



Capital 9 Limited

7 July 2026

*To the Independent Board Committee of
Bingo Group Holdings Limited*

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED
ON BEHALF OF MR. CHIAU SING CHI TO ACQUIRE
ALL OF THE ISSUED SHARES IN BINGO GROUP HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR TO BE
ACQUIRED BY MR. CHIAU SING CHI AND
PARTIES ACTING IN CONCERT WITH HIM)
AND
FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF
BINGO GROUP HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, particulars of which are set out in the section headed “Letter from the Offer Agent” (the “**Letter from the Offer Agent**”) contained in the composite document of the Company and the Offeror dated 7 July 2026 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

References are made to the Joint Announcement in relation to, among other things, the Proposed Amendments and the Offers, and the joint announcement of the Company dated 1 June 2026 in relation to the completion of the Conversion. The Proposed Amendments were approved by the Independent Shareholders on 27 May 2026 and the Conversion took place on 28 May 2026. Immediately before the Conversion, Mr. Chiau and the Offeror Concert Parties were interested in 42,969,476 Shares, representing approximately 39.47% of the total issued share capital of the Company. Immediately upon full conversion of the Convertible Bonds and assuming none of the outstanding Share Options is exercised, Mr. Chiau and the Offeror Concert Parties are interested in 112,060,385 Shares, representing approximately 62.97% of

the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Mr. Chiau and the Offeror Concert Parties are therefore required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by him at the time when the Share Offer is made) pursuant to Rule 26.1 of the Takeovers Code and make the Option Offer to cancel all the outstanding Share Options (other than those already owned by him and/or the Offeror Concert Parties) pursuant to Rule 13 of the Takeovers Code.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offers, namely Ms. CHOI Mei Ping, Mr. TSUI Wing Tak and Ms. CHAN Yuet Ching, has been established to advise the Independent Shareholders as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

With the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not in the same group as the financial or other professional advisers (including stockbrokers) to the Company and to the Offeror, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had, any connection, financial assistance or otherwise, with either the Offeror or the Company or the controlling shareholder(s) of either of them. In the past two years preceding the Latest Practicable Date, Capital 9 Limited has acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in respect of the continuing connected transactions and the Proposed Amendments as detailed in the circulars of the Company dated 9 May 2025 and 12 May 2026 respectively. Capital 9 Limited received normal professional fees from the Company under those engagements. Save for the aforesaid engagements, there was no engagement between the Company and/or the Offeror and us. Apart from the normal advisory fee payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company, the Offeror, any of their respective substantial shareholders, directors or chief executives, their respective associates, or any person acting, or presumed to be acting, in concert with any of them. Accordingly, we are independent from the Company pursuant to Rule 17.96 of the GEM Listing Rules and are qualified to give independent advice in relation to the Offers.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee, we have reviewed, among other things, the annual and interim report of the Company for the year ended 31 March 2025 (the “**2024/25 AR**”) and the six months ended 30 September 2025, the annual results announcement of the Company for the year ended 31 March 2026 (the “**2025/26 AR**”) and information contained in the Composite Document.

In addition, we have relied on (i) the information, facts and representations provided, and the opinions and views expressed, to us by the Company, the Directors and/or the management of the Group, and (ii) the information, facts, representations, opinions and views of the Company, the Directors, the management of the Group and/or the Offeror contained or referred to in the Composite Document, including but not limited to the letter from the Board (the “**Letter from the Board**”) and the Letter from the Offer Agent contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and to continue to be so as at the Latest Practicable Date. We understand that the Company will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with the Takeovers Code. The Independent Shareholders will be notified of any material changes of such information provided and our opinion, if any, as soon as possible throughout the Offer Period. We have also assumed that all statements of belief, opinion, view and intention made by the Company, the Directors, the management of the Group and/or the Offeror in the Composite Document were reasonably made after due and careful enquiry and the expectations and intentions of the Company, the Directors, the management of the Group and/or the Offeror will be met or carried out as the case may be. We consider that we have received and reviewed sufficient information to form an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors, the management of the Group and/or the Offeror. The Company has confirmed to us that no material facts which would have material impact on our formulating our opinion and recommendation to the Independent Board Committee have been withheld or omitted from the information provided to us, the opinion expressed to us, and/or information or opinion contained or referred to in the Composite Document.

We have not, however, carried out any independent verification of the information provided by the Company, the Directors, the management of the Group and/or the Offeror, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group, the Offeror, or any of their respective subsidiaries, controlled entities, jointly controlled entities or associates. We consider that we have performed our duties with impartiality and independence from the Company and the Offeror.

As stated in the Composite Document, the Directors jointly and severally accept full responsibility for the accuracy of information contained in the Composite Document (other than any information relating to the Offeror and Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group), and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and throughout the Offer Period pursuant to Rule 9.1 of the Takeovers Code.

We have not considered and express no opinion on the tax and regulatory implications on the Independent Shareholders of their acceptances or non-acceptances of the Offers since these are dependent upon their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offers and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Offers. Except for its inclusion in the Composite Document, this letter may not 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.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee in respect of the Offers, we have taken into consideration the following principal reasons and factors:

(1) Information on the Group

(a) Historical financial performance and position

The Group is principally engaged in filmed entertainment, new media exploitations and licensing businesses and cinema business. Set out below is a summary of the financial information of the Group for the year ended 31 March 2024 (“FY2024”), 2025 (“FY2025”) and 2026 (“FY2026”) as extracted from the 2024/25 AR and 2025/26 AR, and further confirmed by the Company. Approximately 73%, 98% and 100% of the Group’s revenue was generated from the PRC market in FY2024, FY2025 and FY2026 respectively.

Operating performance

	FY2024	FY2025	FY2026
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue, comprising	7,848	12,114	47,383
(i) cinema business	5,743	2,747	2,251
(ii) licensing business	2,105	2,696	3,452
(iii) new media exploitations business	—	6,671	41,680
Gross profit	4,323	6,165	18,929
Gross profit margin	55.1%	50.9%	39.9%
Other revenue and other net income	689	232	433
Selling and marketing expenses	(558)	(820)	(2,736)
Administrative expenses	(13,241)	(20,244)	(39,588)
Loss on disposal of property, plant and equipment	—	—	(1)
Share-based payment	—	(4,591)	(1,531)
Impairment of right-of-use assets	(1,082)	—	(1,069)
Impairment of other receivables	—	(213)	—
Share of result of an associate	(3)	(1)	—
Change in fair value of financial assets at fair value through profit or loss	—	—	3,964
Finance costs	(2,132)	(2,320)	(1,942)
Loss for the year	(12,073)	(23,262)	(26,026)

For FY2025, the Group's revenue increased by approximately HK\$4.3 million or 55.1% to approximately HK\$12.1 million from approximately HK\$7.8 million for FY2024. As advised by the Company, such increase was mainly due to revenue from new media exploitations business of approximately HK\$6.7 million for FY2025, comprising promotional service income contributed by the Group's two 51%-owned joint ventures (the "JV") formed in December 2024, and guidance service income for a variety show, namely, "King of Comedy — Stand-Up Season 1" (《喜劇之王單口季》第一季) was launched in FY2025, compared to zero revenue for FY2024, partly offset by the decrease in revenue from cinema business by approximately HK\$3.0 million or 52.6%, mainly due to the unsatisfactory film market of the PRC and closure of the Group's Hangzhou cinema for around 1.5 months in FY2025 for repairment work.

As advised by the Group, the aforesaid promotional service income was mainly generated from promotions on social media platform conducted by artists of the JV, tipping from viewers for rewarding streamers' performance as well as driving traffic to customers' platforms to generate purchase. The guidance service income represents guidance service provided for variety shows in which guidance was provided by the Group to customer in using the relevant intellectual properties in the variety show.

The Group recorded net loss for the year of approximately HK\$23.3 million for FY2025, an increase by approximately HK\$11.2 million or 92.6% from approximately HK\$12.1 million for FY2024. Such loss increase was mainly due to (i) the increase in administrative expenses by approximately HK\$7.0 million or 53.0% in FY2025 mainly relating to business development expenses and staff costs; and (ii) the non-cash related share-based payment resulted from the grant of share options of approximately HK\$4.6 million in FY2025 as stated in the 2024/25 AR.

For FY2026, the Group's revenue increased by approximately HK\$35.3 million or 291.7% to approximately HK\$47.4 million from approximately HK\$12.1 million for FY2025. As stated in the 2025/26 AR and further advised by the Company, such increase was mainly due to the increase in revenue from the fast-growing new media exploitations business, which mainly comprised increase in promotional services income by approximately HK\$33.6 million.

The Group recorded net loss for the year of approximately HK\$26.0 million for FY2026, an increase by approximately HK\$2.7 million or 11.6% from approximately HK\$23.3 million for FY2025. Such loss increase was mainly due to the increase in administrative expenses by approximately HK\$19.4 million or 96.0%, comprising outsourcing expenses and staff costs mainly attributable to the new media exploitations business as the Group has engaged an independent service provider to provide technology development services and artificial intelligence development services relating to content generation and has more staffs for such business, partly offset by (i) the increase in the gross profit by approximately HK\$12.7 million and (ii) the fair value gain of financial assets of approximately HK\$4.0 million in FY2026, being the difference in the Group's investment cost in 12% equity interest in Hangzhou Jiyi Artificial Intelligence Technology Company Limited (杭州極逸人工智能科技有限公司) (“**HZ Jiyi**”) of RMB7 million (equivalent to approximately HK\$7.6 million) and fair value of approximately HK\$12 million as at 31 March 2026. HZ Jiyi is a company established to be principally engaged in the development of Large Language Model (the “**LLM**”) and artificial intelligence engine in order to facilitate the commercialisation of the LLM in game, movie and television, and other pan-entertainment fields as announced by the Company on 20 May 2025.

We have discussed with the management of the Company and understood that the aforesaid administrative expenses, particularly outsourcing expenses and staff costs as mentioned above, were required to be incurred for the development of the Group's new media exploitations business which is in line with the Group's business development strategy and it takes time for such business to grow. We also understood from the Company that it will continue to adopt a cost-conscious approach in developing such business with cost control measure taken, in particular, all substantial cost to be incurred has to be assessed and approved by a special committee of the Company, which is authorised by the Board and composed of the Group's management including executive Directors. Taking into consideration that (i) it is the Group's business strategy to develop the new media exploitations business; (ii) as advised by the Company, the substantial expenses, mainly comprising outsourcing expenses and staff costs, in FY2025 and FY2026 were required to be incurred by the Group for developing such new business; and (iii) cost control measure has been taken by the Group to develop such business, we concur with the Directors' view that the substantial increase in administrative expenses from FY2024 to FY2025 and FY2026 is justifiable.

Financial position

	As at 31 March		
	2024	2025	2026
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets, of which	612	963	12,265
Financial assets at fair value through profit or loss	—	—	12,006
Current assets, of which	14,271	52,425	56,604
Other receivables, deposits and prepayments	493	12,048	20,123
Cash and bank balances	13,593	40,226	29,403
Current liabilities, of which	12,771	84,569	120,748
Other payables and accruals	2,882	57,727	90,724
Convertible bonds	—	17,180	19,000
Non-current liabilities, of which	16,025	542	1,042
Convertible bonds	15,031	—	—
Net liabilities	(13,913)	(31,723)	(52,921)

The Group recorded net liabilities of approximately HK\$13.9 million as at 31 March 2024, which increased by approximately HK\$17.8 million or 128.1% to approximately HK\$31.7 million as at 31 March 2025, and further increased by approximately HK\$7.7 million or 17.0% to approximately HK\$52.9 million as at 31 March 2026. As shown in the 2024/25 AR and 2025/26 AR and further advised by the Company, the aforesaid increase in net liabilities was mainly attributable to the loss for the year of approximately HK\$23.3 million and HK\$26.0 million recorded by the Group in FY2025 and FY2026 respectively. As shown in the table of “operating performance” above, the loss for FY2025 was mainly due to (i) administrative expenses of approximately HK\$20.2 million relating to business development expenses and staff costs and (ii) non-cash related share-based payment resulted from the grant of share options of approximately HK\$4.6 million in the year. The loss for FY2026 was mainly due to the administrative expenses of approximately HK\$39.6 million mainly relating to outsourcing expenses and staff costs partly offset by the gross profit of HK\$18.9 million for the year. No dividend was distributed by the Company in the past years. Given the existing financial position of the Group and the Company lacked sufficient financial resources to redeem the Convertible Bonds as announced by the Company on 12 February 2026, it is believed that the possibility of dividend distribution by the Company to the Shareholders in the near future is remote.

(b) Outlook of the Group

The Group is principally engaged in filmed entertainment, new media exploitations and licensing businesses and cinema business, of which approximately 88%, 7% and 5% of the Group's revenue was contributed by the new media exploitations, licensing and cinema business respectively for FY2026.

Regarding the new media exploitations business, as stated in 2025/26 AR and further advised by the Company, such business mainly included multi-channel networking and marketing services carried out by the JV, which principally engage in talent incubation, we-media account management and operation, new media promotion, and content creation, and internet information services and marketing planning, respectively. As shown in the segment information in 2025/26 AR, the Group's new media exploitations, filmed entertainment and licensing business segment contributed substantial revenue of approximately HK\$45.1 million (comprising revenue from new media exploitations of approximately HK\$41.7 million and revenue from licensing business of approximately HK\$3.4 million) or approximately 95% of the total revenue while also incurred substantial expenses in FY2026, resulting in segment gain for the year of approximately HK\$1.1 million. We understood from the Company that, while it is confident on the prospect of the new media exploitations business, the operating environment is competitive as it is determined by, among others, the ability of the JV to sign more high-quality artists and influencers, operate more we-media accounts with substantial fan bases, and secure more business opportunities amid the growing demand for internet traffic in the coming years. According to an article titled "Hong Kong Businesses Navigating Chinese Mainland E-commerce Retail Market: Multi-channel Network Agencies Become New Engine for Influencer Economy" released by the Hong Kong Trade Development Council (the "HKTDC") in October 2025, as the Chinese mainland e-commerce market matures, the influencer economy (referring to an emerging economic model centered on influencers, and leverages social media, short-video platforms, and live-streaming channels to form an integrated ecosystem that combines content creation, audience engagement, and commercial monetization) it generates has come into vogue. Businesses are now competing to hire internet celebrities (influencers) and key opinion leaders to raise the efficiency and impact of their online marketing. The key to securing a foothold in the fiercely competitive mainland e-commerce market is undeniably to hire the right influencers to carry out promotion and marketing. This supports the competitive environment encountered by the Group's new media exploitations business mentioned above in signing high-quality artists and influencers, that is, the "right influencers" as mentioned in the article of HKTDC above.

Regarding the cinema business, as stated in the 2025/26 AR, this segment has been one of the revenue generators of the Group in FY2026 and the periods before. We noted the data released by the China Film Administration on 1 January 2026, according to which the total box office revenue in China for 2025 reached 51.832 billion yuan, a year-on-year increase of 21.95%, exceeding 2024's total by 9.3 billion yuan¹. Revenue of approximately HK\$2.7 million and HK\$2.3 million for FY2025 and FY2026, being approximately 22% and 5% of the total revenue, respectively was contributed by this segment which was considered to be thin by the Company. We have discussed with the Company and understood that such thin revenue was mainly attributable to the competition with alternative media entertainments, in particular, online drama. The operating environment of cinema business in the PRC in the near future is expected to be challenging for the Group. According to the AI-Driven Global Micro-Drama Innovation and Development Report (AI驅動全球微短劇創新發展報告) jointly released by the Development Research Center of the National Radio and Television Administration (國家廣播電視總局發展研究中心) and other research companies in April 2026, the global micro-drama market has entered into a period of explosive growth in 2025, with the China market accounting for 77.78% of the global market and become a leader of the global digital content industry. Artificial intelligence is involved in the entire process of micro-drama creation and production, breaking through the bottlenecks of traditional film and television production and enabling low-cost visualisation of themes such as mythology and science fiction. This supports the competition aforesaid.

Regarding the licensing business, as stated in 2025/26 AR and further advised by the Company, such business mainly included licensing of intellectual property rights for use in variety shows and other media productions. Its contribution to the Group is expected to be stable but relatively small compared to the new media exploitations business, as evidenced by its revenue contribution of approximately HK\$2 million or 27% of the total revenue in FY2024, approximately HK\$3 million or 22% of the total revenue in FY2025 and approximately HK\$3 million or 7% of the total revenue in FY2026 only.

Taking into account the above, in particular, (i) the Group's strategy to develop the new media exploitations business which contributed a substantial amount of revenue but incurred substantial amount of cost at the same time in preceding years, (ii) it takes time to develop a business and (iii) the operating environment of the new media exploitations business and cinema business are expected to be competitive as discussed above, we concur with the Directors' view that the financial performance and prospect of the Group's principal business in the near future is challenging and uncertain.

¹ <https://news.cctv.com/2026/01/01/ARTIUthTKd7U6HjW68uZXw3r260101.shtml>

(2) Background of the Offeror and its intention for the Group

As at the Latest Practicable Date, the Offeror and Offeror Concert Parties are interested in a total of 112,060,385 Shares, representing approximately 62.61% of the entire issued share capital of the Company.

As stated in the Letter from the Board, it is the Offeror's intention to further consolidate its interest in the Company pursuant to the Offers. The Offeror has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror is that the Company's existing principal activities will be maintained, and at the same time after completion of the Offers, the Offeror will assist the Company in reviewing its business and operations and seeking for new investment opportunities.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to discontinue the employment of the employees or change the composition of the Board, or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business, or to downsize, cease or dispose of any of the existing business of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, 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. The Offeror intends the issued Shares to remain listed on GEM of the Stock Exchange after the close of the Offers.

(3) The Offers

(a) Share Offer Price

Sinolink, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Share Offer at the Share Offer Price of HK\$0.275 in cash for each Offer Share, which is the same as the Conversion Price under the Convertible Bonds.

The Share Offer is extended to all Independent Shareholders, and the Option Offer is extended to all Optionholders. The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Offer Shares or any other condition. Acceptance of the Offers will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the section headed "7. Right of withdrawal" in Appendix I to the Composite Document.

Comparison of value

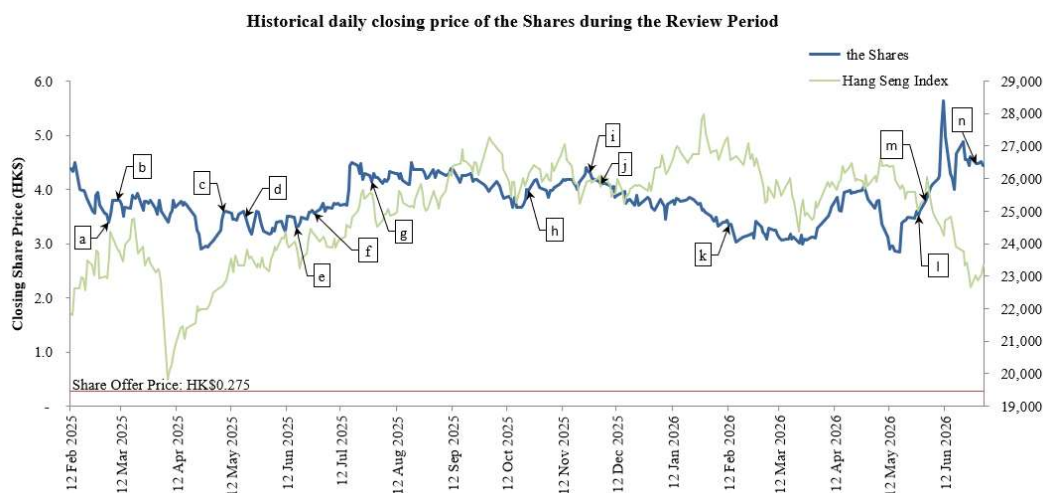
The Share Offer Price of HK\$0.275 per Offer Share represents:

- (i) a discount of approximately 93.82% to the closing price of HK\$4.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 91.79% to the closing price of HK\$3.35 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 91.86% to the average closing price of HK\$3.38 per Share as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 91.98% to the average closing price of HK\$3.43 per Share as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Day;
- (v) a discount of approximately 92.45% to the average closing price of approximately HK\$3.64 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately HK\$0.5707 per Share over the audited consolidated net liabilities of the Group of approximately HK\$0.2957 per Share as at 31 March 2026, based on 178,982,171 Shares in issue as at the Latest Practicable Date and the audited consolidated net liabilities of the Group of approximately HK\$52,921,000 as at 31 March 2026.

To assess the fairness and reasonableness of the Share Offer Price, we have analysed the Share Offer Price with reference to (i) the historical price performance of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) the peer comparison.

(i) Historical price performance of the Shares

The chart below depicts the closing price level of the Shares as quoted on the Stock Exchange from 12 February 2025 (being around one year before the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”), the comparison of closing price of the Shares with the Share Offer Price, and comparison of closing price trend of the Shares with the trend of Hang Seng Index:



Source: Website of the Stock Exchange (www.hkex.com.hk)

Announcement/publication of

- a. (5 Mar 2025) signing of supplemental agreement and revision of annual caps under project management services announced on 4 Oct 2024
- b. (10 Mar 2025) supplemental information regarding promotional services framework agreement announced on 12 Feb 2025
- c. (8 May 2025) circular regarding continuing connected transaction relating to project management services agreement
- d. (20 May 2025) discloseable transaction regarding investment agreement in a joint venture which is principally engaged in the development of large language model and artificial intelligence engine (the “**May 2025 JV**”)
- e. (17 Jun 2025) supplemental information regarding the May 2025 JV
- f. (27 Jun 2025) annual results for FY2024/25
- g. (29 Jul 2025) annual report for FY2024/25
- h. (26 Oct 2025) change of executive Director and chairman
- i. (27 Nov 2025) interim results of 1H2025/26
- j. (3 Dec 2025) interim report for 1H2025/26

- k. (12 Feb 2026) joint announcement regarding proposed amendments of the terms of, and conversion of, convertible bonds terms held by Mr. Chiau and the proposed Offers
- l. (28 May 2026) completion of the Conversion
- m. (1 Jun 2026) completion of Proposed Amendment triggering the Offers
- n. (29 Jun 2026) annual results for FY2025/26

We consider the length of the Review Period to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.

The Share Offer Price represents a discount to the closing price of the Shares throughout the Review Period, in particular, a discount of 95.1%, 90.3% and 92.7% to the highest, lowest and average closing price of the Review Period. As shown in the price chart above, there was a downward trend of the closing price from HK\$4.5 on 14 February 2025 to HK\$2.9 on 25 April 2025, during which a few business update announcements were made by the Company in late February and early March 2025. Then the closing price of the Shares went upward generally. After the Company's announcement of its annual results for FY2025 which recorded a loss increase on 27 June 2025, the closing price of the Shares continued to move upward and reached HK\$4.49 on 18 July 2025. We understood from the Directors that, save for the aforesaid business update and annual results announcement for FY2025, they are not aware the reason leading to the aforesaid increase in closing price to HK\$4.49 on 18 July 2025. Then the Shares closed between the range from HK\$3.33 (6 February 2026) to HK\$4.49 (18 July 2025, 20 August 2025) before the publication of the Joint Announcement on 12 February 2026. During this period, annual report for FY2025 (29 July 2025), change of executive directors and chairman of the Board (26 October 2025), interim results and report for 1H2026 recording substantial revenue increase but also loss increase (27 November and 3 December 2025) and the Proposed Amendments and proposed Offers were announced/published by the Company. After the publication of the Joint Announcement, there was an upward trend in the closing price of the Shares in April 2026 and from mid-May 2026 to the Latest Practicable Date. As advised by the Directors, they are not aware of the reason leading to such price trend given the Share Offer Price represents a substantial discount to such closing price. The Shares closed at HK\$4.45 on the Latest Practicable Date and the Share Offer Price represented a discount of 93.82% to it.

Further, it is noted from the chart above that the closing price trend of the Shares was similar with the trend of the Hang Seng Index during the Review Period generally, indicating that the price trend of the Shares may be affected by the same factors affecting the sentiment of the Hong Kong stock market.

Taking into account (i) the Share price closed above the Share Offer Price throughout the Review Period, in particular, the Share Offer Price represents a discount of 95.1%, 90.3% and 92.7% to the highest, lowest and average closing price of the Shares of the Review Period; and (ii) the significant discount of over 91% represented by the Share Offer Price to the closing price per Share on the Latest Practicable Date, the Last Trading Day, the average Share closing price for the last five, ten and thirty consecutive trading days immediately prior to and including the Last Trading Day respectively, the Share Offer Price is not fair and reasonable.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the price of the Shares which may increase or decrease after the Latest Practicable Date and close of the Offers.

(ii) Historical trading liquidity of the Shares

The table below sets out the trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and Shares held by the public Shareholders, respectively during the Review Period:

Month/period	Total trading volume for the month/ period <i>Shares</i>	Number of trading days <i>days</i>	Average daily trading volume		Average daily trading volume over total number of issued Shares held by the public Shareholders
			Average daily trading volume <i>(Note 1)</i> <i>Shares</i>	over total number of issued Shares <i>(Note 2)</i> <i>%</i>	<i>(Note 3)</i> <i>%</i>
2025					
March	2,239,000	21	106,619	0.10	0.18
April	3,075,500	19	161,868	0.16	0.27
May	3,999,700	20	199,985	0.19	0.33
June	5,295,750	21	252,179	0.25	0.42
July	8,028,980	22	364,954	0.35	0.60
August	5,334,250	21	254,012	0.25	0.42
September	3,371,800	22	153,264	0.15	0.25
October	4,484,900	20	224,245	0.22	0.37
November	4,176,350	20	208,818	0.20	0.34
December	3,281,175	21	156,246	0.15	0.25

Month/period	Total trading volume for the month/period <i>Shares</i>	Number of trading days <i>days</i>	Average daily trading volume	Average daily trading volume over total number of issued Shares	Average daily trading volume over total number of issued Shares held by the public Shareholders
			<i>Shares</i>	<i>(Note 1)</i>	<i>(Note 2)</i>
			<i>Shares</i>	<i>%</i>	<i>%</i>
2026					
January	2,750,000	21	130,952	0.12	0.21
February	2,561,820	17	150,695	0.14	0.24
March	3,781,500	22	171,886	0.16	0.27
April	4,961,438	19	261,128	0.24	0.40
May	5,813,250	19	305,961	0.17	0.46
June	7,710,900	21	367,186	0.21	0.55
July (up to the Latest Practicable Date)	381,750	2	190,875	0.11	0.29

Notes:

1. Calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
2. Calculated by dividing the average daily trading volumes of the Shares by the total issued Shares at the end of each month or as at the Latest Practicable Date, where applicable.
3. Calculated by dividing the average daily trading volumes of the Shares by the total issued Shares held by the public Shareholders at the end of each month or as at the Latest Practicable Date, where applicable.

During the Review Period, the average daily trading volume ranged from approximately 106,619 Shares (in March 2025) to approximately 367,186 Shares (in June 2026), representing approximately 0.10% to approximately 0.21% of the total number of issued Shares, and approximately 0.18% to approximately 0.55% of the total number of issued Shares held by the public Shareholders, as at the end of the respective month.

The Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market. Nevertheless, we noted from the trading volume released in the website of the Stock Exchange that the highest average daily trading volume of the Shares during the Review Period was recorded in June 2026, reaching approximately 0.4 million Shares and resulting in monthly

trading volume of approximately 7.7 million Shares, being the second highest level during the Review Period. We further noted that the daily trading volume of the Shares on a single day on 10 June 2026 could reach 1,620,500 Shares, representing over 21% of June 2026. Regardless of such substantial increase in the number of Shares sold in the market on 10 June 2026, compared to the daily trading volume during the Review Period as shown in the table above, there was still an increase in the closing price on the following trading day, that is, from HK\$5.1 on 10 June 2026 to HK\$5.64 (over 20 times higher than the Share Offer Price) on 11 June 2026. We understood from the Directors that they are not aware of the reasons leading to the aforesaid substantial increase in the trading volume on 10 June 2026. This indicates that the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market. Hence, instead of accepting the Share Offer, the Shareholders who intend to realise their investment in the Shares are recommended to sell their Shares in the market if net proceeds from such sale of Shares would exceed the net amount receivable under the Share Offer.

(iii) Peer comparison

In order to assess the fairness and reasonableness of the Share Offer Price, we have sought exhaustively to identify comparable companies on the website of the Stock Exchange for peer comparison based on the criteria (the “**Criteria**”) that the company is (i) currently listed and traded on the Stock Exchange; and (ii) principally engaged in business similar with that of the Group in the PRC, and with over 50% revenue of the latest preceding year contributed by new media exploitations business given 55% and 88% of the Group’s revenue for FY2025 and FY2026 respectively was contributed by such business regardless its zero revenue contribution in FY2024. Compared to new media exploitations business, revenue contribution from each of cinema business or licensing business to the Group has been substantially decreasing from around 73% (in case of cinema business) and 27% (in case of licensing business) in FY2024 to around 22% in FY2025 to around 5% in FY2026. Hence, notwithstanding such two business segments remain to be principal business of the Group as advised by the Company, they are considered not appropriate to be included in the Criteria due to the substantial decrease in their significance to the Group in terms of revenue contribution in recent year/period so as not to distort the result of comparison. No comparable company can be identified based on the Criteria.

We have considered if China Ruyi Holdings Limited (“**China Ruyi**”) or China Star Entertainment Limited (“**China Star**”) can be regarded as comparable company, as some of their business may be similar with that of the Group. We noted from the annual report of China Ruyi for the year ended 31 December 2025 which states that the group of China Ruyi is principally engaged in content production, online streaming services, online gaming services and manufacturing

and sales of accessories. Nevertheless, approximately 64% of its revenue was generated from online gaming services in 2025, and thus does not meet the Criteria. We also noted from the annual report of China Star for the year ended 31 December 2025 which states that the group of China Star is principally engaged in investment, production, distribution and licensing of films, television drama series, short dramas and online movies, provision of artist management services, properties development and investment, building management services and development, promotion and operation in multi-channel network e-commerce platform and development and sales of private label products. Nevertheless, approximately 55% of its revenue was generated from sales of properties in 2025, and thus does not meet the Criteria. Hence, each of China Ruyi and China Star is not considered a suitable comparable company.

Hence, peer comparison is not applicable. We have thus focused our analysis of the Share Offer Price on historical trading performance and underlying fundamentals of the Company as discussed above.

(b) Option Offer Price

As at the Latest Practicable Date, the Company has (i) 178,982,171 Shares in issue; and (ii) 5,095,264 outstanding Share Options, included in which are: (a) 1,708,000 outstanding Share Options exercisable under the 2012 Share Option Scheme at the exercise price of HK\$0.84 per Share; and (b) 3,387,264 outstanding Share Options exercisable under the 2024 Share Option Scheme at the exercise price of HK\$1.17 per Share.

As the exercise price of all the outstanding 2012 Share Options and 2024 Share Options are above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option. Given the Share Offer Price is not fair and reasonable, the Option Offer Price which is determined based on the Share Offer Price, is also considered by us to be not fair and reasonable.

In accordance with the terms of the Share Option Schemes, the Optionholders are entitled to exercise their Share Options in full (to the extent not already exercised) at any time after the date on which the Option Offer is declared unconditional and up to the close of the Option Offer (or any revised offer), after which the Share Options will lapse automatically regardless if they are exercised or not. Save as the above, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares. The Company has no intention to grant any share awards under the Share Option Schemes during the Offer Period.

In view of the fact that (i) the recent Share market price had been, and was as at the Latest Practicable Date, above the Share Offer Price, and (ii) any unexercised Option will lapse upon the final closing date of the Option Offer, we are of the view that Optionholders may, to the extent their respective circumstances permit, exercise their rights under the Share Options and dispose of their Offer Shares on the market if there is sufficient trading liquidity in the market and the market price is above the Share Offer Price (to the extent such excess in market price would be adequate to cover additional charges such as exercise price, brokerage, transaction levies etc., which would not be applicable if the Offer Shares are tendered in acceptance of the Share Offer) during the Offer Period. However, if the market price of the Shares becomes below the Share Offer Price and the exercise price of their Share Options, Optionholders may consider accepting the Option Offer instead.

Optionholders who do not: (i) exercise the Options by the final closing date of the Option Offer, or (ii) accept the Option Offer by the final closing date of the Option Offer will receive neither the Shares nor the see-through price of HK\$0.01 per 2012 Share Option and HK\$0.01 per 2024 Share Option respectively.

RECOMMENDATION

Notwithstanding the Share Offer Price represents a premium to the net liabilities per Share as at 31 March 2026, the Share Offer Price is unattractive, given it (i) represents a discount to the closing price of the Shares throughout the Review Period, in particular, a discount of over 90% to the highest, lowest and average closing price of the Shares of the Review Period, and (ii) represents a discount of over 91% to the closing price of the Shares on the Latest Practicable Date, the Last Trading Day, and the five-day, 10-day and 30-day average closing price of the Shares immediately prior to and including the Last Trading Day respectively. Given the above, the Option Offer Price which is determined based on the Share Offer Price, is also not attractive. Hence, we are of the view that the Offers are not fair and not reasonable so far as the Independent Shareholders are concerned.

On the other hand, having considered

- (a) the uncertainty in the Group's financial performance given the net loss made by the Group for FY2025 and FY2026, and the decline in overall gross profit margin for FY2026 compared to that for FY2025 despite the overall revenue increase from FY2025 to FY2026;
- (b) the net liabilities recorded by the Group and possibility of dividend distribution in the near future is remote;
- (c) the prospect of the Group's principal business is challenging and uncertain;

- (d) notwithstanding the Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market price, given (i) the trading volume of the Shares could reach 1,620,500 Shares on a single day on 10 June 2026, representing over 21% of the month, being the second highest level of monthly trading volume of approximately 7.7 million Shares recorded by the Company during the Review Period; and (ii) regardless of the substantial increase in the number of Shares sold in the market on 10 June 2026, the closing price of the Shares increased on the following trading day, that is, from HK\$5.1 on 10 June 2026 to HK\$5.64 (over 20 times higher than the Share Offer Price) on 11 June 2026, indicating the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market,

the Independent Shareholders are recommended to sell their Shares in the market at a price higher than the Share Offer Price, instead of accepting the Share Offer, if they intend to realise their investment in the Shares and if the net proceeds (after deducting fees and expenses) received from the on-market disposal would exceed the proceeds to be received if they accept the Share Offer. The Optionholders are also advised to exercise their Share Options and sell their Shares in the market at a price higher than the Share Offer Price and the exercise price of their Share Options, instead of accepting the Option Offer.

Taking into account the factors above, we recommend the Independent Board Committee to recommend, and we recommend, the Independent Shareholders not to accept the Offers.

Yours faithfully,
For and on behalf of
Capital 9 Limited



Chan Man Yee
Director

Chan Man Yee is a licensed person and a responsible officer of Capital 9 Limited registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in the corporate finance industry.