



紅日資本有限公司  
RED SUN CAPITAL LIMITED

25 February 2026

*To: The Independent Board Committee of  
Tian Ge Interactive Holdings Limited*

Dear Sirs,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
FOR AND ON BEHALF OF SINA HONG KONG LIMITED  
TO ACQUIRE 32,500,000 SHARES IN TIAN GE INTERACTIVE  
HOLDINGS LIMITED (STOCK CODE: 1980)  
(OTHER THAN THOSE ALREADY OWNED BY SINA HONG KONG  
LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in relation to the Partial Offer. Details of the Partial Offer are set out in the response document dated 25 February 2026 (the “Response Document”) issued by the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Response Document unless the context requires otherwise.

On 8 January 2026 (after trading hours), the Offeror notified the Company that it has firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire 32,500,000 Offer Shares (representing approximately 2.93% of the Company’s issued share capital as at the Latest Practicable Date) not already owned by the Offeror and parties acting in concert with it at the Offer Price of HK\$0.70 per Offer Share. As at the Latest Practicable Date, the Offeror holds 300,000,000 Shares (representing approximately 27.04% of the Company’s issued share capital as at Latest Practicable Date), and parties acting in concert with the Offeror are not interested in any Share.

The making of the Partial Offer is subject to the satisfaction of the Pre-Conditions. As disclosed in the announcement made by the Offeror dated 4 February 2026, the Pre-Conditions have been satisfied on 4 February 2026, and the Partial Offer is subject to the Condition as set out in the Offer Document dated 11 February 2026.

#### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tse Ming Lun, Alan, Mr. Wang Mingchun and Mr. Lam Yick Man, has been established to advise the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to acceptance of this Partial Offer. Ms. Cao Fei, a non-executive Director, is also the chief financial officer of Weibo Corporation. Since Weibo Corporation and the Offeror are both controlled by Sina Corporation, she is therefore not considered independent to be a member of the Independent Board Committee and has declared her interest to the Board accordingly. Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

#### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and its concert parties and their respective shareholders, directors or chief executives, or any of their respective associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee regarding the Partial Offer.

In the last two years, save for this appointment, we were previously engaged as the independent financial adviser to the independent board committee of the Company and/or the Independent Shareholders regarding the mandatory unconditional cash offer by Astrum Capital Management Limited for and on behalf of Truesense Trading Limited in respect of the Company, as detailed in the composite document dated 18 December 2025 (the "Previous Engagement"). Apart from normal professional fees paid or payable to us in connection with the Previous Engagement and this current appointment in relation to the Partial Offer, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. In addition, having considered that (i) our independent role in the Previous Engagement; (ii) we are not a direct party to the Partial Offer; (iii) remuneration for our independent financial adviser engagement in relation to the Partial Offer is fixed and at market level, and is not conditional upon the outcome of the Partial Offer; (iv) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Partial Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (v) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company and the Offeror, their respective controlling shareholders and any parties acting in concert with any of them, we consider ourselves independent to act as the independent financial adviser to the Independent Board Committee in respect of the Partial Offer pursuant to Rule 2 of the Takeovers Code.

## **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document dated 11 February 2026 and the Response Document and the information and representations provided to us by the Group, the Directors and/or management of the Company (the “Management”). We have assumed that all information, representations and opinions contained or referred to in the Offer Document or Response Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Response Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Response Document. 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 Company will notify the Qualifying Shareholders of any material changes to information contained or referred to in the Response Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Qualifying Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to herein as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not considered the tax and regulatory implications on the Qualifying Shareholders of acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Partial Offer, and except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

## PRINCIPAL TERMS OF THE PARTIAL OFFER

The Partial Offer is made by Yu Ming for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Offer Share** **HK\$0.70 in cash**

The Offer Price of HK\$0.70 per Share was determined after taking into account, among other things, the historical closing prices of the Shares prior to 15 January 2026, being the last trading day on which the Shares were traded on the Main Board of the Stock Exchange prior to the publication of the announcement dated 21 January 2026 issued by the Offeror in respect of the Partial Offer.

### Pre-Conditions to the Partial Offer

The making of the Partial Offer is subject to:

- (i) the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code, and
- (ii) the ruling from the Executive that the Offeror and Fu Concert Parties are not parties acting in concert pursuant to note (1) to the definition of acting in concert under the Takeovers Code.

As disclosed in the announcement of the Offeror dated 4 February 2026, (a) the consent from the Executive to the Partial Offer under Rule 28.1 of the Takeovers Code has been obtained; and (b) the Executive has ruled that the class (1) presumption of the definition of acting in concert under the Takeovers Code between the Offeror and Fu Concert Parties is rebutted. As such, all Pre-Conditions have been satisfied. On the basis of such rebuttal, the Offeror's shareholding in the Company will only increase from approximately 27.04% to 29.97%, and parties acting in concert with the Offeror are not interested in any Share, assuming (i) there will be no change to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date; (ii) no other change to the shareholding structure of the Company between the Latest Practicable Date and up to the Final Closing Date; and (iii) all Qualifying Shareholders tender their Shares for acceptance under the Partial Offer. Accordingly, the Offeror will not obtain majority control of the Company solely through the Partial Offer, and the implications of the Partial Offer are limited to the incremental increase in its shareholding position rather than conferring outright control. After the abovementioned rebuttal, the shareholding of the Fu Concert Parties decreased from approximately 73.11% to approximately 46.07% as at the Latest Practicable Date. As the Fu Concert Parties will remain the single largest shareholder of the Company, such change is not expected to have any material impact on the Company or the Partial Offer.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

### 1. Financial information of the Group and outlook

#### 1.1 Historical financial information of the Group

The Group is principally engaged in the operating of online interactive entertainment services and other services in the Middle East, the PRC and other global regions.

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2023 and 2024 as extracted from the annual report of the Group for the year ended 31 December 2024 (the “2024 Annual Report”) and the six months ended 30 June 2024 and 2025 as extracted from the interim report of the Group for the six months ended 30 June 2025 (the “2025 Interim Report”), respectively:

#### *Summary of the consolidated statement of comprehensive income of the Group*

|   | For the six months ended 30 June |             | For the year ended |           |
|---|----------------------------------|-------------|--------------------|-----------|
|   | 2025                             | 2024        | 2024               | 2023      |
|   | RMB'000                          | RMB'000     | RMB'000            | RMB'000   |
|   | (unaudited)                      | (unaudited) | (audited)          | (audited) |
| Revenue   | 32,425                           | 5,333       | 10,160             | 67,621    |
| – Live social video platforms   | 24,325                           | 3,228       | 5,516              | 63,409    |
| – Game marketing and operation/Game operation                           | 4,451                            | 63          | 125                | 2,985     |
| – Software research and development                                     | 1,242                            | 1,918       | 3,691              | 1,227     |
| – Others  | 2,407                            | 124         | 828                | –         |
| Cost of sales   | (21,489)                         | (1,187)     | (2,057)            | (8,773)   |
| Gross profit  | 10,936                           | 4,146       | 8,103              | 58,848    |
| Operating profit/(loss)   | (36,446)                         | 41,861      | 17,850             | (137,910) |
| Profit/(loss) for the period/year                                       | (26,647)                         | 43,987      | 19,916             | (135,052) |
| (Loss)/Profit for the period/year attributable to owners of the Company | (22,432)                         | 44,079      | 19,996             | (134,670) |

*Financial performance for the six months ended 30 June 2024 (“6M2024”) and the six months ended 30 June 2025 (“6M2025”)*

Based on the 2025 Interim Report, revenue of the Group increased by approximately 511.3% from approximately RMB5.3 million for 6M2024 to approximately RMB32.4 million for 6M2025. The revenue for 6M2025 mainly comprised approximately RMB24.3 million from live social video platforms and approximately RMB4.5 million from game marketing and operation. The increase in revenue was mainly resulted from the integration of the “Sila Chat” platform and the healthy growth of the game marketing and operation during 6M2025.

The gross profit of the Group increased from approximately RMB4.1 million for 6M2024 to approximately RMB10.9 million for 6M2025, representing an increase of approximately 165.9% which resulted from the increase in revenue in 6M2025. The decrease in gross profit margin from approximately 77.7% in 6M2024 to 33.7% in 6M2025 was mainly attributable to the optimisation and integration of the “Sila Chat” platform which brought in revenue but also led to a proportional increase in costs. The Group recorded loss attributable to owners of the Company for 6M2025 of approximately RMB22.4 million versus profit attributable to owners of the Company of approximately RMB44.1 million for 6M2024 which was resulted from the decrease in change of other gains (which comprised of (1) fair value gain of RMB21.7 million on venture capital and private equity funds; (2) fair value gain of RMB16.7 million on other financial instruments, primarily from investment fund; and (3) fair value loss of RMB34.0 million on derivatives held for trading) from approximately RMB73.9 million for 6M2024 to RMB4.0 million for 6M2025.

*Financial performance for the year ended 31 December 2023 (“FY2023”) and the year ended 31 December 2024 (“FY2024”)*

We noted from the 2024 Annual Report that the Group recorded revenue of approximately RMB10.2 million for FY2024, representing a decrease of approximately RMB57.4 million or 84.9% as compared to approximately RMB67.6 million for FY2023. The decrease in revenue was primarily due to the suspension of the domestic live streaming business at the end of 2023 resulted from a structural adjustment of the proportion of the Group’s domestic and overseas business due to challenging PRC market sentiment.

The gross profit of the Group decreased from approximately RMB58.8 million for FY2023 to approximately RMB8.1 million for FY2024, representing a decrease of approximately 86.2% which was mainly resulted from the decrease in the revenue, in particular the live social video platforms segment which recorded a decline of approximately 91.3%.

Nonetheless, the Group recorded a change in profit attributable to owners of the Company to approximately RMB20.0 million for FY2024 from loss attributable to owners of the Company approximately RMB134.7 million for FY2023, mainly attributable to the change of other gains (net) (arising from the fair value gain from the Group's investment portfolio including unlisted equity investments and other financial instruments) amounting to approximately RMB85.1 million in FY2024 from other losses (net) (arising from the fair value losses on various investment attributed to venture capital and private equity funds) amounting approximately RMB62.1 million in FY2023.

*Summary of the consolidated statement of financial position of the Group extracted from the 2024 Annual Report and the 2025 Interim Report*

|   | As at 30 June<br>2025<br>RMB'000<br>(unaudited) | As at 31 December<br>2024<br>RMB'000<br>(audited) | 2023<br>RMB'000<br>(audited) |
|---|---|---|------------------------------|
| Non-current assets                                      | 1,599,998                                       | 1,472,470   | 1,506,127                    |
| Current assets  | 976,346   | 1,147,277   | 1,053,956                    |
| <b>Total assets</b>                                     | <b>2,576,344</b>                                | <b>2,619,747</b>                                  | <b>2,560,083</b>             |
| Non-current liabilities                                 | 27,432  | 28,781  | 22,161                       |
| Current liabilities                                     | 369,866   | 356,469   | 284,938                      |
| <b>Total liabilities</b>                                | <b>397,298</b>                                  | <b>385,250</b>                                    | <b>307,099</b>               |
| <b>Net assets</b>                                       | <b>2,179,046</b>                                | <b>2,234,497</b>                                  | <b>2,252,984</b>             |
| Non-controlling interests                               | (1,696)   | 49  | (382)                        |
| <b>Equity attributable to owners of<br/>the Company</b> | <b>2,180,742</b>                                | <b>2,234,448</b>                                  | <b>2,253,366</b>             |

*Financial position as at 30 June 2025 and 31 December 2024*

Total assets of the Group amounted to approximately RMB2,576.0 million as at 30 June 2025, which is broadly in line with the total assets of the approximately RMB2,619.7 million as at 31 December 2024. The total assets of the Group as at 30 June 2025 mainly comprised (i) financial assets at fair value through profit or loss ("FVTPL") of approximately RMB1,811.9 million; (ii) cash and cash equivalents of approximately RMB428.3 million; and (iii) investment properties of approximately RMB105.4 million. As disclosed in the 2025 Interim Report, the Group recorded total financial assets of approximately RMB1,878.9 million as at 30 June 2025, which comprised (i) non-current assets including equity investment, investments in venture capital and private equity funds and other financial instruments, with an aggregate amount of approximately RMB1,362.2 million; and (ii) current assets including structured notes, investments in wealth management products, other financial instruments, and equity securities with an aggregate amount of approximately RMB516.7 million.

Total liabilities of the Group recorded at approximately RMB397.3 million as at 30 June 2025, which mainly consisted of (i) borrowings of approximately RMB237.3 million; (ii) current income tax liabilities of approximately RMB71.3 million; (iii) other payables and accruals of approximately RMB33.6 million; and (iv) deferred income tax liabilities of approximately RMB24.5 million.

Total equity attributable to owners of the Company amounted to approximately RMB2,180.7 million as at 30 June 2025, which is lower than the total equity attributable to owners of the Company of approximately RMB2,234.4 million as at 31 December 2024. The decrease in the total equity attributable to owners of the Company was attributable to the loss for the period of approximately RMB22.4 million and the dividends recognised as distribution of approximately RMB20.3 million.

*Financial position as at 31 December 2024 and 31 December 2023*

Total assets of the Group amounted to approximately RMB2,619.7 million as at 31 December 2024, which is broadly in line with the total assets of the approximately RMB2,560.1 million as at 31 December 2023. The total assets of the Group as at 31 December 2024 mainly comprised (i) financial assets at FVTPL of approximately RMB1,757.2 million; (ii) cash and cash equivalents of approximately RMB467.0 million; and (iii) investment properties of approximately RMB86.5 million. As disclosed in the 2024 Annual Report, the Group's financial assets amounted to approximately RMB1,820.0 million as at 31 December 2024, which comprised (i) non-current assets including equity investment, investments in venture capital and private equity funds and other financial instruments of approximately RMB1,276.0 million; and (ii) current assets including structured notes, wealth management products, other financial instruments or equity securities of approximately RMB544.0 million

Total liabilities of the Group recorded at approximately RMB385.3 million as at 31 December 2024, which mainly consisted of (i) borrowings of approximately RMB198.1 million; (ii) current income tax liabilities of approximately RMB76.4 million; (iii) other payables and accruals of approximately RMB34.3 million; and (iv) deferred income tax liabilities of approximately RMB25.5 million.

Total equity attributable to owners of the Company amounted to approximately RMB2,234.4 million as at 31 December 2024, which is lower than the total equity attributable to owners of the Company of approximately RMB2,253.4 million as at 31 December 2023. The decrease in the total equity attributable to owners of the Company was attributable to repurchase of ordinary Shares of approximately RMB54.5 million and the dividends recognised as distribution of approximately RMB22.1 million and partially offset by the profit for the year of approximately RMB20.0 million and other comprehensive income of approximately RMB33.2 million.

*Qualified opinion of independent auditor's report of the Company*

As set out in the 2024 Annual Report and the annual report for the year ended 31 December 2023 (the “2023 Annual Report”), the auditors of the Company (the “Auditor”) issued a qualified opinion (“Qualified Opinion”) for the consolidated financial statements for FY2024. Regarding the Qualified Opinion in summary, the Auditors disclosed that due to failure to provide evidence about the appropriateness for the selection of comparable companies in relation to the Group’s investments to support the reasonableness of the calculation adopted in the assessment of the fair value of the securities, the Auditors were unable to obtain sufficient audit evidence and to determine whether any adjustments may be necessary to the fair value of the Group’s investment included in financial assets at FVTPL as at 31 December 2023 and the amount of fair value loss included in other gains/(losses), net for the year ended 31 December 2023. As such, the Auditor is unable to determine any adjustments were necessary to the opening balance of the Group’s investment as at 1 January 2024. There were no other satisfactory audit procedures that the Auditor could perform to determine whether any adjustments to the fair value change included in other gains/(losses), net recognised in the consolidated statement of comprehensive income/loss for the year ended 31 December 2024 were necessary.

Save for the aforesaid, the Auditors expressed that the consolidated financial statements for the FY2023 and FY2024 give a true and fair view of the consolidated financial position of the Group as at the respective period, and of its consolidated financial performance and its consolidated cash flows for the relevant period. As set out in the Letter form the Board, the Board considers that the qualified opinion issued by the Auditors would not have any material implication on the Partial Offer and Company.

In light of the foregoing, and given the Auditors disclosed that the FY2023 and FY2024 give a true and fair view of the financial performance of the Group, we concur with the view of the Board that the qualified opinion would not have any material implication on the Partial Offer and the Company and we consider that the 2023 Annual Report and 2024 Annual Report provide a fair and representative illustration of the Group’s financial situation and performance and would not materially affect our opinion in relation to the Partial Offer.

### *1.2 Historical dividend of the Group*

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions prior to and including the Final Closing Date. According to the Offer Document, if, after the Offer Document LPD and up to the Final Closing Date, any dividend or other distribution is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distribution declared, made or paid in respect of each Offer Share, in which case any reference in the Offer Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

The Company declared interim dividend of HK\$0.01 per Share in August 2025. The Company declared HK\$0.03 per Share dividend for the year ended 31 December 2024 and HK\$0.02 per Share dividend for the year ended 31 December 2023.

### *1.3 Outlook and prospects of the Group*

As stated in the interim report of the Group for 6M2025, looking ahead, the Group will deepen its focus on online interactive entertainment enriching platform ecosystems, strengthening competitive advantages, and diversifying application scenarios to meet personalized demands of global users. The Group will adhere to the “multiple-point incubation and selective development” strategy, concentrating resources on high-potential products. Through continuous product optimisation, rapid iteration, global-localised operations, and refined go-to-market tactics, the Group aims to solidify and expand our user base and market share.

Simultaneously, the Group will actively embrace AI-driven transformation. At the micro level, the Group encourages employees to adopt advanced AI tools across product development, operations, promotion, and customer service. At the macro-strategic level, the Group will leverage AI to drive product innovation and elevate overall business efficiency and decision-making.

Based on the “The 55th Statistical Report on China’s Internet Development” published by the China Internet Network Information Center (CNNIC) in January 2025, which is an administrative organisation authorised by the Ministry of Industry and Information Technology of China and serves as the national network information centre of China, the rise of the online livestreaming industry, coupled with the increasing application of AI technologies, has been extensively leveraged across different aspects including driving the cultural and tourism industry and contributing to the broader economic development. By December 2024, the number of internet applications and users continued to expand, with the number of live streaming users recorded at 833 million, representing an increase of 17.37 million as compared to December 2023. Various applications including, but not limited to, online video and live broadcasting, have recorded a steady growth rate in user size and utilisation of 0.3% and 2.1%, respectively from December 2023 to December 2024.

Despite the measured growth seen in the PRC internet industry, competition in social-centric fields like online interactive entertainment remains intense and dynamic. Success in these areas often derives from replicating and scaling proven models while continuously unlocking new growth vectors. Against this backdrop, the Group, guided by sustainable development, will proactively adapt to market shifts, explore cross-sector opportunities beyond its core business, and relentlessly pursue long-term Shareholder value.

In view of the gross profit of the Group was only approximately RMB8.1 million for FY2024 and approximately RMB10.9 million for 6M2025 respectively and the profit for the year attributable to the owners of the Company was approximately RMB20.0 million for FY2024 and the loss for the period attributable to the owners of the Company was approximately RMB22.4 million for 6M2025, we noted that the Group's profit level were highly depend on the other gains/(losses) on financial assets at FVTPL, including among others, financial instruments, investments in venture capital and private equity funds, equity investment, listed equity securities, investment in wealth management products or structured notes, and not primarily driven by the its core operating activities in recent periods. As such, the Group's performance may be influenced by market assessment in the fair value of such financial assets and remains subject to market conditions beyond the Company's control.

Considering the intense market competition in the social centric fields such as the online interactive segment and the difficulty in forecasting the performance of financial assets as it may depend on external factors such as market sentiment and conditions making its earning profit less predictable, we are of the opinion that the business performance of the Group will remain subject to fluctuations and uncertainty.

## **2. Information on the Offeror and the intention of the Offeror in relation to the Group**

### ***2.1 Information on the Offeror***

As at the Latest Practicable Date, the Offeror holds 300,000,000 Shares (representing approximately 27.04% of the Company's issued share capital as at Latest Practicable Date), and parties acting in concert with the Offeror are not interested in any Share.

The Offeror is an indirect wholly-owned subsidiary of New Wave, which in turn is ultimately owned as to approximately 61.2% by Mr. Chao, 30.0% by Mr. Yunli Liu, and the remaining by senior management of companies controlled by New Wave holding less than 5.0% equity interest each, including Ms. Hong Du, Mr. Gaofei Wang and Ms. Bonnie Yi Zhang. All the voting shares in New Wave are held by Mr. Chao, and the rest are all non-voting shares. New Wave is an investment holding company incorporated in the British Virgin Islands and controlled by Mr. Chao.

Mr. Chao has served as chairman of the board of directors of Weibo Corporation (Stock Code: 9898), a China-based company mainly engaged in social media advertising business, since its inception. Weibo Corporation's main product is the social platform Weibo. Mr. Chao has held various positions in Sina Corporation (a wholly owned subsidiary of New Wave) since 2001, including chairman of the board of directors, director, chief executive officer, chief financial officer, chief operating officer. Mr. Chao is currently the sole director of the Offeror and New Wave. Mr. Chao holds a Bachelor of Arts in Journalism from Fudan University in Shanghai, China, a Master of Arts degree from the University of Oklahoma and a Master of Professional Accounting degree from the University of Texas at Austin.

## **2.2 *Reasons for the Partial Offer***

The Offeror is a financial investor whose primary objective is to achieve capital appreciation and investment returns, rather than to assume control over the management of its investee companies. This investment philosophy also applies to its stake in the Company. The Offeror is interested in increasing its voting rights in the Company through making the Partial Offer and intends to, inter alia, exert further pressure and influence to persuade the Company's board of Directors to increase the amount of dividend.

## **2.3 *Intention of the Offeror in relation to the Group***

As at the Latest Practicable Date, the Offeror has no intention to (i) downsize, cease or dispose of any of the Company's existing businesses and operations; (ii) discontinue the employment of any employees of the Group; (iii) introduce major changes to the principal business of the Company, including the dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business; and (iv) no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

In view of the above, we consider that there would not be a material change in the Group's business shortly after the Partial Offer.

## **3. The Offer Price**

### **3.1 *The Offer Price comparison***

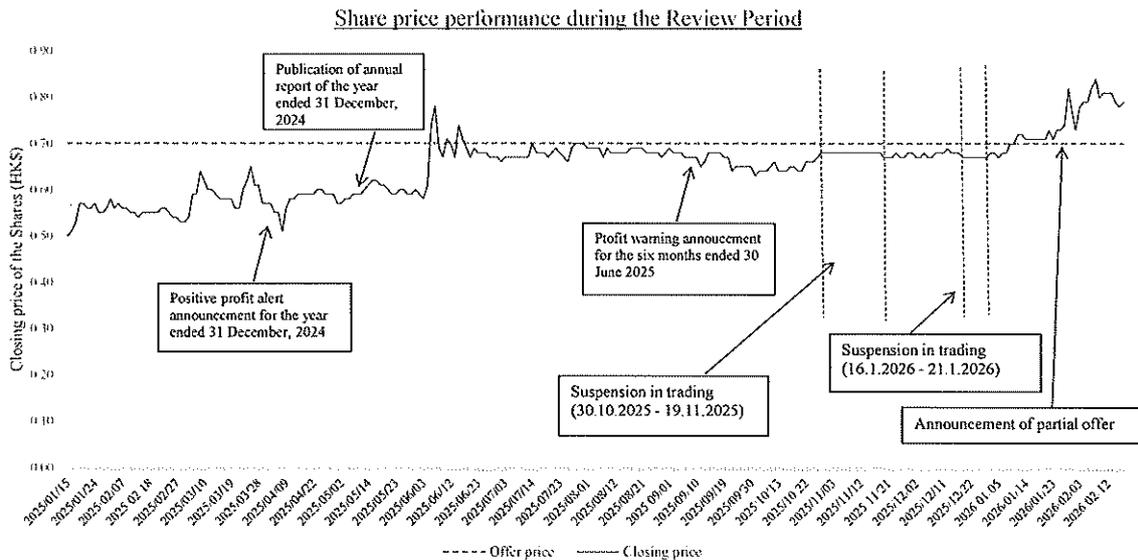
The Offer Price of HK\$0.70 per Offer Share represents:

- (i) a discount of approximately 11.4% to the closing price as quoted on the Stock Exchange on 23 February 2026, being the Latest Practicable Date, i.e. HK\$0.79 per Share;

- (ii) a discount of approximately 1.4% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 15 January 2026, being the Last Trading Day;
- (iii) is equivalent to the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.70 per Share;
- (iv) a discount of approximately 68.18% to the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$2.20 per Share (based on (a) the Group's audited consolidated net assets attributable to the owners of the Company of approximately RMB2,234,448,000 (equivalent to approximately HK\$2,435,548,320) as at 31 December 2024; and (b) the total number of the issued Shares as at the Latest Practicable Date) as at 31 December 2024, being the date to which the latest published audited annual financial results of the Group were made up; and
- (v) a discount of approximately 67.29% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$2.14 per Share (based on (a) the Group's unaudited consolidated net assets attributable to the owners of the Company of approximately RMB2,180,742,000 (equivalent to approximately HK\$2,377,008,780) as at 30 June 2025; and (b) the total number of the issued Shares as at the Latest Practicable Date) as at 30 June 2025, being the date to which the latest published unaudited interim financial results of the Group were made up.

### 3.2 Historical Share price performance

We have reviewed and analysed the closing prices of Shares for approximately 12 months immediately prior to the Last Trading Day commencing on 15 January 2025 and up to and including the Latest Practicable Date (the “Review Period”), which is a commonly adopted timeframe for similar share price analysis in the market and is considered to be adequately lengthy to illustrate the recent trend of the closing prices of the Shares for our analysis on the offer price under the Partial Offer and its trading volume for the purpose of assessing the fairness and reasonableness of the offer price under the Partial Offer below:



Source: [www.hkex.com.hk](http://www.hkex.com.hk)

The Offer Price of HK\$0.70 represents (a) a premium of approximately 7.6% over the average closing Share price of approximately HK\$0.65 per Share for the Review Period; (b) a discount of approximately 1.4% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on the Last Trading Day; and (c) a discount of approximately 11.4% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

During the Review Period, the Share price remained relatively stable ranging between HK\$0.50 and HK\$0.84 per Share. As illustrated in the above graph, a notable movement was noted where the Share price increased from HK\$0.58 on 3 June 2025 to HK\$0.78 on 6 June 2025. Based on our discussion with the Management, we understand that, save for share repurchase conducted on 4 June 2025 and 6 June 2025, the Directors were not aware of any matters related to the Group which could have caused a material impact on the Share price during the aforesaid period. Another notable movement was noted where the Share price increased from HK\$0.74 on 28 January 2026 to HK\$0.82 on 29 January 2026. Based on our discussion with the Management, we understand that, save for the announcement made by the Offeror on 21 January 2026, the Directors were not aware of any matters

related to the Group which could have caused a material impact on the Share price during the aforesaid period. After recording the highest share closing price on 6 June 2025, the share closing price remained at a similar level of HK\$0.71 as at the Last Trading Day and HK\$0.79 on the Latest Practicable Date.

Qualifying Shareholders should note that the information set out above is not an indicator of the future performance of Shares and that the price of Shares in the future may increase or decrease from its closing price as at the Latest Practicable Date.

### 3.3 Historical liquidity of the Shares

The table below sets out the trading volume of Shares during the Review Period:

| Month/period             | Number of trading days in the month/period | Average daily trading volume per trading day in the month/period | Percentage of average daily trading volume to total number of Shares in issue<br><i>(Note 1)</i><br><i>Approximate %</i> | Percentage of average daily trading volume to total number of Shares held by public Shareholders<br><i>(Note 2)</i><br><i>Approximate %</i> |
|--------------------------|--|--|--|---|
| <b>2025</b>              |  |  |  |   |
| January                  | 10   | 8,549,400  | 0.76   | 3.70  |
| February                 | 20   | 1,929,050  | 0.17   | 0.83  |
| March                    | 21   | 9,566,143  | 0.85   | 4.14  |
| April                    | 19   | 3,812,842  | 0.34   | 1.65  |
| May                      | 20   | 1,131,100  | 0.10   | 0.49  |
| June                     | 21   | 3,314,857  | 0.30   | 1.43  |
| July                     | 22   | 1,418,182  | 0.13   | 0.61  |
| August                   | 21   | 1,388,238  | 0.13   | 0.60  |
| September                | 22   | 2,144,273  | 0.19   | 0.93  |
| October <i>(Note 3)</i>  | 18   | 2,823,753  | 0.25   | 1.22  |
| November <i>(Note 3)</i> | 7  | 4,139,200  | 0.37   | 1.79  |
| December                 | 21   | 2,931,714  | 0.26   | 1.27  |
| <b>2026</b>              |  |  |  |   |
| January <i>(Note 4)</i>  | 17   | 1,685,000  | 0.15   | 0.73  |
| February                 | 13   | 931,231  | 0.08   | 0.40  |

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public shareholders as set out in the Letter from the Board as at the Latest Practicable Date.

3. During the Review Period, the trading in the Shares had been halted on 30 October 2025 and trading was resumed on 20 November 2025.
4. During the Review Period, the trading in the Shares had been halted on 16 January 2026 and trading was resumed on 22 January 2026.

As set out in the table above, the percentage of average daily number of Shares traded relative to the total number of Shares in issue ranged from approximately 0.08% to 1.07%, with an average of approximately 0.35%. It is noted that in 9 out of the 12 months, the trading percentage falls below the average of 0.35%. In addition, the percentage of average daily trading volume to the total number of Shares held by public shareholders ranged from approximately 0.40% to 5.11%, with an average of approximately 1.67%, and it is noted that 9 out of the 12 months recorded a percentage of below of the aforesaid average of 1.67%.

As shown in the above table, March 2025 and November 2025 recorded a relatively high trading volume as compared to other months, representing 4.14% and 5.11% of average daily trading volume to the total number of Shares held by public Shareholders as at the period, respectively. Based on our review, we noted that the observed increase in trading volume was primarily attributable to the high trading activity recorded between (i) 4 March 2025 and 7 March 2025, which ranged from 20,506,000 Shares up to 52,049,000 Shares; and (ii) 20 November 2025 to 26 November 2025, which ranged from 11,559,000 Shares up to 30,912,000. As advised by Management, they are not aware of any material events that could potentially be related to the aforesaid movement in trading volume in the said period.

As such, we consider that the trading liquidity of the Shares have been thin in the open market during the Review Period, which may impose limitation on potential investor participation. In this context, Qualifying Shareholders shall be aware that, depending on their shareholding size, when attempting to realise their investment or dispose their Shares in the open market could potentially exert downward pressure on the price of the Shares causing the sale proceeds from the disposal in the open market to be lower than Offer Price.

#### *3.4 Market comparable analysis*

With a view to assess the fairness and reasonableness of the Offer Price, we have also conducted market comparable analysis by comparing the price-to-earnings ratio (the “P/E Ratio”), the price-to-book ratio (the “P/B Ratio”) of the Company as implied by the Offer Price, and the dividend yield (the “Dividend Yield”) based on the closing price of the Share on the Last Trading Day against that of other listed companies on the Main Board of the Stock Exchange that engages in similar business to those of the Group.

Based on the unaudited net asset value attributable to owners of the Company of approximately RMB2,180.7 million (equivalent to approximately HK\$2,333.4 million) as at 30 June 2025, the total implied value of the Company based on the Offer Price under the Partial Offer, being approximately HK\$776.6 million, and the implied P/B ratio (the “Implied P/B Ratio”) of the Company would be approximately 0.33 times.

We noted that the Company could be in a net loss position for the year ended 31 December 2024 after excluding the fair value gain on financial assets measured at fair value through profit and loss, which is not one of the core operating activities of the Group. As such, we have disclosed in the below table the P/E Ratio of the Company calculated based on (i) the latest profit attributable to owners of the Company; and (ii) the net loss position of the Company after deducting the fair value gain on financial assets, respectively.

While the P/E Ratio is generally regarded as a meaningful metric when a company records positive earnings to reflect the profitability and earning profit, we consider the inclusion of the P/E Ratio analysis, taking into account alternative scenarios, to be relevant as it does not necessarily indicate as a standalone measure of profitability but serve as an additional reference for Qualifying Shareholders for indicative purpose.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (a) the shares of which are listed on the Main Board of the Stock Exchange; (b) the listed company(ies) that principally engaged in media or content entertainment related business or media content production, which are of a similar nature as the Company is also principally engaged in online interactive entertainment services; and (c) the trading of shares of the subject companies were not suspended on the Last Trading Day and Latest Practicable Date (the “Criteria”). Companies that fall into the aforesaid Criteria but recorded net liabilities as at the latest financial year/period have been excluded for the purpose of this analysis.

Qualifying Shareholders should note that, market capitalisation is not a selection criteria when conducting the market comparable analysis as we noted that the principal business of the Company is relatively niche and only a limited number of listed companies operate in the same nature. The market capitalisation of the comparable companies is presented in the below table for illustration purpose only.

Based on the Criteria, we have identified an exhaustive list of four comparable companies (the “Comparable Companies”). The table below sets out the P/B Ratio, the P/B Ratio and the Dividend Yield of the Company for comparison purposes.

| Company<br>(Stock Code)                | Principal activities   | Market<br>capitalisation<br>(Note 6)<br>(HK\$'million) | P/E Ratio<br>(Note 2)<br>(times)     | P/B Ratio<br>(Note 3)<br>(times) | Dividend<br>Yield<br>(Note 4)<br>(%) |
|--|--|--|--------------------------------------|----------------------------------|--------------------------------------|
| China Ruiyi Holdings Limited (136)     | Content production, online streaming services, online gaming services and manufacturing and sales of accessories   | 36,573.4   | N/A<br>(Note 5)                      | 1.67                             | N/A                                  |
| Be Friends Holdings Ltd (1450)         | Provision of full-service video application services, including live broadcasting, video content production and broadcasting institutions and other organization etc | 1,578.5  | 15.77                                | 2.31                             | N/A                                  |
| Inverse Group Limited (3700)           | Principally engaged in value-added service and entertainment content service   | 1,898.7  | 9.04                                 | 0.35                             | N/A                                  |
| Medialink Group Limited (2230)         | Media content distribution investment in media content production  | 468.1  | 8.61                                 | 0.73                             | 6.06                                 |
|  | Maximum  |  | 15.77                                | 2.31                             |                                      |
|  | Minimum  |  | 8.61                                 | 0.35                             |                                      |
|  | Average  |  | 11.14                                | 1.26                             |                                      |
| The Company (based on the Offer Price) |  | 776.6  | 36.30<br>(Note 7)<br>N/A<br>(Note 8) | 0.33                             | 4.29                                 |

*Notes:*

- For illustration purpose, the market capitalisation are calculated based on, where applicable, the closing price of the share of the respective Comparable Companies on the Last Trading Day, the total number of issued shares based on the then latest monthly return of the subject listed company published on the website of the Stock Exchange and their respective latest published equity attributable to the owners of the company (for P/B Ratio) as at the Latest Practicable Date.
- The P/E Ratio is calculated by dividing the market capitalisation as at the Last Trading Day by the profit attributable to owners of the respective company according to their latest financial information.

3. The P/B Ratio is calculated by dividing their market capitalisation as at the Last Trading Day by the net asset value attributable to owners of the respective company according to their latest financial information.
4. The Dividend Yield is calculated based on the latest distributed dividend per share divided by the closing price of the share on the Last Trading Day.
5. The subject company recorded a loss attributable to owners of the company as at the latest financial year.
6. The market capitalisation is calculated by the closing price of the subject company as at the Last Trading Day multiplied by the respective number of issued shares as at 31 December 2025.
7. The P/E Ratio of the Company is calculated by the market capitalisation as at the Last Trading Day divided by the profit attributable to owners of the Company for the year ended 31 December 2024 of approximately RMB19,996,000 (equivalent to approximately HK\$21,395,000).
8. As we noted that the Company would be in a net loss position for the year ended 31 December 2024 after deducting the fair value gain on financial assets, the P/E Ratio of the Company is also denoted as N/A for illustrative purpose.

It is noted from the above table that the Comparable Companies recorded P/E Ratio between approximately 8.61 times to 15.77 times and P/B Ratio between approximately 0.35 times to 2.31 times, respectively. Among the four Comparable Companies, only Medialink Group Limited declared a dividend during the latest financial year, with a recorded Dividend Yield of approximately 6.06%.

Based on the Offer Price, it is noted that the Company's P/E Ratio, calculated based on the profit attributable to owners of the Company for the year ended 31 December 2024, is higher than all of the Comparable Companies while the Implied P/B Ratio is lower than all of the Comparable Companies and do not fall within the respective range of the Comparable Companies. Despite the P/E Ratio of the Company being higher than all of the Comparable Companies, the Offer Price may not be attractive from the perspective of the P/B Ratio analysis. As P/E Ratio and P/B Ratio are commonly applied valuation benchmark in the market, providing an illustration of the Company's earning profit and asset base relative to peers, the P/E Ratio and P/B Ratio analysis are presented herein as additional information for the Qualifying Shareholders and for illustration purpose only.

In addition, given that the P/E Ratio of the Company being N/A in light of its net loss position after deducting the fair value gain from financial assets, which underscores the Company's lack of recurring profitability from core operations and the limited applicability of the P/E Ratio as a standalone valuation metric.

Taking into account (i) the outcome of the P/B Ratio analysis may not appear favourable; and (ii) the Company's inability to demonstrate recurring profitability from its principal business activities, the Partial Offer presents an opportunity for the Qualifying Shareholders to realise their investment. In addition to the aforesaid, as the market price of the Shares has so consistently exceeded the Offer Price after the announcement made by the Offeror on 21 January 2026, it is advisable for the Qualifying Shareholders to place more weight on other factors and analysis set out in this letter including the Group's share price performance and thin trading liquidity as well as the Group's operation and business outlook (as analysed above), all of which provide a broader and more balanced context for evaluation.

### 3.5 *Summary of our analysis*

Having considered that,

- (a) the Offer Price represents a discount to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) the Offer Price is equivalent to the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.70 per Share;
- (c) the Offer Price represents a premium of approximately 8.0% over the average of the closing price per Shares for the Review Period; and
- (d) the Offer Price may not be attractive from the prospective of the results from the P/B Ratio analysis with the Company's P/E Ratio being N/A after taken into account the net loss position upon excluding the fair value gain from financial assets, other factors including trading liquidity, share price performance and the Company's business outlook have been evaluated and considered,

we consider the Partial Offer to be fair and reasonable so far as the Qualifying Shareholders are concerned.

Although we consider the Partial Offer reasonable for the reasons set out in our letter above, the Share price following the announcement of the Partial Offer and up to the Latest Practicable Date is higher than the Offer Price. The continual surge in Share price after the Offer Announcement might be due to the market expectation over the benefits to be brought about increasing the amount of dividend, so the recent price level and trading volume may not be sustained in the medium to long run after the close of the Partial Offer. It is advisable for the Qualifying Shareholders to consider selling their Shares in the open market if the market price of the Shares exceeds the Offer Price during the period when the Partial Offer is open and the sales proceeds, net of transaction costs, from disposal of the Shares exceed the amount receivable under the Partial Offer.

## RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Partial Offer, including:

- (a) the Offer Price represents a discount to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) the Offer Price is equivalent to the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.70 per Share;
- (c) the Offer Price represents a premium of approximately 7.6% over the average closing price per Shares for the Review Period;
- (d) our analysis and work performed in relation to the Offer Price, in particular the historical share price performance, trading liquidity and the market comparable analysis, as set out in this letter;
- (e) save for the trading volume in March 2025 and November 2025, the highest percentage of average daily trading volume of all other months/periods during the Review Period was (i) approximately 0.76% to total number of Shares in issue; and (ii) approximately 3.70% to total number of Shares held by public Shareholders;
- (f) the Offer Price may not be attractive from the prospective of the results from the P/B Ratio analysis with the Company's P/E Ratio being N/A after taken into the account the net loss position upon excluding the fair value gain from financial assets, other factors including trading liquidity, share price performance and the Company's business outlook have been evaluated and considered;
- (g) the thin trading liquidity of the Company could impose limitation for the Qualifying Shareholders to dispose their Shares in the open market and could exert downward pressure on the Share price when such occurs, therefore the Partial Offer provides an opportunity for the Qualifying Shareholders, in particular those with significant shareholding interest to realise their investment at a fixed price;
- (h) the business prospect of the Company as discussed in the section headed "Outlook and prospects of the Group" and that the performance of the Company may continue to be subject to intense market competition despite the stable growth and ongoing development of the internet industry in the PRC; and

- (i) our analysis on the historical financial performance and position of the Group as set out under paragraph headed “1. Financial information of the Group and outlook”,

based on the above principal factors and reasons, we consider that the Partial Offer is fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend the Qualifying Shareholders to accept the Partial Offer. However, as the market price of the Shares has so consistently exceeded the Offer Price as at the Latest Practicable Date, it is advisable for the Qualifying Shareholders to consider selling their Shares in the open market if the market price of the Shares exceeds the Offer Price during the period when the Partial Offer is open and the sales proceeds, net of transaction costs, from disposal of the Shares exceed the amount receivable under the Partial Offer.

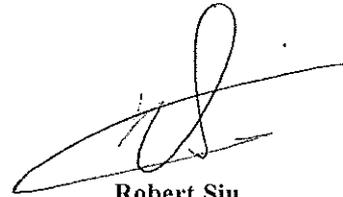
Notwithstanding our recommendation, the Qualifying Shareholders, in particular those who may wish to realise their investment in the Shares, are reminded to monitor the market price and liquidity of the Shares closely during the period of the Partial Offer. If during the period of the Partial Offer, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of transaction costs) exceed the net proceeds receivable under the Partial Offer, the Qualifying Shareholders may consider, if they are able to do so, selling their Shares in the market instead of accepting the Partial Offer.

As at the Latest Practicable Date, the Company has a public float of approximately 20.85% of the Shares in issue, which is below the minimum level of public float under the Listing Rules. Assuming (i) full acceptances of the number of the Offer Shares under the Partial Offer by the public Shareholders only (i.e. Qualifying Shareholders other than the Directors); and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the public float of the Company will decrease from approximately 20.85% to 17.92%, which remains below the minimum public float requirement as set out in Rule 13.32B(1) of the Listing Rules.

Accordingly, the Company does not satisfy the minimum public float requirement under Rule 13.32(1) of the Listing Rules, trading in the Shares on the Stock Exchange may be suspended at the request of the Company pending restoration of the minimum public float by the Company. Qualifying Shareholders should note that if such trading suspension continues to take place, it is impossible for them to dispose of their investment in the open market. If the trading of the Shares remains suspended based on the abovementioned scenario, where the Partial Offer may be an exit alternative to realise investments in the Shares, particularly for the Qualifying Shareholders who have relatively sizeable shareholdings or who want to realise their investments in the near term given the uncertainties in trading resumption.

As different Qualifying Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Qualifying Shareholder who may require advice in relation to any aspect of the Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Partial Offer. The Qualifying Shareholders should read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**

A handwritten signature in black ink, appearing to be 'Robert Siu', written over a horizontal line.

**Robert Siu**  
*Managing Director*

*Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in the corporate finance industry.*

\* *For identification purpose only*