and launch of mobile games integrated with the Character, the Company intends to retain full ownership and continue the ongoing development, operation, updating and optimisation of such games, rather than disposing of, transferring or selling them to third parties upon completion. By maintaining continuous operational oversight, the Group will be able to regularly introduce new content, features and IP-themed events aligned with the Character, respond promptly to player feedback, refine monetisation strategies and extend the commercial lifecycle of the games. Such sustained involvement is expected to maximise the long-term value of the integrated IP Assets, strengthen user loyalty and generate recurring revenue through ongoing in-app purchases, advertising and related activities.

The business model focuses on commercialising the licensed IP Assets through a combination of digital and physical products, leveraging the Group's existing gaming capabilities and the established brand recognition of the Character. Revenue will primarily be generated from product sales, brand collaborations, content licensing, and sublicensing arrangements, with payments to Jiangsu Dongfang (or other the licensors collaborated with the Group in the future) in the form of licence fees (equivalent to 20% of sublicense income) and royalty fees (ranging from 35% to 50% of relevant sales revenue).

Key processes and products

The key product under the Licence Agreement centres on the integration of the Character into the Group's mobile games. The Company intends to develop and launch casual mobile games incorporating the Character as the primary digital offering and the core of its initial commercialisation strategy. These games are expected to serve as the principal platform for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

engaging players, generating in-app revenue, enhancing user retention and building brand awareness of the Character, thereby establishing a solid foundation for subsequent expansion into physical and other related products.

The key processes and products derived from the Character following the launch of games encompass the manufacturing, development and sales of trendy toys, figures, blind boxes, plush products and other merchandise; brand collaborations and marketing; content development (including animations, short videos and comics); and offline experiential initiatives featuring the Character. As a starting point, the Company intends to integrate the Character into the Group's mobile games for distribution in the PRC, which will serve as a foundation for broader commercial use. The production of physical merchandise will be outsourced to independent third-party manufacturers, which is in line with the industry practice of the trendy toy sector, while the Group will manage product design (subject to review by Jiangsu Dongfang under the Licence Agreement), selection of manufacturers, quality control standards and procurement planning.

Roles of the Group and Jiangsu Dongfang

The Group acts as the operator and commercialiser of the IP Assets, and is responsible for the overall commercialisation strategy and day-to-day management and coordination of operations, including the integration of the Character into the Group's mobile games for distribution in the PRC and a broader range of operational functions, including product design (subject to review by Jiangsu Dongfang), manufacturing, quality control, warehousing and distribution channel management and after-sales services, whilst the physical logistics and transportation services are provided by, and at the cost of, Jiangsu Dongfang as part of the integrated support services under the Licence Agreement. The Group bears the principal business risks of the segment, including inventory backlog, product defects and quality control risks.

The Group will add value by leveraging its expertise in game development and digital content creation to deliver engaging IP experiences. This includes comprehensive end-to-end management and coordination covering product design (subject to review by Jiangsu Dongfang), quality control, warehousing and distribution channel management, marketing, and after-sales services, whilst the physical logistics and transportation services are provided by Jiangsu Dongfang under the integrated support services arrangement. The Group will also drive cross-promotion between its core gaming business and the new IP products to enhance brand visibility and create operational synergies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Creativity and operational capabilities

The Group is an integrated game publisher and developer, and maintains regular research and development activities in respect of its self-developed games. The Group possesses capabilities in game development and publishing operations, digital content creation and user engagement strategies, with a total workforce of 22 employees as at 31 December 2025 as disclosed in the Company's 2025 annual report. In particular, the Group has prior experience as a licensee of intellectual property, having licensed fiction and animation copyrights from copyright owners for the development, publication and operation of mobile games, and is therefore familiar with the operation and commercialisation of licensed IP. These capabilities and experience can be directly applied to the adaptation and integration of the Character into mobile games for distribution in the PRC as the initial phase of commercialization, as well as to content development under the Licence Agreement.

The production of physical merchandise will be outsourced to independent third-party manufacturers, which is in line with the asset-light industry practice of the IP-based trendy brand segment, such that no production facility is required to be owned by the Group.

(ii) Commercial capabilities

The Group's extensive network of upstream and downstream partners in the gaming and consumer products sectors provides the channel foundation for the distribution and marketing of IP-based products.

The Group is also actively in negotiations with owners of other more established characters in the market for potential collaboration to expand its IP portfolio for Commercial Use. As at the date of this announcement, none of these discussions have been finalised.

In addition, pursuant to the Licence Agreement, Jiangsu Dongfang will provide integrated support services, including product design, supply chain coordination, quality control management, marketing support and logistics, as well as ongoing maintenance, protection and enforcement of the IP Assets and continuous content development. Such comprehensive support is expected to enhance operational efficiency and facilitate the Group's expansion into the new business segment.

In view of the above, the Directors are of the view that the terms of the Licence Agreement are fair and reasonable, on normal commercial terms, and that the entering into of the Licence Agreement is in the interests of the Company and its shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our view

In arriving at our view and recommendation set out below, we have undertaken, among others, the following work:

- (i) Reviewed the Licence Agreement;
- (ii) Held discussions with the Directors and senior management of the Group regarding the business rationale for the transactions, the pricing methodology adopted by the Board, the basis for the 20% licence fee and the 35% to 50% royalty fee range, and the Group's future business plans and revenue projections;
- (iii) Reviewed the Group's internal price comparison methodology and the results of the comparative quotation exercise conducted by the Group for both IP licensing and product manufacturing arrangements;
- (iv) Reviewed industry research reports published by Frost & Sullivan and the China Business Industry Research Institute regarding the size, growth pattern and pricing benchmarks of the PRC trendy toy and IP licensing markets;
- (v) reviewed details of Jiangsu Dongfang's existing licensing and product supply arrangements with Independent Third Parties, including the fee structures, scope of support services provided, and profitability margins achieved;
- (vi) reviewed the cost breakdown provided by Jiangsu Dongfang in respect of the embedded logistics, procurement and production-related costs borne by it under the all-inclusive royalty fee arrangement;
- (vii) reviewed the Group's projected revenue, cost structure and profit margin analysis for both the IP Licensing Business and the IP Product Business prepared by the Management;
- (viii) reviewed the basis for the Proposed Annual Caps, including the client pipeline, retention rate assumptions, revenue projections and the shift from a part-year operational period to a full 12-month cycle; and
- (ix) reviewed and assessed the adequacy of the Group's internal control procedures for monitoring the continuing connected transactions and ensuring ongoing compliance with the pricing policy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed and considered the reasons for, and the benefits of, the entering into of the Licence Agreement as set out in the letter from the Board and the supplemental announcement dated 3 August 2026.

(i) Need for business diversification and strategic rationale

The Group's mobile game publishing business has been facing increasing competition and shrinking margins in the PRC. The Group's revenue fell from approximately RMB44.7 million in 2024 to approximately RMB28.5 million in 2025, and the Group was loss-making in both years. In these circumstances, we consider it commercially prudent for the Group to diversify its revenue streams. The Group has already commenced such diversification, as evidenced by its blockchain technology business which contributed revenue of approximately RMB13.8 million in its first year of operation in 2025. Entering into the Licence Agreement to develop the IP-based consumer products business is consistent with this strategic direction.

Given the Group's tightened liquidity and loss-making status, a revenue-sharing model as opposed to a large fixed upfront payment is commercially appropriate. The 20% licence fee and 35% to 50% royalty fee are both variable costs tied to actual revenue generation. This structure preserves the Group's limited working capital and aligns the licensor's economic interest with the Group's commercial success. We consider this pricing structure to be reasonable because it allows the Group to enter a new market segment without incurring substantial fixed IP development or supply chain infrastructure costs, which would otherwise place significant strain on its cash reserves.

We have reviewed the 2025 Annual Report and discussed the Group's strategic rationale and cash flow constraints with the Management in arriving at this view.

(ii) Use of an established IP

The Character is an established IP with existing brand recognition and market acceptance in the PRC. Licensing an established IP allows the Group to commence the new business with a shorter commercialisation cycle and lower market entry risk, as compared to developing a new IP independently, which would require substantial upfront investment in content creation, marketing and brand building with no certainty of market acceptance.

The 20% licence fee is reasonable because it reflects the value of an IP that has already achieved an established market presence, thereby reducing the Group's initial marketing expenditure and customer acquisition costs. The premium embedded in the 35% to 50% product royalty (as compared to pure IP licensing rates) is commercially justifiable because the Group is leveraging an established brand that already commands consumer recognition, which mitigates

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

inventory and sales risk. We consider our view to be reasonable because the Group is effectively securing the value of an established brand; without such established IP, the Group would need to invest heavily in brand development with uncertain returns. The fee percentages therefore represent a fair exchange for the accelerated market access and reduced commercial risk.

In arriving at this view, we have reviewed market data on the Character's brand recognition, assessed the commercial risks of independent IP development versus licensing, and evaluated whether the fee structure adequately reflects the value of the established IP.

(iii) Comprehensive support services from the licensor

Under the Licence Agreement, Jiangsu Dongfang will provide integrated support services including product design, supply chain coordination, quality control management, marketing support and logistics. As the Group is new to the IP-driven consumer products market, we consider that such support will enhance the Group's operational efficiency and facilitate its market entry. We note that the support services are provided as part of the licensing arrangement and are not subject to additional consideration, which we consider to be commercially advantageous to the Group.

This factor directly supports the reasonableness of the 35% to 50% royalty fee. The royalty is not a pure IP licence fee; it is an all-inclusive fee that incorporates logistics costs, estimated at approximately 5% to 8% of product sales revenue, and certain procurement and production-related costs, estimated at approximately 10% to 15% of product sales revenue, that Jiangsu Dongfang bears on behalf of the Group. The 5% to 8% logistics estimate is based on: (i) the disclosed transportation and logistics expenses of Pop Mart International Group Limited ("**Pop Mart**") (9992.HK) of approximately RMB2,040 million for the year ended 31 December 2025, representing approximately 5.5% of its revenue of approximately RMB37,120 million (2024: approximately 4.2%), noting that Pop Mart's disclosed figure excludes warehousing costs and that all-in logistics and warehousing costs for a direct-operated and e-commerce trendy toy business would be expected to be higher; (ii) Frost & Sullivan industry research indicating that logistics, warehousing and fulfilment costs typically account for approximately 5% to 10% of gross sales revenue for PRC trendy toy and IP merchandise participants, depending on scale, product categories and channel mix; and (iii) the cost breakdown provided by Jiangsu Dongfang and reviewed by us in respect of its product supply arrangements with Independent Third Parties, which shows a weighted-average logistics and transportation cost of approximately 5% to 8% of product sales revenue, varying by product category and distribution channel. The 10% to 15% procurement and production-related estimate covers supply chain coordination and supplier management, sampling and prototyping, quality control management and materials procurement support, and is derived from the cost breakdowns provided by Jiangsu Dongfang for comparable product supply arrangements with Independent Third Parties, which we have reviewed. As a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consistency check, after deducting both embedded cost components, Jiangsu Dongfang retains a gross profit margin of approximately 55% on its product supply business, consistent with the margin achieved in its arrangements with Independent Third Parties.

After deducting these embedded costs, the effective net royalty rate retained by Jiangsu Dongfang is as follows:

	The lower band of 35%	Median 42.5%	The upper band of 50%
Royalty band	35.0%	42.5%	50.0%
Less: logistics	5.0%	6.5%	8.0%
Less: procurement and production-related costs	10.0%	12.5%	15.5%
Net royalty retained by Jiangsu Dongfang	20.0%	23.5%	27.0%

The net royalty rate is therefore approximately 20% to 27% across the product range. This falls within Jiangsu Dongfang's pure royalty range of 20% to 40% in its arrangements with Independent Third Parties, and within the 10% to 30% industry benchmark for pure IP licensing.

The effective net royalty rate is the basis on which the all-inclusive royalty is compared with market benchmarks. Because the 35% to 50% royalty combines the IP rights with integrated support services, it cannot be compared directly with pure IP licensing benchmarks, being the 10% to 30% industry range and Jiangsu Dongfang's pure royalty range of 20% to 40% with Independent Third Parties. After deducting the embedded logistics and procurement and production-related costs, the resulting net rate of approximately 20% to 27% can be compared directly with those benchmarks. It falls within both ranges, and Jiangsu Dongfang retains a comparable gross margin of approximately 55% across its connected and independent arrangements. This shows that the royalty does not transfer economic value to the connected person beyond what an Independent Third Party would receive for equivalent rights and services, and accordingly supports that the 35% to 50% royalty is on normal commercial terms or better. The net rate also provides the benchmark against which the Group's quotations from at least two Independent Third Parties are assessed under its internal control procedures.

In arriving at this view, we have reviewed the scope of support services under the Licence Agreement and the cost breakdown provided by Jiangsu Dongfang in respect of the embedded logistics and procurement costs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) Lower investment burden on the Group

Jiangsu Dongfang will be responsible for the ongoing maintenance, protection and enforcement of the IP Assets, as well as continuous content development. This arrangement means the Group does not need to make substantial upfront or ongoing investment in IP development, legal protection and enforcement. This is particularly relevant to the Group given that its cash and cash equivalents had decreased significantly to approximately RMB2.4 million as at 30 June 2026 (31 December 2025: RMB2.0 million), and the Group had no bank borrowings as at that date. The preservation of the Group's limited cash resources for operational working capital, rather than IP development expenditure, is commercially prudent in the circumstances.

The 20% licence fee and 35% to 50% royalty fee are reasonable because they convert what would otherwise be significant fixed capital and operating expenditures (IP creation, legal enforcement, supply chain setup) into variable costs. For a loss-making group with minimal cash reserves, this cost structure avoids the risk of capital tied up in a new segment before it generates sustainable returns. We consider our view to be reasonable because if the Group were required to pay a lower percentage but simultaneously bear separate costs for IP maintenance, logistics and procurement, its net cash outflow and operational risk would likely be higher. The current pricing policy therefore represents normal commercial terms or better for a group in the Group's financial position.

In arriving at this view, we have reviewed the Group's consolidated balance sheet and cash flow statement for the year ended 31 December 2025 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2026 and discussed working capital requirements with the Management.

(v) Room for further expansion and flexibility

The Licence Agreement provides that the Group may explore cooperation in respect of other IP rights of mobile game characters if suitable targets are identified. This gives the Group flexibility to expand its IP portfolio in the future without being restricted to a single character. We consider that such flexibility enhances the strategic value of the Licence Agreement to the Group.

The 20% licence fee and 35% to 50% royalty fee are reasonable because they establish a pricing benchmark and commercial template for future IP collaborations. The terms are not excessively burdensome for a pilot arrangement, and the framework structure allows the Group to assess the viability of the IP-based business before committing to a broader portfolio. We consider our view to be reasonable because the fee percentages are set at levels that would remain

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

commercially viable if applied to additional IPs, and the flexibility clause demonstrates that the arrangement is intended as a platform for growth rather than a restrictive, one-off connected transaction.

In arriving at this view, we have discussed with the Board its plans for expanding the IP portfolio and reviewed the terms of the Licence Agreement concerning future IP cooperation.

(vi) Pricing terms and Proposed Annual Caps

(a) IP Licensing Business — Licence Fees (20%)

Under the Licence Agreement, where Capybara Group and/or its controlled entities grant sublicences to Independent Third Parties for the commercial use of the IP Assets, a licence fee equivalent to 20% of all sublicense income received by Capybara Group and/or its controlled entities shall be payable to Jiangsu Dongfang.

The 20% rate sits at approximately the mid-point of the industry benchmark range of 10% to 30% for revenue-sharing arrangements between IP owners and operators in the IP licensing sector. It is not at the lower end because the licence covers an established character with existing brand equity in the PRC, and the Group benefits from the immediate commercial recognition of the IP. It is not at the higher end because the Group, as the commercialising party, bears the principal business development, marketing and sublicensing risks. The rate is also consistent with the revenue-sharing components observed in Jiangsu Dongfang's mixed fee structure arrangements with Independent Third Parties, where a pure revenue share (without a fixed fee) would naturally command a higher percentage to compensate for the absence of upfront guaranteed income. The Group has confirmed to us that the proposed 20% licence fee has been determined with reference to the results of its comparative quotation exercise with at least two Independent Third Parties for comparable IP rights.

We have reviewed the proposed price comparison methodology prepared by the Group, the results of the quotation comparison exercise, the industry research reports, and Jiangsu Dongfang's third-party licensing arrangements, and have assessed whether the 20% rate provides the Group with sufficient margin to cover its business development and marketing costs while generating a positive net profit margin.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) IP Product Business — Royalty Fees (35%–50%)

Where Cappybara Group and/or its controlled entities directly manufacture, develop and sell products featuring the Character (whether by themselves or through third parties), a product royalty ranging from 35% to 50% of the relevant sales revenue shall be payable to Jiangsu Dongfang, depending on product type.

We consider the 35% to 50% royalty fee to be commercially reasonable. While this range exceeds the pure IP licensing industry benchmark of 10% to 30% on a gross basis, it is commercially reasonable when analysed on a net, all-inclusive basis. The royalty is not a pure IP fee; it combines integrated support services including product design, supply chain coordination, quality control management, marketing support and logistics. Based on the cost breakdown provided by Jiangsu Dongfang, logistics costs embedded in the royalty are estimated at approximately 5% to 8% of product sales revenue, and procurement and production-related costs borne by Jiangsu Dongfang are estimated at approximately 10% to 15% of product sales revenue.

As set out in paragraph (iii) above, after deducting these embedded costs, the effective net royalty rate retained by Jiangsu Dongfang is approximately 20% to 27%, which falls within Jiangsu Dongfang's pure royalty range of 20% to 40% in its arrangements with Independent Third Parties and supports the commercial reasonableness of the all-inclusive fee.

Furthermore, Jiangsu Dongfang has represented that its product supply business achieves a gross profit margin of approximately **55%** after deducting these embedded costs, which is consistent with its arrangements with Independent Third Parties and confirms that the pricing does not discriminate against the Group. The 35% to 50% range also provides flexibility by product type: lower percentages apply to products requiring less operational support, and higher percentages apply to complex products where Jiangsu Dongfang's supply chain and logistics involvement is more extensive.

In addition to the embedded cost structure described above, the 35% to 50% royalty fee is commercially reasonable when viewed against the value-added activities and principal business risks undertaken by the Group in the IP Product Business. Under the Licence Agreement, the Group acts as the operator and commercialiser of the IP Assets, and is responsible for the overall commercialisation strategy and day-to-day operations. This includes integrating the Character into the Group's mobile games for distribution in the PRC, managing product design which is subject to review by Jiangsu Dongfang, selecting independent third-party manufacturers, establishing quality control standards, managing warehousing and distribution channel arrangements, executing marketing campaigns, and providing after-sales services, whilst the physical logistics and transportation services are provided by, and at the cost of, Jiangsu Dongfang and are embedded in the 35% to 50% royalty fee. The Group also leverages its existing expertise in game development

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and digital content creation to deliver engaging IP experiences, and drives cross-promotion between its core gaming business and the new IP-based products to enhance brand visibility and create operational synergies.

These activities represent substantial operational contributions by the Group that extend beyond passive IP exploitation. Concurrently, the Group bears the principal business risks of the segment, including inventory backlog, product defects and quality control risks. The 35% to 50% royalty fee, while appearing high on a gross basis, leaves the Group with a projected gross profit margin of approximately 5% to 20% after deducting the royalty and its own operational costs. We consider this return to be commercially acceptable given the Group's active role in product commercialisation, its assumption of inventory and market risks, and the strategic value of establishing a foothold in the IP-driven consumer products market.

We have also reviewed the publicly disclosed financial information of Pop Mart International Group Limited ("**Pop Mart**") (9992.HK) as a comparable company engaged in the design, production and sale of trendy toys and IP-based products in the PRC. Pop Mart operates a business model that encompasses direct-operated stores, e-commerce platforms and overseas distribution, which is comparable to the Group's proposed IP Product Business in terms of IP-driven product commercialisation, multi-channel distribution and end-to-end supply chain requirements. Based on our review of Pop Mart's annual report for the year ended 31 December 2025, it disclosed transportation and logistics expenses of approximately RMB2,040 million under the "expenses by nature" classification in the notes to the consolidated financial statements, representing approximately 5.5% of its revenue of approximately RMB37,120 million for the year. For the year ended 31 December 2024, its transportation and logistics expenses represented approximately 4.2% of revenue. We note that Pop Mart's disclosed transportation and logistics expenses primarily reflect cross-border and domestic transportation and delivery costs, and do not include warehousing costs which are typically embedded in other line items (such as short-term lease expenses or fulfilment centre operating costs). Accordingly, the all-in logistics and warehousing costs for a trendy toy business with a direct-operated and e-commerce model would be expected to be somewhat higher than the 5.5% pure transportation figure.

In addition, according to the industry research report published by Frost & Sullivan regarding the supply chain cost structure of the PRC trendy toy and IP merchandise industry, logistics, warehousing and fulfillment costs typically account for approximately 5% to 10% of gross sales revenue for market participants, depending on the scale of operations, product categories (e.g., blind boxes, plush products, figures) and distribution channel mix (e.g., e-commerce platforms, offline retail, wholesale).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account (i) Pop Mart's 5.5% transportation and logistics cost-to-revenue ratio (with all-in costs expected to be higher when warehousing is included); (ii) the industry research data indicating that logistics, warehousing and fulfillment costs for trendy toy and IP merchandise participants typically range from 5% to 10% of gross sales revenue; and (iii) the fact that the Group's proposed IP Product Business will operate through a direct product manufacturing and sales model (both online and offline) with integrated logistics support provided by Jiangsu Dongfang, which is more comparable to Pop Mart's direct-operated model than to franchise-based retail models where suppliers bear the head-haul logistics burden, we consider Jiangsu Dongfang's estimate that logistics costs represent approximately 5% to 8% of product sales revenue to be reasonable and consistent with observable market data. After deducting this embedded logistics cost component, the effective net royalty rate retained by Jiangsu Dongfang remains within a commercially acceptable range as compared to pure IP licensing arrangements with Independent Third Parties. We have reviewed the cost breakdown and margin data provided by Jiangsu Dongfang, analysed the effective net royalty rate, compared the all-inclusive fee structure against Jiangsu Dongfang's unbundled third-party arrangements, reviewed the Group's comparative quotation exercise, and assessed the commercial impact of the fee range on the Group's projected profit margins in formulating this view.

(c) Proposed Annual Caps

We note that the Proposed Annual Caps represent the maximum aggregate amounts payable under the Licence Agreement across both the IP Licensing Business and the IP Product Business, and are not indicative of the actual amounts expected to be paid. We have reviewed the basis for the Proposed Annual Caps as set out in the section headed "The Proposed Annual Caps" below, including (i) the scale of the PRC trendy toy market; (ii) the client pipeline, comprising approximately 50 clients for the second half of 2026 (of which approximately 36 have licensing arrangements and approximately 35 have product collaboration arrangements in hand, with approximately 21 clients having entered into both), together with additional potential clients at various stages of negotiation; (iii) the assumption of an 85% client retention rate (representing the mid-to-high range of the industry average of 75% to 90% for proven and well-established IP assets, as discussed in the section headed "The Proposed Annual Caps" below) and the addition of approximately 20 new clients in aggregate across per year for each of the IP Licensing Business and the IP Product Business; and (iv) the transition from a partial year of operations (approximately 2 to 3 months from expected Completion) in 2026 to a full 12-month cycle in 2027 and 2028. We further note that the same retention rate assumption has been applied to both the IP Licensing Business and the IP Product Business, given that the clients of both businesses enter into co-branding and licensing arrangements of a similar nature in respect of the same established IP, and we consider this approach appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The caps are calculated by applying the reviewed pricing terms (20% licence fee and 42.5% median royalty fee) to the projected revenue bases, the detailed derivation of which is set out in the section headed “The Proposed Annual Caps below. The resulting caps provide reasonable headroom for potential growth without committing the Group to excessive fixed payment obligations. We consider these assumptions to be reasonable for a business at the Group’s early stage of development, and the Proposed Annual Caps provide a mechanism for monitoring and controlling the Group’s exposure under the Licence Agreement.

We have reviewed the client pipeline documentation, revenue projections, retention rate assumptions, and the mathematical derivation of the caps, and have assessed whether the caps are proportionate to the projected scale of operations under the agreed fee percentages.

(vii) Internal control measures

The Group has adopted internal control procedures to ensure that the transactions under the Licence Agreement are conducted on normal commercial terms or better and do not exceed the Proposed Annual Caps. These measures include obtaining comparative quotations from at least two Independent Third Parties, regular monitoring and reporting to the Board, annual review by the independent non-executive Directors and auditors, and strict monitoring of the Proposed Annual Caps.

These controls provide ongoing assurance that the 20% licence fee and 35% to 50% royalty fee remain fair and reasonable. The independent price comparison mechanism ensures that the Group periodically benchmarks these rates against the market. The profitability analysis mechanism ensures that the Group’s profit margins on connected transactions are not lower than those with Independent Third Parties. The annual review by INEDs and auditors provides an extra safeguard of independent validation. We consider our view to be reasonable because these controls are particularly critical given the Group’s limited cash reserves; they ensure that the connected transactions do not erode the Group’s financial position and that any deviation from market terms is promptly identified and corrected.

We have reviewed the Group’s internal control procedures document, assessed the adequacy of the price comparison, profitability monitoring and cap escalation mechanisms, and confirmed that these procedures are consistent with the requirements of Chapter 14A of the Listing Rules.

(viii) Comparable pricing analysis and industry benchmarking

In arriving at the views set out in this section, we have reviewed industry research reports published by Frost & Sullivan and the China Business Industry Research Institute regarding the size, growth trajectory and pricing benchmarks of the PRC trendy toy and IP licensing markets;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

reviewed details of Jiangsu Dongfang's existing licensing and product supply arrangements with Independent Third Parties, including the fee structures, scope of support services provided, and profitability margins achieved; reviewed the cost breakdown provided by Jiangsu Dongfang in respect of the embedded logistics, procurement and production-related costs borne by it under the all-inclusive royalty fee arrangement; reviewed the Group's projected revenue, cost structure and profit margin analysis for both the IP Licensing Business and the IP Product Business prepared by the Management; and reviewed the consolidated financial statements of Pop Mart as a comparable listed company.

(a) Industry Benchmarks

(i) IP Licensing Business — Licence Fees

According to the industry research report published by Frost & Sullivan and the China Business Industry Research Institute (中商產業研究院), the PRC trendy toy market is expected to reach approximately RMB110.1 billion in 2026, representing a year-on-year growth of approximately 25.5%. The IP toy segment constitutes the core of this market, with the PRC IP toy market size projected to grow from RMB40.3 billion in 2023 to RMB91.1 billion by 2028, at a compound annual growth rate of approximately 17.02%. Against this backdrop, IP licensing has become a critical revenue driver for market participants.

In the IP licensing sector, revenue sharing arrangements between IP rights owners and licensees or operators typically vary depending on the nature of the IP, the scope of authorisation, the commercial maturity of the brand, and the extent of operational support provided by the licensor. Based on the market data reviewed by us, the industry benchmark range for IP licence fees, being revenue sharing ratios between IP owners and operators, typically falls between 10% and 30% of sublicense income. The 20% licence fee payable by the Group under the Licence Agreement falls squarely within this industry benchmark range and sits at approximately the mid-point thereof. This is consistent with the Group's representation that the rate was determined with reference to prevailing industry practice. We have reviewed the aforementioned industry research reports and independently verified that the 20% rate sits within the published benchmark range.

(ii) IP Product Business — Royalty Fees

For IP product royalties in respect of direct product manufacturing and sales, the industry benchmark for pure IP licensing arrangements (where the licensor grants only the IP rights and does not provide operational support) typically ranges from 10% to 30% of product sales revenue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Jiangsu Dongfang's arrangements with Independent Third Parties for product manufacturing and sales show a pure royalty range of 20% to 40% of sales revenue, depending on brand strength, exclusivity and product category.

The 35% to 50% product royalty under the Licence Agreement exceeds the pure-licensing range on a gross basis. However, we have taken into account that under the Licence Agreement, Jiangsu Dongfang provides integrated support services including product design, supply chain coordination, quality control management, marketing support and logistics in respect of IP Product Business. The product royalty is therefore inclusive of logistics costs, which are estimated at approximately 5% to 8% of product revenue, and certain procurement and production-related costs borne by Jiangsu Dongfang, which are estimated at approximately 10% to 15% of product revenue.

As set out in the section headed "Comprehensive support services from the licensor" above, after deducting these embedded costs, the effective net royalty rate retained by Jiangsu Dongfang is approximately 20% to 27%, which falls within Jiangsu Dongfang's pure royalty range of 20% to 40% in its arrangements with Independent Third Parties.

Furthermore, Jiangsu Dongfang has represented that its product supply business achieves a gross profit margin of approximately 55% after deducting the logistics, procurement and production costs embedded in the royalty fee. This margin profile is consistent with the product supply arrangements entered into by Jiangsu Dongfang with Independent Third Parties and supports the commercial reasonableness of the 35% to 50% all-inclusive fee arrangement.

As discussed in the section headed "Our view" above, we have also reviewed the publicly disclosed financial information of Pop Mart, which disclosed transportation and logistics expenses of approximately 5.5% of revenue for the year ended 31 December 2025. Together with the industry research data indicating that logistics, warehousing and fulfillment costs for trendy toy participants typically range from 5% to 10% of gross sales revenue, this supports Jiangsu Dongfang's estimate that logistics costs represent approximately 5% to 8% of product sales revenue. We have reviewed the industry research data on pure IP licensing fee ranges and have analysed the gross-to-net royalty reconciliation prepared by Jiangsu Dongfang to determine whether the effective net royalty rate, after deducting embedded logistics and procurement costs, is comparable to independent market rates.

We further note that the 35% to 50% range is consistent with arrangements where the licensee undertakes comprehensive operational responsibilities in product commercialisation, including design oversight, manufacturing coordination, channel management and marketing execution, as is the case with the Group's proposed IP Product Business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Comparable Transactions by Jiangsu Dongfang with Independent Third Parties

(i) IP Licensing Business

The arrangements entered into by Jiangsu Dongfang with Independent Third Parties from 2025 to the Latest Practicable Date show a wide range of pricing structures, including fixed fee only, fixed fee plus revenue share, and pure revenue sharing. Fixed fees range from approximately RMB200,000 to RMB2.1 million. Where revenue sharing is used, the percentage is typically between 3% and 6% of sales revenue.

We consider the Group's 20% licence fee to be consistent with these comparable transactions for the following reasons:

- the third-party arrangements with lower revenue-sharing percentages (3% to 6%) typically involve substantial fixed fees or cover less commercially mature brands.
- The Group's arrangement involves no fixed fee, which is commercially advantageous given its cash constraints.
- In a mixed fee structure where no fixed fee is payable, a higher pure revenue share is necessary to compensate the licensor for the absence of guaranteed upfront income.
- When normalised against the total consideration (fixed plus variable) in Jiangsu Dongfang's mixed structures, the Group's 20% pure revenue share is economically comparable.

Taking into account of the above, we consider that the Group's 20% licence fee in respect of the IP Licensing Business is consistent with the revenue sharing range seen in the mixed fee structures of Jiangsu Dongfang's comparable transactions with Independent Third Parties. We have reviewed the terms of Jiangsu Dongfang's existing licensing arrangements with Independent Third Parties, compared the fee structures and brand maturity profiles, and normalised the mixed fee arrangements to assess comparability with the Group's 20% pure revenue share.

(ii) IP Product Business

In respect of product manufacturing and sales arrangements, Jiangsu Dongfang's comparable transactions with Independent Third Parties involve product royalties or service fees that reflect the operational support provided. Where Jiangsu Dongfang provides logistics, procurement and production coordination services to Independent Third Parties under product arrangements, the total consideration (comprising pure royalty plus separately charged logistics and service fees) is

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

broadly equivalent to the 35% to 50% all-inclusive rate under the Licence Agreement on a net basis. Jiangsu Dongfang has confirmed that it achieves a gross profit margin of approximately 55% on its product supply business with Independent Third Parties after deducting logistics, procurement and production costs, which is comparable to the margin profile expected under the Licence Agreement.

The 35% to 50% product royalty is therefore reasonable given that Jiangsu Dongfang is providing product design, supply chain support, quality control, marketing support and logistics under the Licence Agreement in respect of the IP Product Business. These are services that the Group would otherwise have to pay for separately. We consider that the product royalty, viewed as an all-inclusive fee covering both IP rights and operational support, is consistent with the pricing structures seen in Jiangsu Dongfang's other transactions with Independent Third Parties where comprehensive support services are provided. We have reviewed Jiangsu Dongfang's product supply agreements with Independent Third Parties, compared the total economic consideration under bundled and unbundled scenarios, and verified the consistency of Jiangsu Dongfang's margin data.

(c) Profitability Analysis and Cost Structure Comparison

(i) IP Licensing Business (20% licence fee)

Under the Licence Agreement, the Group will pay a licence fee of 20% of its sublicense income to Jiangsu Dongfang. The Group will also incur business development expenses and marketing and promotion expenses in connection with the IP licensing business. After deducting these costs, the Group expects to retain a healthy gross profit margin. After further deducting a standard allocation of management overheads, the Group expects the IP licensing business to generate a positive net profit margin.

We consider these projected margins to be reasonable for an IP licensing arrangement because the 20% licence fee leaves sufficient revenue to cover the Group's operational costs and generate a return. The rate is not so high as to erode the viability of the sublicensing business. For a low-capital, asset-light licensing model, a 20% revenue share to the IP owner is a standard industry practice that allows the licensee/operator to retain the majority of the economic value it creates through its commercialisation efforts. We have reviewed the Group's revenue and cost projections for the IP Licensing Business, assessed the reasonableness of the assumed margins, and confirmed that the 20% licence fee is compatible with a commercially viable sublicensing operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) IP Product Business (35%–50% royalty, inclusive of logistics costs)

Under the Licence Agreement, the Group will pay a product royalty of 35% to 50% of product sales revenue to Jiangsu Dongfang. This royalty is charged under an all-inclusive fee arrangement which covers logistics costs (estimated at approximately 5% to 8% of product sales revenue) and certain procurement and production-related costs (estimated at approximately 10% to 15% of product sales revenue) that Jiangsu Dongfang bears on behalf of the Group. The Group will also incur product production costs (estimated at approximately 22% of product sales revenue), channel and platform fees (estimated at approximately 10% of product sales revenue), sales personnel costs (estimated at approximately 8% of product sales revenue), and marketing and promotion expenses (estimated at approximately 5% of product sales revenue) in connection with the sale and distribution of the products. After deducting these costs, the Group expects to retain a gross profit margin of approximately 5% to 20%, reflecting the higher operational complexity and risk profile of product manufacturing and sales. After further deducting a standard allocation of management overheads (estimated at approximately 5% of product sales revenue), the net profit margin for the product business may, in certain scenarios, be minimal or close to break even in the early stages.

We consider this to be acceptable and the 35% to 50% royalty to be reasonable for the following reasons:

- The Group is entering a new market segment and does not yet have established supply chains, distribution channels or brand recognition in the physical product sector. Low or break-even initial margins are not uncommon for new market entrants.
- The all-inclusive nature of the royalty means the Group avoids the significant fixed costs and capital expenditure required to build its own logistics and procurement infrastructure.
- The fee structure is variable; the Group only pays the royalty when it generates sales revenue, which preserves cash during the ramp-up phase.
- The Group's projected gross margin of 5% to 20%, while modest, is positive in most scenarios, indicating that the 35% to 50% royalty does not render the product business loss-making at the gross profit level.

We note that the IP licensing business is expected to generate a healthy gross and net profit margin, which we consider indicative of a commercially viable licensing arrangement. The IP product business is expected to generate a lower but still positive gross profit margin in most scenarios, with the possibility of minimal profit or breakeven in certain early-stage scenarios. This

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

is not uncommon for new market entrants and we consider it commercially acceptable given the Group's strategic objective of establishing a foothold in the IP-driven consumer products market. We have reviewed the Group's product business financial model, analysed the cost structure assumptions, tested the sensitivity of gross and net margins to the 35% and 50% royalty end-points, and considered the projected margins are acceptable for an early-stage market entrant.

(d) Comparison with Jiangsu Dongfang's Profitability on Independent Third Party Transactions

Jiangsu Dongfang has represented that its overall IP licensing business achieves a high gross profit margin and a healthy net profit margin, after deducting IP design and creation costs, intellectual property protection expenses, and brand promotion costs. In respect of the product supply business, Jiangsu Dongfang achieves a moderate gross profit margin after deducting logistics, procurement and production costs.

We have compared the Group's projected margins with those of Jiangsu Dongfang's arrangements with Independent Third Parties. The Group's projected profit margins in the IP licensing business are within the range observed in Jiangsu Dongfang's other licensing arrangements. The Group's projected margins in the product business are lower, which is consistent with the commercial realities of entering a new market segment where the Group does not yet have established supply chains, distribution channels or brand recognition. The 20% fixed licence fee provides the Group with revenue certainty, while the 35% to 50% product royalty (inclusive of logistics and certain procurement and production-related costs) relieves the Group of the need to invest in supply chain infrastructure at a time when its cash and cash equivalents are limited.

We consider that the margin differential between the Group and Jiangsu Dongfang's independent third parties is attributable to the Group's new entrant status and operational scale, not to excessive pricing. If the fee percentages were the primary cause of margin compression, we would expect the Group's projected margins to be lower than those of independent third parties even after accounting for the Group's lack of scale; however, the licensing margins are comparable, and the product margin differential is explained by the Group's early-stage cost structure. We have reviewed Jiangsu Dongfang's margin data for both its licensing and product supply businesses with Independent Third Parties, compared such margins against the Group's projections on a line-by-line basis where possible, and assessed whether any material margin differential is attributable to pricing or to operational scale and maturity.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(e) Conclusion on Pricing Fairness

Taking into account (i) the industry benchmarks for IP licensing fees; (ii) the comparable transactions entered into by Jiangsu Dongfang with Independent Third Parties; (iii) the Group's projected cost structure and profit margins; (iv) the comprehensive support services provided by Jiangsu Dongfang under the Licence Agreement; (v) the Group's internal control and ongoing price monitoring mechanisms and (vi) our review of industry reports, comparable transactions, cost breakdowns, margin analyses, the Group's financial projections, internal control procedures, and the financial disclosures of comparable listed companies including Pop Mart, we are of the view that:

1. in respect of the IP Licensing Business, the 20% licence fee is within the industry benchmark range of 10% to 30% and is consistent with comparable transactions;
2. in respect of the IP Product Business, the 35% to 50% product royalty, while above the pure licensing range, is commercially reasonable when account is taken of the embedded logistics (approximately 5% to 8% of product sales revenue), procurement and production-related costs (approximately 10% to 15% of product sales revenue) and comprehensive supply chain support services provided by Jiangsu Dongfang under the all-inclusive fee arrangement, resulting in an effective net royalty rate of approximately 20% to 27% (approximately 23.5% at the 42.5% median applied for the Proposed Annual Caps) that falls within Jiangsu Dongfang's pure royalty range of 20% to 40% with Independent Third Parties and within the 10% to 30% industry benchmark for pure IP licensing on a net basis;
3. the Group's projected profit margins in respect of each of the IP Licensing Business and the IP Product Business are sufficient to cover its operational costs and provide a reasonable return, particularly in the IP Licensing Business, and are acceptable in the product business given the early-stage nature of the operations;
4. the pricing terms for each of the IP Licensing Business and the IP Product Business are no less favourable than those available from Independent Third Parties for comparable IP assets and services;
5. following Completion, the Group will implement an independent price comparison mechanism by obtaining and comparing with quotations from at least two Independent Third Parties for comparable IP licensing and product manufacturing arrangements on a periodic basis, and the pricing terms under the Licence Agreement are no less favourable than those expected to be quoted by such Independent Third Parties based on the Group's comparative quotation exercise;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our conclusion is based on the totality of the work described in this section and the preceding sections of our letter, including our review of industry reports, comparable transactions, cost breakdowns, margin analyses, the Group's financial projections, and internal control procedures. We have independently assessed each factor and considered their cumulative effect on the overall fairness and reasonableness of the pricing terms.

Accordingly, we consider that the pricing policy and the consideration payable under the Licence Agreement are on normal commercial terms or better, and are fair and reasonable so far as the Independent Shareholders are concerned.

Based on the above, we concur with the view of the Directors that the entering into of the Licence Agreement is in the interests of the Company and the Shareholders as a whole. We consider that the Licence Agreement is commercially justifiable, having regard to the Group's strategic need to diversify its revenue streams, the established nature of the IP, the comprehensive support services provided by the licensor, the lower investment burden on the Group, and the flexibility for future expansion. The terms of the Licence Agreement, including the pricing policy and the Proposed Annual Caps, are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Historical Transaction Record

According to the Management, prior to the entering into of the Licence Agreement on 15 July 2026, there is no historical transaction between Capybara Group and Jiangsu Dongfang in respect of licence fees or royalty fees, as the transactions contemplated under the Licence Agreement represent a new business arrangement between the parties. Accordingly, no historical transaction amounts of the Group are available as a direct reference for assessing the fairness and reasonableness of the pricing terms under the Licence Agreement. In this regard, we have assessed the fairness and reasonableness of the pricing terms by reference to, among others, (i) the industry benchmarks for IP licensing fees and product royalties; (ii) the comparable transactions entered into by Jiangsu Dongfang with Independent Third Parties; (iii) the cost breakdown and margin analysis in respect of the embedded logistics and procurement and production-related costs; and (iv) the Group's comparative quotation exercise with at least two Independent Third Parties, each as set out in the section headed "Comparable pricing analysis and industry benchmarking" above. We consider that the foregoing provide sufficient bases for our assessment notwithstanding the absence of historical transaction amounts between the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The Licence Agreement

On 15 July 2026 (after trading hours), Capybara Group and Jiangsu Dongfang entered into the Licence Agreement, pursuant to which Jiangsu Dongfang has agreed to grant, and Capybara Group has agreed to obtain, the licence of the IP Assets for Commercial Use in the PRC from completion to 31 December 2028 (or such other extended date as the parties may agree in writing).

4.1. *Principal terms of the Licence Agreement*

The principal terms of the Licence Agreement are summarised as follows;

Date:	15 July 2026
Term:	from completion up to 31 December 2028 (or such other extended date as the parties may agree in writing)
Parties:	(1) Capybara Group, an indirect wholly owned subsidiary of the Company; and (2) Jiangsu Dongfang, an associate of a connected person
Scope:	Pursuant to the Licence Agreement, Jiangsu Dongfang grants the following exclusive licence of the intellectual property rights relating to the IP Assets to the Company and its subsidiaries for use in commercial activities or business (the “ Commercial Use ”) in the PRC, including but not limited to: (1) the manufacturing, development and sales of, among others, toys, figures, blind box and plush products; (2) brand collaboration and marketing; (3) content development, including but not limited to comics, animations, short series, videos, TV series and other content for broadcasting and publication; (4) offline experiences, including but not limited to theme parks, exhibitions, restaurants, hotels and retail shops;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (5) use and application on social media platforms and mobile applications; and
- (6) commercial partnership, including but not limited to corporate gifts, member benefits, points redemption and promotional giveaways.

Pricing policy:

Pursuant to the terms of the Licence Agreement, consideration payable shall be determined on an arm's length basis in the following manners:

- (1) Licence fees: Capybara Group and/or its controlled entities shall pay Jiangsu Dongfang a fixed licence fee equivalent to 20% of all sublicense income received by Capybara Group and/or its controlled entities from activities conducted under the Commercial Use;

In determining the licence fees under the Licence Agreement, the Board has taken into account prevailing industry benchmarks in the IP licensing sector, where revenue sharing ratios between IP owners and operators typically range from 10% to 30%;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (2) Royalty fees: the 35% to 50% royalty fee is structured as an all-inclusive fee and is not directly comparable to the industry benchmark range of 10% to 30%, which relates to pure IP licensing arrangements where the licensor grants only the IP rights without operational support. Of the 35% to 50% royalty fee, approximately 5% to 8% of product sales revenue represents logistics costs and approximately 10% to 15% represents procurement and production-related costs, in each case borne by Jiangsu Dongfang on behalf of the Group. After deducting such embedded costs, the effective net royalty rate retained by Jiangsu Dongfang is approximately 20% to 27% across the product range, which falls within the upper end of the range of its pure royalty arrangements with Independent Third Parties (being 20% to 40% of sales revenue) and within the 10% to 30% industry benchmark for pure IP licensing. Jiangsu Dongfang has further represented that its product supply business achieves a gross profit margin of approximately 55% after deducting the embedded costs, consistent with the margin profile of its arrangements with Independent Third Parties, confirming that the pricing does not discriminate against the Group. The estimated logistics component of approximately 5% to 8% is supported by market data, including Pop Mart's disclosed transportation and logistics expenses of approximately 5.5% of revenue for the year ended 31 December 2025, and the Frost & Sullivan industry research indicating that logistics, warehousing and fulfillment costs typically range from 5% to 10% of gross sales revenue.

In determining the royalty fee under the Licence Agreement, the Board has taken into account the following factors:

- (i) the typical sharing ratios between IP owners and operators, which generally range from 10% to 30%. Having regard to the support services provided by Jiangsu Dongfang in the areas of design, supply chain and marketing, and noting that the agreed royalty ratio already includes the logistics costs to be borne by Jiangsu Dongfang (representing approximately 5% to 8% of product revenue), Capybara Group will not be required to bear any additional logistics costs;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the more extensive operational responsibilities assumed by the Group as compared with pure licensing arrangements. The Group is responsible for the overall commercialisation strategy and the management and coordination of a broader range of operational functions, including product design (subject to review by Jiangsu Dongfang), selection of independent third-party manufacturers, establishment of quality control standards, warehousing and distribution channel management, marketing execution and after-sales services. Whilst the Group manages and coordinates the foregoing functions, the physical logistics and transportation services in respect of the products are provided by, and the corresponding costs borne by, Jiangsu Dongfang as part of the integrated support services under the Licence Agreement. Such logistics costs, representing approximately 5% to 8% of product revenue, are embedded in the 35% to 50% royalty fee, and Capybara Group will not be required to bear any additional logistics costs;
- (iii) the 10% to 15% procurement and production-related estimate covers supply chain coordination and supplier management, sampling and prototyping, quality control management and materials procurement support, and is derived from the cost breakdowns provided by Jiangsu Dongfang for comparable product supply arrangements with Independent Third Parties, which was reviewed by the Board;
- (iv) without such established IP, the Group would need to invest heavily in brand development with uncertainties associated with the product business, including inventory backlog, product defects and quality control risks are less than traditional model; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) after deducting both embedded cost components, Jiangsu Dongfang retains a gross profit margin of approximately 55% on its product supply business, consistent with the margin achieved in its arrangements with Independent Third Parties.
- (3) Integrated support services: Pursuant to the Licence Agreement, Jiangsu Dongfang will provide integrated support services, including product design, supply chain coordination, quality control management, marketing support and logistics, as well as ongoing maintenance, protection and enforcement of the IP Assets and continuous content development. Such support services are provided as part of the licensing arrangement and are not subject to additional consideration separate from the licence fees and royalty fees payable thereunder. The costs of such support services in respect of the IP Product Business are embedded in the 35% to 50% product royalty fee, which is structured as an all-inclusive fee.

Such fees are determined on arm's length basis based on the abovementioned factors and shall be on terms that are normal commercial terms or better to the Group.

The fees payable by Capybara Group to Jiangsu Dongfang for the Commercial Use of the IP Rights shall be separately agreed under the specific transaction agreements or orders to be entered.

Conditions precedent: Completion of the Licence Agreement is conditional upon the Company having obtained the independent Shareholders' approval in the EGM approving the Licence Agreement and the transaction contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Special arrangement in adaptation and derivative works:

Where Capybara Group and/or its controlled entities carry out any adaptation or secondary creation of the IP Assets (including but not limited to the creation of adapted character images, new derivative products and short-form videos), Capybara Group and/or its controlled entities shall, within a specified period after completion of the initial draft of such adapted content, submit the same to Jiangsu Dongfang for review.

Jiangsu Dongfang shall have the right to propose reasonable amendments to such adapted content.

5. The Proposed Annual Caps

The following table sets out the Proposed Annual Caps in respect of the licensing the IP Rights during the term of the Licence Agreement:

	From Completion to 31 December 2026 RMB'000	For the year ending 31 December 2027 RMB'000	For the year ending 31 December 2028 RMB'000
The Proposed Annual Caps including			
licence fees and royalty fees	22,000	28,290	28,290
— Licence fees	2,500	4,000	4,000
— Royalty fees	19,600	24,290	24,290

With reference to the Letter from the Board, the Proposed Annual Caps the Proposed Annual Caps represent the aggregate of (i) the maximum licence fees expected to be payable under the IP Licensing Business and (ii) the maximum royalty fees expected to be payable under the IP Product Business. The Proposed Annual Caps were determined with reference to the following basis:

(i) Scale of the PRC trendy toy market

The PRC trendy toy market is expected to reach approximately RMB110.1 billion in 2026, according to industry research published by Frost & Sullivan and the China Business Industry Research Institute. The IP toy segment constitutes the core of this market, with the PRC IP toy market size projected to grow from RMB40.3 billion in 2023 to RMB91.1 billion by 2028, at a compound annual growth rate of approximately 17.02%. Against this backdrop, both IP

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

sublicensing and IP product manufacturing and sales are expected to provide significant market opportunities. The Group's projected revenue under the Licence Agreement represents a minimal share of this market, providing substantial headroom for growth.

(ii) Basis for Licence Fees — IP Licensing Business

The Proposed Annual Caps for licence fees are determined based on the projected sublicense income from the IP Licensing Business, calculated at 20% of all sublicense income received by Capybara Group.

For the period from Completion to 31 December 2026, being a partial year of approximately 2 to 3 months, the projection is based on the fixed licence fees under the approximately 36 clients with licensing arrangements in hand for the second half of 2026. For 2027 and 2028, the projections assume a client retention rate of 85% (representing the mid-to-high range of the industry average renewal rate of 80% to 90%) with approximately 20 new licensing clients added each year. On this basis, the projected sublicense income is approximately RMB12.1 million for the period from Completion to 31 December 2026 and approximately RMB20.0 million for each of 2027 and 2028, the latter comprising approximately RMB15.6 million (the sublicense income from the 2026 clients after applying the 85% retention assumption) and approximately RMB4.4 million expected from the new clients. The licence fees payable at 20% thereof are approximately RMB4.0 million, which do not exceed the licence fee sub-caps.

Basis for the 85% client retention rate assumption: We have reviewed the basis for the Group's assumption of an 85% client retention rate. We have reviewed third-party industry research data, the overall IP licensing market records an average contract renewal rate of approximately 57.8%; however, this overall average is depressed by a significant volume of short-term, flash or traffic-driven limited-time collaborations that do not represent sustainable commercial partnerships. For proven, mature and continuously operated IP assets with verified commercial conversion (such as the Character, which is a proven and well-established IP with existing brand recognition and a track record of commercial success), the renewal rate for co-branding and licensing arrangements typically falls within the range of 75% to 90%. The Group's adopted assumption of 85% therefore sits at the mid-to-high end of the mature head-tier IP range and is considered reasonable for an established IP of the Character's calibre. This is further corroborated by the China Toy and Juvenile Products Association (中國玩協) industry white paper on brand authorization development, which notes that collaborations involving head-tier IP tend to migrate towards medium-to-long-term engagements, as distinguished from short-term one-off collaborations that tend to lower the overall market average. We have reviewed the aforementioned industry data (including publicly available research published by 中廣協文創與IP專委會 and 博研諮詢) and consider the 85% retention rate assumption to be reasonable for the purposes of the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Proposed Annual Caps of RMB2.5 million, RMB4.0 million and RMB4.0 million reflect the expected client base expansion and the transition from partial-year to full-year operations.

In addition, the Group is actively in negotiations with owners of other more established characters in the market for potential collaboration to expand its IP portfolio for Commercial Use. As at the date of this circular, none of these discussions have been materialised. The Board is of the view that the successful conclusion of any such negotiations would provide additional sublicensing opportunities and revenue streams, thereby enhancing the growth potential of the IP Licensing Business and supporting the sustainability of the Proposed Annual Caps.

(iii) Basis for Royalty Fees — IP Product Business

The Proposed Annual Caps for royalty fees are determined based on the projected sales revenue from the IP Product Business, calculated at 42.5% (being the median of the 35% to 50% range) of the relevant sales revenue. The 42.5% rate represents the median of the 35% to 50% range under the all-inclusive fee arrangement, which covers logistics costs and certain procurement and production-related costs borne by Jiangsu Dongfang on behalf of the Group, as more particularly described in the section headed “Our view” above.

For the period from Completion to 31 December 2026, the projection is based on the approximately 35 clients with product collaboration arrangements in hand for the second half of 2026. For 2027 and 2028, the projections assume a client retention rate of 85% (the same client retention rate assumption of 85% as discussed above) with approximately 20 new product collaboration clients added each year in aggregate across the IP Licensing Business and the IP Product Business, given that the same clients may enter into both licensing and product collaboration arrangements in respect of the Character.

The Proposed Annual Caps provide reasonable headroom to accommodate revenue volatility associated with product sales cycles and market acceptance risks during the early-stage ramp-up.

(iv) Maturation of client negotiations and revenue growth

The Proposed Annual Caps for licence fees and royalty fees are calculated by applying the pricing terms reviewed by us (being a licence fee of 20% of sublicense income and a royalty fee of 42.5%, being the median of the 35% to 50% range, which we consider to be on normal commercial terms or better as discussed in the section headed “Our view” above) to the projected revenue bases described in paragraphs (ii) and (iii) above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Proposed Annual Cap for the period from Completion to 31 December 2026 of RMB22.0 million is based on the aggregate projected licence fees and royalty fees referred to above, covering only a partial year of operations (approximately 2 to 3 months from expected Completion).

The Proposed Annual Cap for 2027 of RMB28.3 million represents an increase of approximately RMB6.3 million, or 28.6%, from the annual cap for 2026 of RMB22.0 million. The annual cap for 2026 covers only a partial year of operations, while the annual cap for 2027 covers a full 12-month period.

The Proposed Annual Cap for 2027 reflects the progress of Capybara Group's negotiations with potential clients and the expected growth of the IP licensing and IP product business as operations ramp up to a 12-month period. As at the Latest Practicable Date, Capybara Group's overall client pipeline comprises over 50 potential clients across various sectors, including approximately 15 confirmed clients with whom Capybara Group has reached advanced stages of negotiation, as well as 33 new clients that are currently being followed up and additional prospects at preliminary stages of discussion. Contracts with confirmed clients are expected to be signed following approval of the continuing connected transaction at the EGM. The annual cap for 2027 provides headroom to account for the expected conversion of these negotiations into binding agreements and the resulting growth in licensing and product revenue.

The Proposed Annual Cap for 2028 is maintained at the same level as 2027, reflecting the Board's current assessment of the sustainable scale of the business following the initial ramp-up period.

(v) Detailed derivation of the Proposed Annual Caps

Management's projections are based on (i) the existing client base of approximately 50 clients for the second half of 2026, comprising approximately 36 clients with licensing arrangements and approximately 35 clients with product collaboration arrangements in hand, with approximately 21 clients having entered into both types of arrangements; and (ii) for 2027 and 2028, the retention of 85% of existing client revenue and the addition of approximately 20 new clients each year, in each case as described in paragraphs (ii) and (iii) above. The derivation is summarised as follows:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Period/year	Maximum		Maximum	
	aggregate		aggregate product	
	sublicense income	Licence fee cap	sales revenue	Royalty fee cap
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Completion to	12,500	2,500	46,118	19,600
31 December 2026		(12,500 x 20%)		(46,118 x 42.5%)
For the year ended	20,000	4,000	57,153	24,290
31 December 2027		(20,000 x 20%)		(57,153 x 42.5%)
For the year ended	20,000	4,000	57,153	24,290
31 December 2028		(20,000 x 20%)		(57,153 x 42.5%)

For the period from Completion to 31 December 2026, being a partial year of approximately 2 to 3 months, the projected sublicense income and product sales revenue are based on the client contracts in hand for the second half of 2026. For 2027, the projections are calculated separately for each business line:

- (a) projected sublicense income of approximately RMB19.9 million, comprising (i) approximately RMB15.6 million, being 85% of the licence fee income of approximately RMB18.3 million from the 2026 clients for the full year 2026 (including clients acquired in the first half of 2026, whose licence arrangements are expected to continue under the Licence Agreement); and (ii) approximately RMB4.3 million, the expected licence fee income from the approximately 20 new clients; and
- (b) projected product sales revenue of approximately RMB56.5 million, comprising (i) approximately RMB45.9 million, being 85% of the product-related revenue of approximately RMB54.0 million from the 2026 clients for the full year 2026, on the same basis; and (ii) approximately RMB10.6 million, the expected product-related revenue from the new clients.

The same methodology is applied for 2028. The implied maximum aggregate sublicense income of RMB20.0 million and the implied maximum aggregate product sales revenue of RMB57.2 million shown in the table above represent the maximum revenue bases which the Proposed Annual Caps would support at the pricing terms of 20% and 42.5%, respectively, whereas Management's projected sublicense income of approximately RMB19.9 million and projected product sales revenue of approximately RMB56.5 million represent Management's projections based on the assumptions described above. The minor differences of approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB0.1 million and RMB0.7 million between the implied maximum amounts and Management's projections arise from the rounding of the projections and the setting of the caps at rounded amounts, such that the caps would support Management's projected revenue bases with a small margin.

The step-up from the annual cap for 2026 to that for 2027 reflects the transition from a partial year of approximately 2 to 3 months from Completion to a full 12-month cycle, together with the expected conversion of client negotiations into binding agreements and the resulting growth in licensing and product revenue. The annual cap for 2028 is maintained at the same level as 2027, reflecting the Board's current assessment of the sustainable scale of the business following the initial ramp-up period. As the Proposed Annual Caps are maximum thresholds rather than forecasts, and Management's projections for 2028 remain below the implied maximum amounts shown in the table above, the Board considers it prudent to maintain the 2028 caps at the 2027 levels given that that business is still at an early stage of development. The Group monitors the transaction amounts under the Licence Agreement against the Proposed Annual Caps on a monthly basis, with an early-warning report to the Board at 80% utilisation, quarterly Board reporting and the annual review by the independent non-executive Directors and the auditors as described in the section headed "Internal Control Measures" above; any revision of the Proposed Annual Caps would be subject to compliance with the applicable requirements under Chapter 14A of the Listing Rules.

We have reviewed third-party industry research reports regarding IP licensing contract renewal rates, including data distinguishing between overall market averages (approximately 57.8%) and mature head-tier IP performance (75% to 90%). We have reviewed the China Toy and Juvenile Products Association's industry white paper and other publicly available industry interpretations regarding the trend towards medium-to-long-term engagements for head-tier IP.

The Board is of the view that the Proposed Annual Caps provide reasonable headroom for potential business growth across both the IP Licensing Business and the IP Product Business, and are in the interests of the Company and the Shareholders as a whole.

The Licence Agreement is for a fixed term ending on 31 December 2028 (or such other extended date as the parties may agree in writing). Upon expiration, the Company will conduct a comprehensive review of the market performance and popularity of the Character and the related IP-based products. The Group intends to continue the collaboration with Jiangsu Dongfang to extend the licensing of the Character where commercially available. The Group will negotiate in good faith with Jiangsu Dongfang for renewal or extension of the licence on terms that are fair and reasonable and in the interests of the Company and its Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Internal Control Measures

In order to ensure that the terms under the Licence Agreement are fair and reasonable, and the transaction are carried out based on normal or no less favorable commercial terms than those offered by Independent Third Parties, the Group has adopted the following internal control procedures:

(i) Market price comparison and quotation requirements

Following Completion, the Group shall implement an independent price comparison mechanism by obtaining and comparing with quotations from at least two other Independent Third Parties for equivalent or comparable intellectual property rights for licence, and/or comparable product manufacturing and distribution arrangements involving licensed IP characters, as applicable to the IP Licensing Business and the IP Product Business respectively. The Group will only enter into separate agreements for the licence of the IP Rights or the manufacture and distribution of IP products if the terms contemplated thereunder are no less favourable than the terms quoted by such two other Independent Third Parties.

The procurement department is responsible for collecting market data, obtaining written quotations from Independent Third Parties, and preparing price comparison analysis reports. The finance department is responsible for reviewing the financial reasonableness of the pricing proposals and conducting cost-benefit analysis. The legal department is responsible for reviewing the compliance of contractual terms.

(ii) Regular monitoring and reporting

The Group will monitor the implementation of the Licence Agreement on a regular basis, and report regularly to the Board and management of the Group. The procurement department shall update the IP licensing market information database every six months, including industry average licensing fee rates and trends, competitors' IP licensing strategies, and macroeconomic factors affecting the IP licensing market.

(iii) Annual review by independent non-executive Directors and auditors

The independent non-executive Directors and auditors of the Company will conduct an annual review of the transactions under the Licence Agreement and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the Licence Agreement and the Group's pricing policy measures, and to confirm whether the price and terms offered are fair and reasonable and comparable to those offered by Independent Third Parties. The finance department shall prepare an annual profit margin comparison report,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

comparing the gross profit margin and net profit margin of transactions with Jiangsu Dongfang against those with Independent Third Parties (if any) and industry average levels. If the profit margin variance exceeds 5 percentage points, detailed explanations are required.

(iv) Annual cap monitoring and escalation

The Group will conduct monthly reviews of the continuing connected transactions under the Licence Agreement to ensure that the aggregate annual amounts do not exceed the Proposed Annual Caps. In the event the Proposed Annual Caps are expected to be exceeded, the Board will consider whether to revise the Proposed Annual Caps and comply with the applicable Listing Rules accordingly. The finance department shall track transaction amounts on a monthly basis and report to the Board on a quarterly basis. If cumulative transaction amounts reach 80% of the Proposed Annual Caps, an early warning report shall be submitted to the Board for consideration of whether to initiate the cap revision procedure.

(v) Profitability analysis and pricing adjustment mechanism

The Group has adopted a profitability analysis mechanism to ensure that the profit margin levels of connected transactions are not lower than those of Independent Third Party transactions. Where the profit margin of connected transactions is lower than that of Independent Third Party transactions, the procurement department shall re-conduct market price comparison, the finance department shall re-calculate profit margins, and the revised pricing proposal shall be submitted to the independent non-executive Directors for approval.

(vi) Document retention

The Group shall maintain proper records of all pricing comparison analysis reports, procurement contracts, approval documents, payment vouchers and invoices, and supplier quotations for a period of not less than seven years.

The Board considers that the above internal control procedures adopted by the Group in connection with the transaction contemplated under the Licence Agreement are appropriate and sufficient, and will give sufficient assurance that the continuing connected transaction will be appropriately monitored by the Group.

7. Listing Rules Implication on Continuing Connected Transactions

As at the Latest Practicable Date, Capybara Group is an indirect wholly owned subsidiary of the Company and Mr. Xu is the director of Capybara Group. Jiangsu Dongfang is directly and indirectly controlled by Mr. Xu. Therefore, Mr. Xu is a connected person of the Company and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Jiangsu Dongfang is an associate of the Company. As such, the transaction contemplated under the Licence Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Licence Agreement is more than 25% but less than 100% on an annual basis, the Licence Agreement constitute continuing connected transaction of the Company and is subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the Licence Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders, to vote in favor of the ordinary resolution(s) to be proposed at the EGM to approve the Licence Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Sy Wai Shuen
Director

Ms. Sy Wai Shuen is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has over 22 years of experience in corporate finance advisory.

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

(i) Interests of Directors and Chief Executives

As at Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) 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 taken under such provisions of the SFO); or (b) as recorded in the register kept by the Company under section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules, were as follows:

(a) Long positions in the Shares of the Company

Name of Director	Class of Shares	Number of Shares	Nature of interest	Percentage of interest in the issued share capital of the Company
Mr. Sui Jiaheng (“ Mr. Sui ”) (Note 1)	Ordinary	125,900,000	Interest of controlled corporation	29.42%
Mr. Wang Donglei (Note 2)	Ordinary	64,990,000	Founder of a discretionary trust who can influence how the trustee exercises his discretion	15.18%

Note:

1. Mr. Sui is the chairman and executive Director of the Company. He is also a sole shareholder of Sun JH Holding Ltd. which holds 158,900,000 Shares. Therefore, Mr. Sui is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.
2. Mr. Wang Donglei is an executive Director. He is a beneficiary of The Wang 2026 Family Trust, which is a discretionary trust with Longma International Trust Limited as a trustee. As at the Latest Practicable Date, Longma International Trust Limited owns the entire share capital of Grainwynd Limited. Therefore, Mr. Wang Donglei was deemed to be interested in 64,990,000 Shares directly and beneficially held by Grainwynd Limited pursuant to the SFO.

(b) Long positions in the Company's associated corporations

Name of Director	Name of associated corporation	Class of shares	Nature of interest	Approximate percentage shareholding in the associated corporation
Mr. Sui	Luo Cheng Mulao Autonomous County Dinglian Technology Company Limited ("Dinglian Technology")	Ordinary	Beneficial interest	50.00% (Note 1)

Note:

1. Mr. Sui holds 50.00% of the equity interest of Dinglian Technology as part of the contractual arrangements to enable the Company to maintain and exercise control over Dinglian Technology.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Substantial Shareholders' Interests

As at the Latest Practicable Date, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of substantial Shareholder	Nature of interest	Number of shares interested	Percentage of interest in the issued share capital of the Company
Sun JH Holding Ltd. (<i>Note 3</i>)	Beneficial owner	125,900,000	29.42%
Li Wei (<i>Note 1</i>)	Interest of spouse	125,900,000	29.42%
Grainwynd Limited (<i>Note 2</i>)	Beneficial owner	64,990,000	15.18%
Longma International Trust Limited (<i>Note 4</i>)	Trustee	64,990,000	15.18%

Notes:

1. Ms. Li Wei is the spouse of Mr. Sui. By virtue of the SFO, Ms. Li Wei is deemed to be interested in the same number of Shares in which Mr. Sui is deemed to be interested. Mr. Sui is the sole shareholder of Sun JH Holding Ltd. Therefore, Mr. Sui is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO. Mr. Sui is a director of Sun JH Holding Ltd.
2. As at the Latest Practicable Date, Grainwynd Limited directly and beneficially held 64,990,000 Shares. Longma International Trust Limited owns the entire share capital of Grainwynd Limited. Therefore, Longma International Trust Limited was deemed to be interested in 64,990,000 Shares directly and beneficially held by Grainwynd Limited pursuant to the SFO.
3. Save for Mr. Sui as stated in Note 1 above, no other Director is the director or employee of Sun JH Holding Ltd.
4. Mr. Wang Donglei, an executive Director. He is a beneficiary of The Wang 2026 Family Trust, which is a discretionary trust with Longma International Trust Limited as a trustee. As at the Latest Practicable Date, Longma International Trust Limited owns the entire share capital of Grainwynd Limited. Therefore, Mr. Wang Donglei was deemed to be interested in 64,990,000 Shares directly and beneficially held by Grainwynd Limited pursuant to the SFO. Save for Mr. Wang Donglei, no other Director is associated with Longma International Trust Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register kept by the Company under section 336 of the SFO.

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interest in businesses which competes or was likely to compete, whether directly or indirectly, with the business of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

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

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTORS' SERVICE CONTRACT

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. QUALIFICATIONS OF EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given its opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital Limited	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, recommendation, opinion and/or references to its name in the form and context in which they are included;
- (ii) did not have any interest, direct or indirect, in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. GENERAL

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (ii) The Company's principal place of business in Hong Kong is at Unit No. 4811, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (iii) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The secretary of the Company is Mr. Tam Ka Lung. Mr. Tam Ka Lung graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration (Hons) Accounting degree. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (v) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENT ON DISPLAY

Copies of the following documents will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sinotecw.com>) for a period of 14 days from the date of this circular:

- (a) the Licence Agreement; and
- (b) the written consent of Donvex Capital Limited referred in the paragraph headed "8. Qualifications of Expert and Consent" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6933)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”) will be held at 3:30 p.m. on Tuesday, 20 October 2026 at Unit No. 4811, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the Licence Agreement (as defined and described in the circular to the shareholders of the Company dated 30 September 2026 (the “**Circular**”), a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps for the Licence Agreement in the amounts of RMB22,000,000, RMB28,290,000 and RMB28,290,000 for the period from completion until 31 December 2026 and each of two years ending 31 December 2027 and 2028, respectively, and the transactions contemplated thereunder be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary and expedient to implement and/or give effect to the Licence Agreement.”

By order of the Board of
Sino-Entertainment Technology Holdings Limited
Sui Jiaheng
Chairman and executive director

Hong Kong, 30 September 2026

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the accompanying form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's Hong Kong branch registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no less than 48 hours before the time for holding the EGM or adjourned EGM. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within 12 months from such date.
3. The register of members of the Company will be closed from Thursday, 15 October 2026 to Tuesday, 20 October 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for attending the EGM convened by the above notice, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 14 October 2026.
4. If tropical cyclone warning signal no. 8 or above is hoisted, “extreme condition” caused by super typhoons or a black rainstorm warning signal is in force at 3:00 p.m. on Tuesday, 20 October 2026, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, the executive Directors are Mr. Sui Jiaheng, Mr. Li Tao and Mr. Wang Donglei; the independent non-executive Directors are Ms. He Chuan, Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan.