Gram Capital Limited
嘉林資本有限公司

25 September 2026

To: The Independent Board Committee and the Disinterested Shareholders of Bilibili Inc.

Dear Sirs,

PROPOSED OFF-MARKET SHARE BUY-BACK

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Disinterested Shareholders in respect of the Concurrent Tencent Repurchase, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 25 September 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 4 September 2026 (after trading hours of the Stock Exchange), the Company announced that it is proposing to carry out the following transactions, (a) offerings by the Company of US$700 million in aggregate principal amount of convertible senior notes due 2031; (b) included in the aforesaid notes offerings, a subscription by Tencent (through its subsidiary) of US$200 million in aggregate principal amount of the notes on the same terms as other investors; (c) a secondary placement of Class Z Ordinary Shares comprising approximately US$400 million of existing Class Z Ordinary Shares held by Tencent (through its subsidiary) and certain shares borrowed from non-affiliate third parties, offered concurrently to the same category of investors and through the same bookbuilding process; and (d) share repurchases by the Company of (i) approximately US$100 million (as currently expected) of the borrowed shares to mitigate potential dilution upon conversion of the notes, and (ii) US$200 million of existing Class Z Ordinary Shares (including in the form of ADSs) from Tencent (through its subsidiaries), in each case at the clearing price of the above mentioned secondary placement. Later on the same day, the Company announced the pricing of the aforesaid transactions (collectively, the "**Announcements**").

On 4 September 2026, the Company and Tencent executed the Tencent Subscription and Repurchase Agreement, pursuant to which:

- Tencent (through its subsidiary, Huang River) has agreed to subscribe for US$200 million of principal amount of the Notes (i.e. the Tencent Notes Subscription); and

- The Company agreed to use US$200 million to repurchase a portion of the existing Class Z Ordinary Shares (including in the form of ADSs) held by Tencent through Huang River and Tencent Mobility (i.e. the Concurrent Tencent Repurchase) concurrently with the closing of the Tencent Notes Subscription.

The Tencent Subscription and Repurchase Agreement has taken effect on 4 September 2026 (Hong Kong time) (or 3 September 2026 (U.S. Eastern time)) (the "**Effective Date**"), being the date the Pricing Announcement was published.

On the Closing Date, the subscription price payable by Huang River to the Company, on the one hand, and the aggregate repurchase price payable by the Company to Huang River and Tencent Mobility, on the other hand, shall be satisfied and discharged by set-off against each other.

With reference to the Board Letter, the Concurrent Tencent Repurchase constitutes an off-market share buy-back under the Buybacks Code. The Company has applied for, and the Executive has granted, the approval of the Concurrent Tencent Repurchase under Rule 2 of the Buybacks Code, subject to the conditions provided thereunder. The conditions to the Rule 2 Approval include, among other things, approval of the Concurrent Tencent Repurchase by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at the EGM. Details of the waivers obtained in respect of the Concurrent Tencent Repurchase are set out under the section headed "Approval and waiver in respect of the Concurrent Tencent Repurchase" of the Board Letter.

The Independent Board Committee comprising Mr. JP Gan, Mr. Eric He, Mr. Feng Li and Mr. Guoqi Ding (all being independent Directors) has been established to consider the Concurrent Tencent Repurchase and to give recommendation to the Disinterested Shareholders as to how to vote on the resolution to be proposed at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Disinterested Shareholders in this respect.

INDEPENDENCE

There was no relationship or interests between Gram Capital and the Company, Tencent, and their respective controlling shareholders; and Gram Capital was not in the same group as the financial or other professional advisers (including a stockbroker) to the Company or Tencent, during the past two years immediately preceding 4 September 2026 up to and including the Latest Practicable Date, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of Gram Capital's advice and to act as the Independent Financial Adviser to the Independent Board Committee and the Disinterested Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Disinterested Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any changes to the information and representation provided by the Director resulting in any material changes to our opinion after the Latest Practicable Date, the Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors

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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 advisers, the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/ arrangement or implied understanding with anyone concerning the Concurrent Tencent Repurchase. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "Responsibility Statement" of Appendix II to the Circular. 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 consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Tencent, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Concurrent Tencent Repurchase. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Concurrent Tencent Repurchase, we have taken into consideration the following principal factors and reasons:

Information of the Group

With reference to the Board Letter, the Company was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with its securities being dual-primary listed on Nasdaq and the Stock Exchange. The Group is an iconic brand and a leading video community for young generations in China.

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Financial performance

Set out below are the Group's consolidated financial performance for the two years ended 31 December 2025 and the six months ended 30 June 2026 (together with comparative figures), as extracted from the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**") and the Company's interim results announcement for the six months ended 30 June 2026 (the "**2026 IR Announcement**"):

	For the six months ended 30 June 2026 ("1H2026") *RMB'000* *(unaudited)*	**For the six months ended 30 June 2025 ("1H2025")** *RMB'000* *(unaudited)*	**Year on year change** *%*	**For the year ended 31 December 2025 ("FY2025")** *RMB'000* *(audited)*	**For the year ended 31 December 2024 ("FY2024")** *RMB'000* *(audited)*	**Year on year change** *%*
Net Revenues	15,411,958	14,340,938	7.47	30,347,766	26,831,525	13.10
— Value-added services	5,879,900	5,643,936	4.18	11,928,286	10,999,137	8.45
— Advertising	5,719,547	4,446,523	28.63	10,058,430	8,189,175	22.83
— Mobile games	2,914,454	3,343,488	(12.83)	6,394,638	5,610,323	13.98
— IP derivatives and others	898,057	906,991	(0.99)	1,966,412	2,032,890	(3.27)
Gross profit	5,728,196	5,214,944	9.84	11,114,112	8,773,963	26.67
Net profit/(loss) attributable to the Shareholders	553,508	209,900	163.70	1,193,531	(1,346,800)	N/A

Comparison between FY2024 and FY2025

As depicted from the above table, the Group's net revenues increased from approximately RMB26,832 million for FY2024 to approximately RMB30,348 million for FY2025, representing an increase of approximately 13.10%. Such increase was primarily attributable to the increase in revenue from value-added services and advertising by approximately 8.45% and 22.83% respectively. With reference to the 2025 Annual Report, increase in revenue from value-added services and advertising were mainly attributable to (i) increased revenues from other value-added services and premium memberships; and (ii) the Company's improved advertising product offerings and enhanced advertising efficiency.

Along with the increase in the Group's net revenues and the increase in the Group's gross profit margin, the Group's gross profit for FY2025 increased by approximately 26.67% as compared to that for FY2024. The Group's gross profit margin increased by approximately 3.92 percentage points from approximately 32.70% for FY2024 to approximately 36.62% for FY2025. With reference to the 2025 Annual Report, the increase in gross profit was mainly due to growth in total net revenues and relatively stable platform operating costs as the Company enhanced its monetization efficiency.

The Group recorded net profit attributable to the Shareholders of approximately RMB1,194 million for FY2025 as opposed to net loss attributable to the Shareholders of approximately RMB1,347 million for FY2024. With reference to the 2025 Annual Report, the turnaround from loss-making to profit-making was mainly due to the increase in gross profit and slight decrease in total operating expenses for FY2025.

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Comparison between 1H2025 and 1H2026

The Group's net revenues were approximately RMB15,412 million for 1H2026, representing an increase of approximately 7.47% as compared to that for 1H2025. With reference to the 2026 IR Announcement, such increase was mainly attributable to the increase in revenue from advertising which was mainly due to the Company's improved advertising product offerings and enhanced advertising efficiency, partially offset by the decrease in revenue from mobile games which was mainly due to a high base effect, reflecting the exceptional performance of "*San Guo: Mou Ding Tian Xia*" (an exclusive licensed game of the Group) for 1H2025 as the title now transitions into a stable and mature life cycle.

Along with the increase in the net revenues, the Group's gross profit increased by approximately 9.84% from RMB5,215 million for 1H2025 to approximately RMB5,728 million for 1H2026. With reference to the 2026 IR Announcement, such increase was primarily driven by the growth in net revenues, which outpaced the increase in costs of revenues, as the Company enhanced its monetization efficiency.

The Group's net profit attributable to the Shareholders increased by approximately 163.70% from approximately RMB210 million for 1H2025 to approximately RMB554 million for 1H2026. With reference to the 2026 IR Announcement, such increase was mainly due to the increase in gross profit with a slight increase in total operating expenses.

Financial position

Set out below are the Group's consolidated financial position as at 31 December 2024, 31 December 2025 and 30 June 2026, as extracted from the 2025 Annual Report and the 2026 IR Announcement:

	As at 30 June 2026	**As at 31 December 2025**	**As at 31 December 2024**	**Change from 31 December 2025 to 30 June 2026**	**Change from 31 December 2024 to 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*	%	%
	(unaudited)	*(audited)*	*(audited)*		
Total assets	42,479,574	41,167,763	32,698,500	3.19	25.90
— Cash and cash equivalents	5,163,796	12,183,538	10,249,382	(57.62)	18.87
— Time deposits	9,766,542	5,522,327	3,588,475	76.86	53.89
— Accounts receivable	1,681,119	1,268,219	1,226,875	32.56	3.37
— Short-term investments	9,369,368	6,447,197	2,706,535	45.32	138.21
— Long-term investments	4,570,559	4,761,653	3,911,592	(4.01)	21.73
— Intangible assets	2,893,031	3,109,603	3,201,012	(6.96)	(2.86)
— Other assets	9,035,159	7,875,226	7,814,629	14.73	0.78

	As at 30 June 2026	As at 31 December 2025	As at 31 December 2024	Change from 31 December 2025 to 30 June 2026	Change from 31 December 2024 to 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	%	%
	(unaudited)	*(audited)*	*(audited)*		
Total liabilities	26,565,453	25,619,200	18,594,587	3.69	37.78
— Loans and borrowings	9,514,290	9,636,717	4,835,989	(1.27)	99.27
— Accounts payable	6,283,459	5,497,415	4,801,416	14.30	14.50
— Deferred revenue	4,636,240	4,661,863	3,802,307	(0.55)	22.61
— Other liabilities	6,131,464	5,823,205	5,154,875	5.29	12.97
Net assets	15,914,121	15,548,563	14,103,913	2.35	10.24
Net assets attributable to the Shareholders	15,951,277	15,573,282	14,108,397	2.43	10.38

The Group's total assets increased by approximately 25.90% from approximately RMB32,699 million as at 31 December 2024 to approximately RMB41,168 million as at 31 December 2025, and further increased to approximately RMB42,480 million as at 30 June 2026. The Group's assets primarily consisted of cash and cash equivalents, time deposits, accounts receivable, short-term investments, intangible assets and long-term investments.

The Group's short-term investments increased by approximately 138.21% from approximately RMB2,707 million as at 31 December 2024 to approximately RMB6,447 million as at 31 December 2025, and further increased by approximately 45.32% to approximately RMB9,369 million as at 30 June 2026. The Group's short-term investments primarily include financial products with variable interest rates referenced to the performance of underlying assets with the intention to be sold within 12 months. The aforesaid increase in the Group's short-term investments was primarily due to the increase in investments in financial products from approximately RMB2,282 million as at 31 December 2024 to approximately RMB6,124 million as at 31 December 2025 and further increased by approximately 49.06% to approximately RMB9,128 million as at 30 June 2026.

The Group's long-term investments increased by approximately 21.73% from approximately RMB3,912 million as at 31 December 2024 to approximately RMB4,762 million as at 31 December 2025 and decreased by approximately 4.01% to approximately RMB4,571 million as at 30 June 2026. The Group's long-term investments primarily consist of equity investments and financial products with variable interest rates referenced to the performance of underlying assets with original maturities greater than one year. The increase in long-term investments as at 31 December 2025 as compared to that as at 31 December 2024 was mainly attributable to the increase in fair value investments (from approximately RMB160 million as at 31 December 2024 to approximately RMB1,388 million as at 31 December 2025). The Group's fair value investments remained at similar level at approximately RMB1,312 million as at 30 June 2026.

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The Group's intangible assets decreased by approximately 2.86% from approximately RMB3,201 million as at 31 December 2024 to approximately RMB3,110 million as at 31 December 2025, and further decreased to approximately RMB2,893 million as at 30 June 2026. The Group's intangible assets represented the Group's licensed copyrights of contents, license rights of mobile games, intellectual property and others; and the continuous decrease in the Group's intangible assets was primarily attributable to the recognition of amortisation over their respective useful lives.

The Group's total liabilities increased by approximately 37.78% from approximately RMB18,595 million as at 31 December 2024 to approximately RMB25,619 million as at 31 December 2025, and further increased by approximately 3.69% to approximately RMB26,565 million as at 30 June 2026. The Group's liabilities primarily consisted of loans and borrowings, accounts payable and deferred revenue.

The Group's loans and borrowings increased by approximately 99.27% from approximately RMB4,836 million as at 31 December 2024 to approximately RMB9,637 million as at 31 December 2025, and remained at similar level at approximately RMB9,514 million as at 30 June 2026. The Group's loans and borrowings mainly consist of short-term loans, long-term bank loans, convertible senior notes and other long-term borrowings. The significant increase in loans and borrowings as at 31 December 2025 as compared to that as at 31 December 2024 was mainly attributable to the issuance of the US$690 million convertible senior notes due 2030 with an interest rate of 0.625% per annum.

The Group's accounts payable increased by approximately 14.50% from approximately RMB4,801 million as at 31 December 2024 to approximately RMB5,497 million as at 31 December 2025, and further increased to approximately RMB6,283 million as at 30 June 2026. As advised by the Directors, the continuous increase in the Group's accounts payable was consistent with the Group's business growth.

The Group's deferred revenue increased by approximately 22.61% from approximately RMB3,802 million as at 31 December 2024 to approximately RMB4,662 million as at 31 December 2025, and remained at similar level at approximately RMB4,636 million as at 30 June 2026. The Group's deferred revenue consists of cash payment received in advance from game players in mobile games, from customers in advertising services, live broadcasting services, other value-added services and e-commerce platforms.

As at 30 June 2026, the Group's net assets attributable to the Shareholders ("**NAV**") was approximately RMB15,951 million, representing the NAV per Share of RMB38.11 (equivalent to approximately HK$43.88 or US$5.60), based on (i) the central parity rate of HK$1 to RMB0.86855 and US$1 to RMB6.8109 as at 30 June 2026 as announced by the People's Bank of China; and (ii) the number of Shares in issue as at the same date.

Prospects of the Group's business

As the Group is a leading video community in China primarily engaged in the provision of video-based contents through its self-operated platform, we searched for certain statistics regarding the internet development in the PRC to demonstrate its development trend.

Number of internet users (including mobile internet users) in the PRC

Set out below are the number of internet users in the PRC (including mobile internet users) in the PRC for December of each of the year 2021, 2022, 2023, 2024 and 2025, being the latest five full years of statistics published by China Internet Network Information Center (the "**CNNIC**", an administration and service organisation set up in June 1997 upon the approval of the competent authority and undertakes the responsibilities as the national internet network information center):

	December 2021	December 2022	December 2023	December 2024	December 2025
Number of internet users in the PRC *(in million)*	1,032	1,067	1,092	1,108	1,125
Number of mobile internet users in the PRC *(in million)*	1,029	1,065	1,091	1,105	1,121
Internet penetration rate in the PRC	73.0%	75.6%	77.5%	78.6%	80.1%

As shown in the table above, the number of internet users in the PRC recorded year-on-year increase for each of the year 2022, 2023, 2024 and 2025. The number of internet users in the PRC increased from approximately 1,032 million for 2021 to approximately 1,125 million for 2025, represent a CAGR of approximately 2.18%. Among the various types of use of internet, the use of internet by mobile users are the most populated in the PRC, accounted for over 99% of the total number of internet users in the PRC. Internet penetration rate in the PRC also recorded year-on-year increase for each of the year 2022, 2023, 2024 and 2025, reaching over 80% by 2025.

Percentage of different usage of the internet by the internet users in the PRC

Set out below are the percentage of internet users in the PRC for the five highest types of internet usage for December of each of the year 2021, 2022, 2023, 2024 and 2025, being the latest five full-year statistics published by the CNNIC:

	December 2021	December 2022	December 2023	December 2024	December 2025
	%	%	%	%	%
Five highest types of internet usage:					
Instant messaging	97.5	97.2	97.0	97.6	97.2
Internet videos (including micro-dramas)	94.5	96.5	97.7	96.6	97.1
Short videos	90.5	94.8	96.4	93.8	95.4
Online payment	87.6	85.4	87.3	92.8	90.3
Internet shopping	81.6	79.2	83.8	87.9	83.2

As shown in the table above, instant messaging and internet videos are two of the highest usage of internet by internet users in the PRC for each of the five years ended 31 December 2025. There are increasing trend in the use of internet for internet videos (including micro-dramas) and short videos by internet users in the PRC; while the use of internet for instant messaging remained relatively stable.

Time spent on internet usage

We noted from the 57th Statistical Report on China Internet Development published by CNNIC in February 2026 that for December 2025, the time spent on short videos and long videos were approximately 9.43 billion hours and 3.73 billion hours respectively, being the two highest categories of internet usage in terms of time spent; while the time spent for other types of popular internet usage such as instant messaging, comprehensive e-commerce, social networking and electronic payments were significantly lower (ranging from 0.6 billion hours to 2.1 billion hours) for December 2025.

Having considered the statistics above, in particular (i) the high penetration rates of internet services in the PRC; (ii) the high usage of internet services for internet videos and short videos; and (iii) the time spent by internet users in the PRC on short and long videos, we are of the view that the prospects of the Group's business as a leading video community in China is generally positive.

Information of Tencent

With reference to the Board Letter, Tencent is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 00700 (HKD Counter) and 80700 (RMB Counter)). The Tencent group is principally engaged in the provision of communication, social, digital content, games, marketing services, fintech and business services in the PRC.

Reasons and benefits of the Concurrent Tencent Repurchase

As at 31 August 2026, Tencent (including its subsidiaries) held 40,014,008 Shares, representing approximately 9.6% of the Company's total issued shares (excluding treasury shares). Given its substantial shareholding in the Company prior to the Effective Date, the disposal of the Class Z Ordinary Shares held by Tencent in the open market may disrupt and cause downward pressure on the price of the Class Z Ordinary Shares. The Concurrent Tencent Repurchase is a transparent, market-based way of facilitating an orderly disposal of Tencent's shareholding in the Company to minimise the potential volatility that may otherwise result from such disposal. The Concurrent Tencent Repurchase is not intended to provide Tencent with a preferential exit opportunity.

To assess the fairness and reasonableness of the Concurrent Tencent Repurchase, we performed a trading liquidity analysis on the Class Z Ordinary Shares and ADSs during the period from 1 September 2025 (being approximately one year prior to the date of the Tencent Subscription and Repurchase Agreement) up to the Latest Practicable Date (the "**Review Period**"). The average daily number of the Class Z Ordinary Shares and ADSs traded per month, the respective percentages of the Class Z Ordinary Shares and ADSs' average daily trading volume as compared to (i) the total number of issued Class Z Ordinary Shares held by shareholders of Class Z Ordinary Shares other than Tencent (including its subsidiaries) and the Directors (the "**Other Class Z Ordinary Shareholders**") as at the Latest Practicable Date; and (ii) the total number of Class Z Ordinary Shares in issue, during the Review Period are tabulated below. For the avoidance of doubt, one ADS represent one Class Z Ordinary Share.

Month	Average daily trading volume of Class Z Ordinary Shares on the Stock Exchange ("SEHK Average Volume")	% of the SEHK Average Volume to total number of Class Z Ordinary Shares in issue (including those underlying the ADSs) as at the end of the month/period	Average daily trading volume of ADSs on the Nasdaq ("Nasdaq Average Volume")	% of the Nasdaq Average Volume to total number of Class Z Ordinary Shares in issue (including those underlying the ADSs) as at the end of the month/period	% of the SEHK Average Volume and the Nasdaq Average Volume ("Combined Average Volume") to the total issued Class Z Ordinary Shares (including those underlying the ADSs) as at the end of the month/period	Combined Average Volume to the total issued Class Z Ordinary Shares (including those underlying the ADSs) held by the Other Class Z Ordinary Shareholders
	Number of Class Z Ordinary Shares	%	*Number of ADSs*	%	%	%
2025						
September	6,936,285	2.1	3,740,013	1.1	3.2	3.4
October	5,892,968	1.8	2,791,148	0.8	2.6	2.8
November	4,611,172	1.4	2,457,483	0.7	2.1	2.2
December	2,989,484	0.9	1,361,581	0.4	1.3	1.4
2026						
January	4,979,730	1.5	3,755,153	1.1	2.6	2.8
February	3,998,891	1.2	1,898,388	0.6	1.8	1.9
March	4,837,293	1.4	2,949,929	0.9	2.3	2.5
April	3,194,766	0.9	1,999,445	0.6	1.5	1.6
May	4,842,937	1.4	4,264,752	1.3	2.7	2.9
June	5,587,498	1.6	2,673,711	0.8	2.4	2.6
July	3,936,403	1.2	2,112,592	0.6	1.8	1.9
August	3,373,710	1.0	2,742,222	0.8	1.8	1.9
September (up to the Latest Practicable Date)	6,778,156	2.0	3,941,863	1.2	3.2	3.4

Source: Stock Exchange's website and Wind Financial Terminal

As illustrated from the table above, the Combined Average Volume in each month ranged from approximately 1.3% to 3.2% of the total issued Class Z Ordinary Shares (including those underlying the ADSs) during the Review Period. The Combined Average Volume in each month ranged from approximately 1.4% to 3.4% of the total issued Class Z Ordinary Shares (including those underlying the ADSs) held by the Other Class Z Ordinary Shareholders during the Review Period.

During the Review Period, the SEHK Average Volume in each month ranged from approximately 0.9% to 2.1% of the total issued Class Z Ordinary Shares (including those underlying the ADSs); while the Nasdaq Average Volume in each month ranged from approximately 0.4% to 1.3% of the total issued Class Z Ordinary Shares (including those underlying the ADSs). The SEHK Average Volume was more than the Nasdaq Average Volume for each month during the Review Period.

We noted that on the trading day immediately following the Effective Date (i.e. 4 September 2026 for Nasdaq and 7 September 2026 for the Stock Exchange), the trading liquidity surged to approximately 38.80 million Class Z Ordinary Shares and 10.68 million ADSs, representing approximately 11.5% and 3.2% of the total issued Class Z Ordinary Shares as at 31 August 2026. We understood from the Directors that (i) the surge in the trading liquidity of the Class Z Ordinary Shares was primarily attributable to the Tencent Secondary Placement; and (ii) the surge in the trading liquidity of the ADSs was primarily attributable to market reaction following the publication of the Announcements.

Although the Class Z Ordinary Shares were actively traded to a certain extent as discussed above, the 26,374,900 Class Z Ordinary Shares offered and sold under the Tencent Secondary Placement (being part of the Concurrent Equity Placement) represented approximately 7.8% of the issued Class Z Ordinary Shares as at 31 August 2026 and were approximately 2.6 times more than the average daily trading volume of the Class Z Ordinary Shares (including those underlying the ADSs) during the period from 1 September 2025 up to the Effective Date.

Given the size of Tencent Secondary Placement, even a prudently conducted on-market disposal would, in our view, likely exert substantial downward pressure on the market price of the Class Z Ordinary Shares and could cause considerable disruption to trading in the Class Z Ordinary Shares; and a potentially disorderly market would not be in the interests of the Company and the Disinterested Shareholders as a whole.

On this basis, we are of the view that the Concurrent Tencent Repurchase would deliver an orderly exit for such Class Z Ordinary Shares held by Tencent and minimise any potential material market volatility that may arise from the disposal of Tencent's Class Z Ordinary Shares in the market. At the same time, the Concurrent Tencent Repurchase creates an opportunity to acquire the Class Z Ordinary Shares at a small discount to recent market prices and to enhance the Group's earnings per Share as detailed under the section headed "Financial effects" below.

Furthermore, as the Concurrent Tencent Repurchase and the Tencent Notes Subscription are conditional on, among other things, the completion of the Marketed Notes Offering, the Concurrent Tencent Repurchase and the Tencent Notes Subscription formed part of the Notes Offering; whereas the Concurrent Delta Repurchase serves as a stabilising action for the Marketed Notes Offering. Based on:

- the size of the Notes Offering (including the Tencent Notes Subscription) of US$700 million and the Concurrent Repurchase (including the Concurrent Tencent Repurchase) of US$300 million, the gross proceed to be raised would be US$400 million, with potential dilution of approximately 14.8 million Shares (calculated based on the number of shares to be converted from the Notes (i.e. the size of the Notes Offering divided by the Conversion Price), less the number of Shares to be repurchased under the Concurrent Repurchase (i.e. the size of the Concurrent Repurchase divided by the Repurchase Price)), representing approximately 3.42% of the enlarged issued Shares; and

- the size of the Marketed Notes Offering of US$500 million and the Concurrent Delta Repurchase of US$100 million (on the assumption that the Tencent Sellers would not participate in the Notes Offering), the gross proceeds to be raised would also be US$400 million, with potential dilution of approximately 18.4 million Shares (calculated based on the number of shares to be converted from the Notes (i.e. the size of the Marketed Notes Offering divided by the Conversion Price), less the number of Shares to be repurchased under the Concurrent Delta Repurchase (i.e. the size of the Concurrent Delta Repurchase divided by the Repurchase Price)), representing approximately 4.20% of the enlarged issued Shares.

Based on our analysis above, the Tencent Notes Subscription and the Concurrent Tencent Repurchase would result in less potential dilution to the existing Shareholders in contrast to the Notes Offering without the participation of the Tencent Sellers.

Principal terms of the Concurrent Tencent Repurchase

Set out below are the principal terms of the Concurrent Tencent Repurchase, details of which are set out under the section headed "The Tencent Subscription and Repurchase Agreement" of the Board Letter:

Date:	4 September 2026
Parties:	(a) Huang River;
	(b) Tencent Mobility; and
	(c) the Company
Effective date:	4 September 2026

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Tencent Notes Subscription:	At the Closing, Huang River agrees to subscribe for and purchase from the Company, and the Company agrees to issue, sell and deliver to Huang River, US$200 million aggregate principal amount of the Notes, free and clear of all encumbrances (except for transfer restrictions set forth in the terms of the Notes as contemplated by the pricing term sheet and as may be required by applicable securities laws), for a subscription price (i.e. the Subscription Price) equal to the Aggregate Principal Amount. It is the parties' expectation that the Notes deliverable in the Tencent Notes Subscription will be issued pursuant to the same indenture as, will constitute the same series as, and upon the Closing will be fungible with, the Notes offered and sold in the Marketed Notes Offering.
Concurrent Tencent Repurchase:	At the Closing, (i) Huang River agrees to sell to the Company, and the Company agrees to purchase from Huang River, the 10,954,357 ADSs held by Huang River (represented by the same number of Class Z Ordinary Shares) and (ii) Tencent Mobility agrees to sell to the Company, and the Company agrees to purchase from Tencent Mobility, 2,636,733 Class Z Ordinary Shares (i.e. the Sale Shares) for an aggregate purchase price of US$200 million (i.e. the Aggregate Repurchase Price) at the Reference Price. The Sale Shares, when delivered, shall be free from any encumbrance (provided that any "restricted security" status of the Sale Shares within the meaning of Rule 144 under the Securities Act shall not be deemed an encumbrance), fully paid (in the case of Class Z Ordinary Shares) and with all rights attached or accruing to them on and from the Closing.

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Conditions precedent to Closing:	The obligations of the Company and the Tencent Sellers to consummate the Closing are subject to the satisfaction of each of the following conditions, unless otherwise waived in writing by the parties, provided that each of the conditions under (a) to (d) below cannot be waived: (a) the resolutions approving the Concurrent Tencent Repurchase shall have been passed at the EGM by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders; (b) the Rule 10.06(3)(a) Approval, the Rule 7 Waiver and the Rule 2 Approval shall have been granted and not withdrawn; (c) the Marketed Notes Offering in the aggregate principal amount of US$500 million shall have been completed; and (d) the consummation of the Tencent Notes Subscription and the Concurrent Tencent Repurchase shall take place concurrently at the Closing. Details of the respective obligation of each of the Tencent Seller and the Company are set out under the section headed "3. THE TENCENT NOTES SUBSCRIPTION AND CONCURRENT TENCENT REPURCHASE" of the Board Letter.
Payment of consideration:	At the Closing, the Subscription Price payable by Huang River to the Company and the Aggregate Repurchase Price payable by the Company to the Tencent Sellers shall be satisfied and discharged solely by way of a multilateral set-off among the Company, Huang River and Tencent Mobility. Each Tencent Seller irrevocably directs and authorizes the Company to apply and set off the portion of the Aggregate Repurchase Price payable to such Tencent Seller in or towards satisfaction and discharge of the Subscription Price payable by Huang River to the Company, and Huang River irrevocably directs and authorizes the Company to apply and set off the Subscription Price in or towards satisfaction and discharge of the Aggregate Repurchase Price payable by the Company to the Tencent Sellers. Such directions and authorizations are irrevocable and such application and set-off shall take effect automatically on the Closing Date.
Closing:	The concurrent closing of the Tencent Notes Subscription and the Concurrent Tencent Repurchase shall take place on the fifth (5th) Business Day after the satisfaction or, to the extent permissible, waiver by the party(ies) entitled to the benefit of the conditions precedent (other than the conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Closing), or at such other time or place as the parties may agree in writing.

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Repurchase Price

With reference to the Board Letter, the repurchase price in the Concurrent Tencent Repurchase (i.e. HK$115.38 per Class Z Ordinary Share, the "**Repurchase Price**") is the Reference Price, which was the offering price of the Concurrent Equity Placement determined through the bookbuilding process.

To assess the fairness of the Repurchase Price, we conducted the following analyses, including the comparison of Repurchase Price with recent and historical closing prices of Class Z Ordinary Shares, analysis of comparable transactions and analysis of comparable companies as follows.

The Repurchase Price of HK$115.38 per Class Z Ordinary Share represents:

(i) a discount of approximately 3.8% to the closing price of US$15.29 per ADS (equivalent to approximately HK$119.93 based on the exchange rate of US$1.00 = HK$7.8436) on the Nasdaq on the Latest Practicable Date (U.S. Eastern time);

(ii) a discount of approximately 2.6% to the closing price of HK$118.50 per Class Z Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date (Hong Kong time);

(iii) a discount of approximately 5.1% to the closing price of US$15.5 per ADS (equivalent to approximately HK$121.53 based on the exchange rate of US$1.00 = HK$7.8407) on the Nasdaq on 3 September 2026 (U.S. Eastern time), being the Effective Date;

(iv) a discount of approximately 5.0% to the closing price of HK$121.40 per Class Z Ordinary Share as quoted on the Stock Exchange on 4 September 2026 (Hong Kong time), being the Effective Date (the "**Repurchase Price Effect Date Discount**");

(v) a discount of approximately 6.5% to the average closing price of approximately HK$123.46 per Class Z Ordinary Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Effective Date (the "**Repurchase Price 5 Days Discount**");

(vi) a discount of approximately 15.5% to the average closing price of approximately HK$136.49 per Class Z Ordinary Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Effective Date (the "**Repurchase Price 30 Days Discount**");

(vii) a discount of approximately 19.1% to the average closing price of approximately HK$142.55 per Class Z Ordinary Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Effective Date (the "**Repurchase Price 90 Days Discount**");

(viii) a discount of approximately 35.2% to the average closing price of approximately HK$177.95 per Class Z Ordinary Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Effective Date (the "**Repurchase Price 180 Days Discount**");

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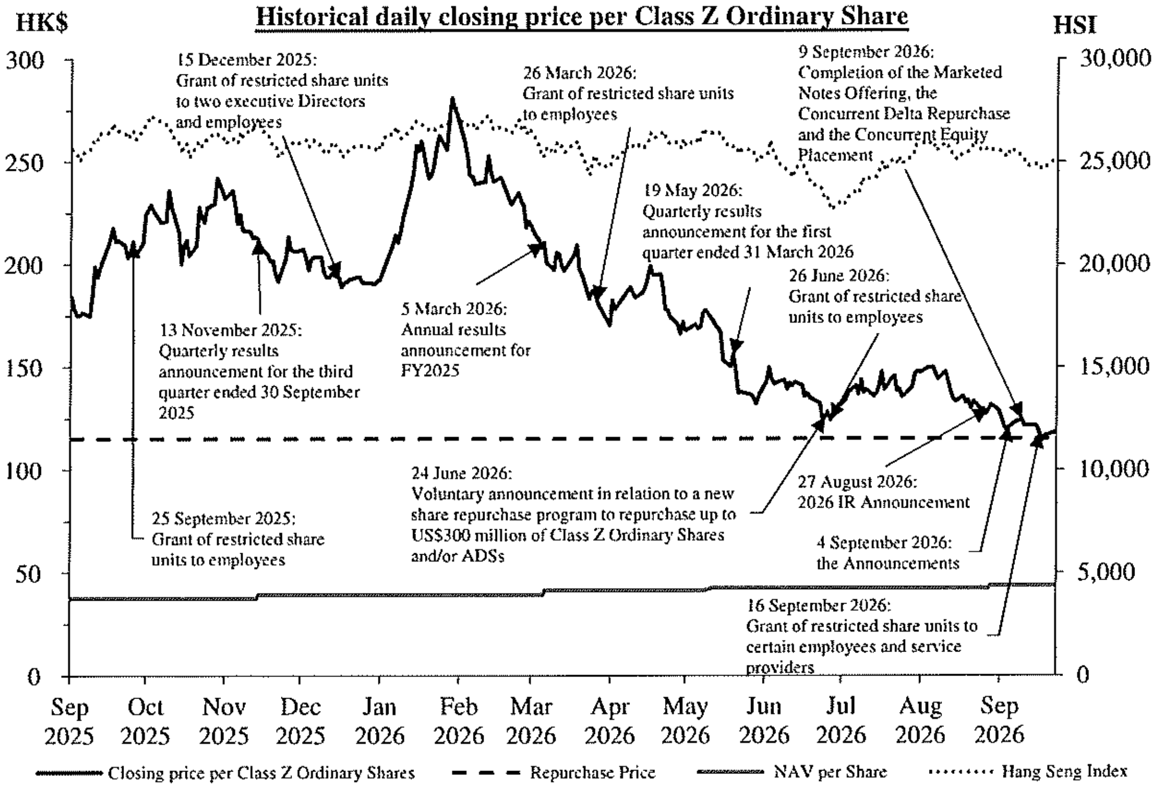
(ix) a premium of approximately 177.5% over the NAV per Share of approximately HK$41.58 as at 31 December 2025 based on the NAV of approximately RMB15,573 million as at 31 December 2025 (equivalent to approximately HK$17,242 million, based on the central parity rate of HK$1 to RMB0.90322 as at 31 December 2025 as announced by the People's Bank of China) and the number of Shares in issue as at 31 December 2025; and

(x) a premium of approximately 162.9% over the NAV per Share of approximately HK$43.88 as at 30 June 2026 based on the NAV of approximately RMB15,951 million as at 30 June 2026 (equivalent to approximately HK$18,365 million, based on the central parity rate of HK$1 to RMB0.86855 as at 30 June 2026 as announced by the People's Bank of China) and the number of Shares in issue as at 30 June 2026 (the "**Repurchase Price NAV Premium**").

Historical price performance of the Class Z Ordinary Shares

Set out below is a chart showing the movement of the closing price of the Class Z Ordinary Shares, together with the movement of Hang Seng Index and the NAV per Share during the Review Period to illustrate the general trend and movement of the closing price of the Class Z Ordinary Shares. The Company reported its NAV by way of quarterly results announcement four times a year.



Source: Stock Exchange's website

During the Review Period, the lowest and highest closing price of the Class Z Ordinary Shares as quoted on the Stock Exchange were HK$114.60 per Class Z Ordinary Share recorded on 17 September 2026 and HK$281.00 per Class Z Ordinary Share recorded on 28 January 2026. The Repurchase Price of HK$115.38 is below the closing prices of the Class Z Ordinary Shares for 260 out of the total of 261 trading days during the Review Period.

From the beginning of the Review Period, the closing price of Class Z Ordinary Shares formed an upward trend with volatility from HK$184.10 recorded on 1 September 2025 to HK$242.00 recorded on 28 October 2025. Immediately after that, the closing price of Class Z Ordinary Shares recorded a sharp decline to HK$192.10 recorded on 21 November 2025. For December 2025, the closing price per Class Z Ordinary Share fluctuated between the range of HK$189.20 and HK$207.40.

From the beginning of January 2026, the closing price of Class Z Ordinary Shares formed a rapid upward trend and reached the highest closing price during the Review Period of HK$281.00 on 28 January 2026. Thereafter, the closing price of Class Z Ordinary Shares formed a sharp decreasing trend and reached HK$124.50 on 23 June 2026. Afterwards, the closing price of Class Z Ordinary Shares fluctuated between the range of HK$119.70 to HK$150.10 up to the Effective Date. The Repurchase Price of HK$115.38 is below the closing prices of the Class Z Ordinary Shares during the entire period from the beginning of the Review Period to the Effective Date.

Following the publication of the Announcements and up to the Latest Practicable Date, the closing price of Class Z Ordinary Shares fluctuated between the range of HK$114.60 and HK$125.00.

The closing price of the Class Z Ordinary Shares were significantly higher than the NAV per Share during the entire Review Period.

Save as and except for the publication of the announcements as set out in the chart above, which may have caused the aforesaid fluctuation in the closing price of the Class Z Ordinary Shares, we did not identify any specific reasons which caused the aforesaid fluctuation in the closing price of the Class Z Ordinary Shares.

Historical price performance of the ADSs

Set out below is a chart showing the movement of the closing price of the ADSs, together with the movement of the Nasdaq Composite Index and the NAV per Share during the Review Period to illustrate the general trend and movement of the closing price of the ADS. The Company reported its NAV by way of quarterly results announcement four times a year.

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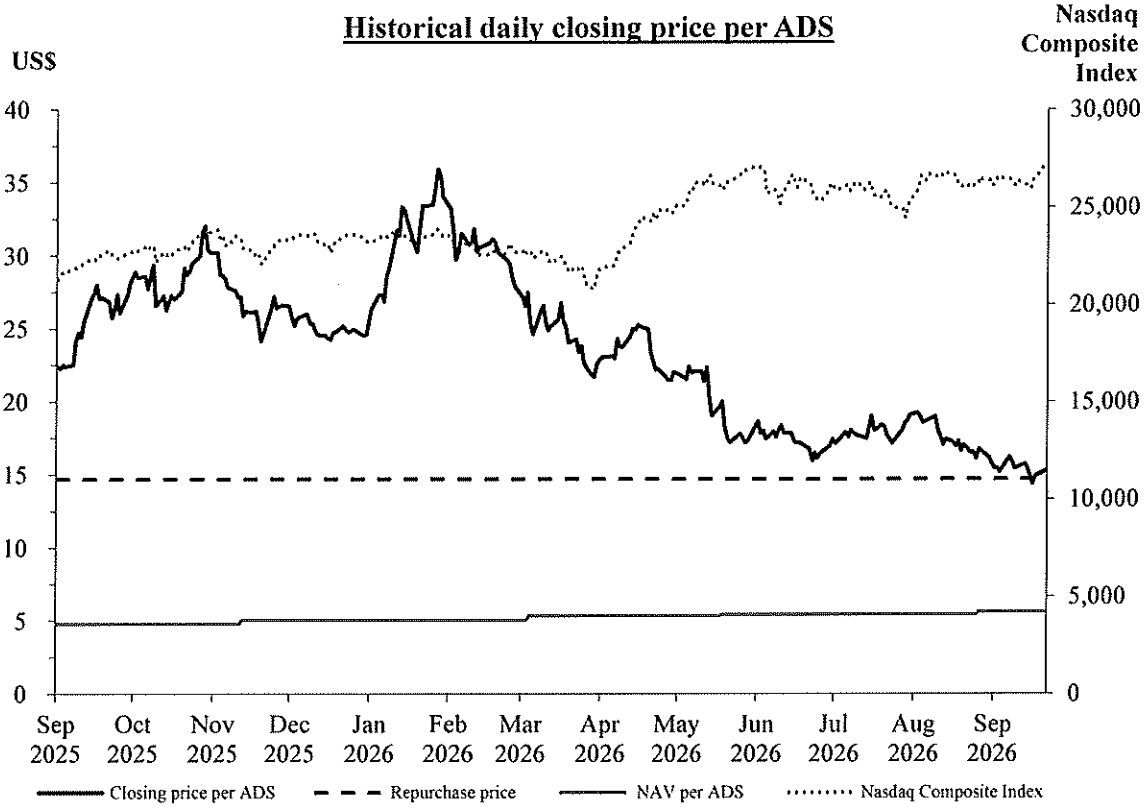

Source: Wind Financial Terminal

During the Review Period, the lowest and highest closing prices of the ADSs as quoted on Nasdaq were US$14.40 per ADS recorded on 17 September 2026 (U.S. Eastern time) and US$35.92 per ADS recorded on 28 January 2026 (U.S. Eastern time). The Repurchase Price of HK$115.38 (equivalent to approximately US$14.72 based on the exchange rate of US$1 to HK$7.8407) is lower than the closing prices of the ADS for 265 trading days out of the total of 266 trading days on Nasdaq during the Review Period.

During the Review Period, the movement of the closing prices of the ADSs were in line with the movement of the closing prices of the Class Z Ordinary Shares.

The closing price of the ADSs were significantly higher than the NAV per Share during the entire Review Period.

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Trading multiple analysis

We conducted trading multiple analysis by comparing the implied price-to-sales ratio based on the Repurchase Price with those companies that are comparable to the Group. As the Class Z Ordinary Shares are listed on the Stock Exchange and the ADSs are listed on Nasdaq, we searched for listed companies in Hong Kong and United States which are principally engaged in the provision of video-based contents through the operation of its online platform(s) in the PRC and derived revenue through providing value-added services and from memberships program(s). We identified five listed companies that met the aforesaid criteria and they are exhaustive (the "**Comparable Companies**").

We consider the use of price-to-earnings ratio is impracticable as the Group had only recorded profit for the first year since the Company's listing on the Stock Exchange. Furthermore, we noted that (i) the price of the Class Z Ordinary Shares and the ADSs were far above the NAV per Share; (ii) the Company and the Comparable Companies operate video-based online-content platforms, a significant portion of their value is attributable to their internally developed platforms that may not be fully reflected in their financial position; and (iii) based on our analysis on the asset composition of the Company and the Comparable Companies, (a) approximately 57% of the Group's total assets as at 30 June 2026 consisted of cash at bank and/or short-term investments; (b) approximately 48% to 75% of the total assets of four out of five of the Comparable Companies (namely, Kuaishou Technology (stock code: 1024.HK), Inkeverse Group Limited (stock code: 3700.HK), HUYA Inc. (stock ticker: HUYA.NYSE) and DouYu International Holdings Limited (stock ticker: DOYU.Nasdaq)) as at 30 June 2026 (being their then latest published financial information as at the Effective Date) consisted of cash at bank and short-term investments; and (c) in respect of iQIYI, Inc. (stock ticker: IQ.Nasdaq), approximately 45% of its total assets as at 30 June 2026 consisted of licensed and self-produced contents to be delivered on its online platform. Although the Company and four of the Comparable Companies (those other than iQIYI, Inc. (stock ticker: IQ.Nasdaq)) shared similar operating activities and assets structure, their assets primarily consisted of cash and/or short-term investments that are readily convertible into cash, as such, we consider the use of price-to-book ratio is impracticable.

Set out below are the price-to-sales ratio ("**PSR**") of the Comparable Companies based on their closing prices and their then latest audited revenue for the latest financial year as at the Effective Date:

Company name (Stock code/ticker)	**Principal business**	**Market capitalisation as at the Effective Date** *(HK$ million)*	**PSR**
Kuaishou Technology (1024)	Provision of online marketing services, live streaming and other services	145,646	0.88
Inkeverse Group Limited (3700)	Provision of value-added service and entertainment content service through operating the matrix of online platforms and providing an internet infrastructure to enable the users to interact through the platforms in the PRC	1,930	0.33
HUYA Inc. (HUYA)	Operation of its own live streaming platforms that enable broadcasters and viewers to interact with each other	3,742	0.51
DouYu International Holdings Limited (DOYU)	Provision of wide range of game-centric integrated content through the operation of its platform	1,029	0.24
iQIYI, Inc. (IQ)	Offering of diverse collection of internet video content through the operation of its platform	6,677	0.21
	Maximum		0.88
	Minimum		0.21
	Average		0.43
	Median		0.33
The Company		**50,829**	**1.38**

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From the table above, the PSR of the Comparable Companies ranged from approximately 0.21 times to 0.88 times, with an average of approximately 0.43 times and a median of approximately 0.33 times.

The implied PSR of the Concurrent Tencent Repurchase is above the PSR range of the Comparable Companies.

Comparison with other off-market share buy-back cases

We searched for completed off-market share buy-back of listed shares as announced by other Hong Kong listed companies (the "**Comparable Buy-back Case(s)**") during the period from 5 September 2025 (being one year prior to the Effective Date) up to and including the Latest Practicable Date. We only found one Comparable Buy-back Case which met the said criteria and we consider the number of Comparable Buy-back Cases was not sufficient for us to perform a meaningful analysis. Accordingly, we extended the research period to five years from 5 September 2021 up to and including the Latest Practicable Date. Based on the extended research period, we found six Comparable Buy-back Cases which met the said criteria and they are exhaustive. Shareholders should note that although the businesses, operations, prospects and market capitalisation of the Company are not the same as the subject companies of the Comparable Buy-back Cases, the Comparable Buy-back Cases illustrate the pricing practice for completed off-market share buy-back cases conducted by other Hong Kong listed companies during the past five years.

Company name (stock code)	Date of initial announcement	Premium/(discount) of the repurchase price over/to the closing price per share on the last full trading day prior to the publication of the initial announcement in relation to the repurchase proposal %	Premium/(discount) of the repurchase price over/to the average closing price per share for the last five last full trading day prior to the publication of the initial announcement in relation to the repurchase proposal %	Premium/(discount) of the repurchase price over/to the average closing price per share for the last 30 last full trading day prior to the publication of the initial announcement in relation to the repurchase proposal %	Premium/(discount) of the repurchase price over/to the average closing price per share for the last 90 last full trading day prior to the publication of the initial announcement in relation to the repurchase proposal %	Premium/(discount) of the repurchase price over/to the average closing price per share for the last 180 last full trading day prior to the publication of the initial announcement in relation to the repurchase proposal %
3SBio Inc. (1530)	13 December 2021	Nil	0.62	(1.17)	(8.26)	(12.98)
The Bank of East Asia, Limited (23)	28 January 2022	(7.2)	(6.89)	(0.33)	(2.67)	(9.86)
KPa-BM Holdings Limited (2663)	6 December 2022	(9.3)	(9.33)	(6.21)	(10.64)	(16.84)
Dongyue Group Limited (189)	24 October 2023	33.0	31.04	22.32	9.42	(4.01)
Top Education Group Ltd (1752)	7 April 2025	(30.3)	(27.23)	(27.76)	(33.74)	(34.70)
Cathay Pacific Airways Limited (293)	5 November 2025	(3.9)	(3.19)	0.52	(1.29)	3.06
	Maximum:	33.0	31.0	22.3	9.4	3.1
	Minimum:	(30.3)	(27.2)	(27.8)	(33.7)	(34.7)
	Average:	(3.0)	(2.5)	(2.1)	(7.9)	(12.6)
	Median:	(5.6)	(5.0)	(0.7)	(5.5)	(11.4)
The Company		**(5.0)**	**(6.5)**	**(15.5)**	**(19.1)**	**(35.2)**

As depicted in the above table, the Repurchase Price Effective Date Discount, Repurchase Price 5 Days Discount, Repurchase Price 30 Days Discount and Repurchase Price 90 Days Discount are all within the respective range of the Comparable Buy-back Cases and is lower than the average of the Comparable Buy-back Cases. In addition, the Repurchase Price 180 Days Discount is below the range of the Comparable Buy-back Cases.

Conclusion on the Repurchase Price

Although the implied PSR of the Company based on the Repurchase Price is above PSR range of the Comparable Companies, having considered that:

(i) the Repurchase Price is the same as the Reference Price, which was determined through an independent bookbuilding process;

(ii) the Repurchase Price is lower than the closing price of the Class Z Ordinary Shares as quoted on the Stock Exchange during the almost all of the Review Period; and

(iii) the Repurchase Price Effective Date Discount, Repurchase Price 5 Days Discount, Repurchase Price 30 Days Discount and Repurchase Price 90 Days Discount are all within the respective range of the Comparable Buy-back Cases and represented deeper discount than the respective average of the Comparable Buy-back Cases; while the Repurchase Price 180 Days Discount is deeper than those of the Comparable Buy-back Cases,

we are of the view that the Repurchase Price is fair and reasonable.

The Notes

At the Closing, the Subscription Price payable by Huang River to the Company under the Tencent Notes Subscription and the Aggregate Repurchase Price payable by the Company to the Tencent Seller under the Concurrent Tencent Repurchase shall be satisfied and discharged solely by way of a multilateral set-off among the Company, Huang River and Tencent Mobility. The Aggregate Repurchase Price payable under the Concurrent Tencent Repurchase shall effectively be settled through the Tencent Notes Subscription.

The Company will not incur any coupon payment should the Notes be issued to Tencent, as the Notes will not bear regular interest.

Furthermore, holders of the Notes may convert all or any portion of their Notes at their option at any time prior to the close of business on the seventh scheduled trading day immediately preceding the Maturity Date. The initial conversion price (the "**Conversion Price**") (subject to adjustment), is approximately HK$155.79 per Conversion Share, which represents:

(i) a premium of approximately 31.5% over the closing price of HK$118.50 per Class Z Ordinary Share on the Latest Practicable Date;

(ii) a premium of approximately 28.3% over the closing price of HK$121.40 per Class Z Ordinary Share on the Effective Date (the "**Conversion Price Effective Date Premium**");

(iii) a premium of approximately 26.2% over the average closing price of approximately HK$123.46 per Class Z Ordinary Share on the Stock Exchange for the last five (5) consecutive trading days immediately prior to Effective Date (the "**Conversion Price 5 Days Premium**"); and

(iv) a premium of approximately 35.0% over the clearing share price of the Concurrent Equity Placement of HK$115.38 per Class Z Ordinary Share.

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As part of our analysis, we also assessed the key terms of the Notes by comparing them with the terms of convertible securities issued by other listed companies in Hong Kong. We identified transactions in relation to the placing/subscription of convertible bonds/notes (excluding A shares convertible bonds/notes) as first announced by companies listed on the main board of the Stock Exchange that the determination of initial conversion price involving book-building exercise as explicitly disclosed in relevant announcement, during the period from 1 June 2026 to the Effective Date, being a period of approximately three months prior to and including the Effective Date (the "**Comparable Notes**"). We consider a three-month research period would allow us to identify sufficient, fair and representative comparable cases to demonstrate the market practice prior to the date of the Effective Date. We found six transactions which met the said criteria and the list of Comparable Notes is exhaustive.

Company name (stock code)	**Date of announcement**	**Principal amount**	**Maturity** *(Year(s))*	**Interest rate per annum** *(%)*	**Premium/ (discount) of the conversion price over/to closing price per share on the date of agreement in relation to the respective of convertible bonds/notes** *(%)*	**Premium/ (discount) of the conversion price over/to average closing price per share for the five consecutive days prior to the date of agreement in relation to the respective of convertible bonds/notes** *(%)*
Luye Pharma Group Ltd. (2186)	4 June 2026	US$180 million	1.00	5.25	24.9	24.1
MMG Limited (1208)	16 June 2026	US$800 million	1.00	Nil	4.8	21.4
Lenovo Group Limited (992)	18 June 2026	US$2,000 million	7.00	Nil	47.5	55.4
Guming Holdings Limited (1364)	3 July 2026	HK$1,960 million	1.00	Nil	15.5	10.0
Wanguo Gold Group Limited (3939)	19 August 2026	HK$5,500 million	1.00	0.75	20.2	28.9
China Nonferrous Mining Corporation Limited (1258)	27 August 2026	US$300 million	5.00	Nil	29.0	47.0
		Maximum:			47.5	55.4
		Minimum:			4.8	10.0
		Average:			23.6	31.1
		Median:			22.5	26.5
The Notes		US$700 million	5	Nil	28.3	26.2

According to the above table, the conversion price of the Comparable Notes:

- ranged from a premium of approximately 4.8% to a premium of approximately 47.5%, with average of 23.6% premium and median of 22.5% premium over the respective closing price of the shares on the date of agreement in relation to the respective of convertible bonds/notes; and

- ranged from a premium of approximately 10.0% to a premium of approximately 55.4%, with average of 31.1% premium and median of 26.5% premium over the respective average closing price of the shares for the last five consecutive days prior to the date of agreement in relation to the respective of convertible bonds/notes.

The Conversion Price Effective Date Premium and Conversion Price 5 Days Premium falls within the above respective ranges; while the Conversion Price Effective Date Premium is above the average and median of the Comparable Notes, the Conversion Price 5 Days Premium is below the average and close to the median of the Comparable Notes.

Having also considered that (i) the initial Conversion Price is within the range of the lowest and highest closing prices of Shares during the Review Period; and (ii) the Conversion Price Effective Date Premium and Conversion Price 5 Days Premium falls within the respective range of the Comparable Notes; and (iii) the Conversion Price applied to all holders of Notes (including independent third parties), we consider the initial Conversion Price is fair and reasonable.

Financial effects

As stated in the Board Letter, the closings of the Tencent Notes Subscription and the Concurrent Tencent Repurchase will be concurrent and will be conditional upon completion of the Marketed Notes Offering. Therefore, we conducted the following analysis on the financial effects to the Group on the assumption that all the Concurrent Repurchases, Tencent Notes Subscription and the Marketed Notes Offering (collectively, the "**Notes Offering and Concurrent Repurchases Transactions**") had taken place on 1 January 2025 (for the analysis of items under income statement) or 30 June 2026 (for the analysis of items under balance sheet).

NAV per Share

Assuming that the Notes Offering and Concurrent Repurchase Transactions had taken place on 30 June 2026 and that the Class Z Ordinary Shares underlying the Concurrent Tencent Repurchase and Concurrent Delta Repurchase had been bought back in full, the NAV per Share of approximately RMB38.11 as at 30 June 2026 would have decreased by approximately 8.3% to approximately RMB34.93 as a result of (i) the Repurchase Price being higher than the NAV per Share as at 30 June 2026; and (ii) the Tencent Notes Subscription and the Marketed Notes Offering.

Basic earnings per Share

Assuming that Notes Offering and Concurrent Repurchases Transactions had taken place on 1 January 2025 and that the Class Z Ordinary Shares underlying the Concurrent Tencent Repurchase and Concurrent Delta Repurchase had been bought back in full, the Concurrent Tencent Repurchase would have resulted in an increase in the Group's basic earnings per Share by approximately 4.0% based on the audited net profit attributable to the Shareholders for FY2025.

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Total assets, total liabilities and working capital

As disclosed in the Announcements, the Company plans to use the aggregate proceeds from the Notes Offerings in the following manner: (a) to fund the Concurrent Delta Repurchase; (b) to fund the Concurrent Tencent Repurchase; (c) for AI-driven growth; and (d) for general corporate purposes. Therefore, assuming that the Notes Offering and Concurrent Repurchases Transactions had taken place on 30 June 2026, (i) there will be an increase in the Group's working capital by an amount equal to the proceeds for general corporate purposes; (ii) there will be an increase of approximately 6.3% in the Group's total assets; and (iii) there will be an increase of approximately 17.7% in the Group's total liabilities.

Based on the above, the Company considers that the Notes Offering and Concurrent Repurchase Transactions will have no material adverse effect on the Group's NAV per Share, basic earnings per Share, assets and liabilities level or working capital.

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, in particular:

(i) the Concurrent Tencent Repurchase is in the interest of the Company and the Shareholders as a whole after considering the size of the Tencent Secondary Placement and the trading liquidity of the Class Z Ordinary Shares and the ADSs during the Review Period;

(ii) the terms of the Concurrent Tencent Repurchase and the Notes (including the Repurchase Price and the Conversion Price based on our analysis above) are fair and reasonable;

(iii) the Tencent Notes Subscription and the Concurrent Tencent Repurchase would result in less potential dilution to the existing Shareholders in contrast to the Notes Offering without the participation of the Tencent Sellers; and

(iv) the Concurrent Tencent Repurchase will have no material adverse effect on the Group's NAV per Share, basic earnings per Share, assets and liabilities level or working capital,

we are of the opinion that the Concurrent Tencent Repurchase are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Concurrent Tencent Repurchase.

Yours faithfully,
For and on behalf of
Gram Capital Limited

Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

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