THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Archosaur Games Inc.**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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ARCHOSAUR GAMES INC.
祖龙娱乐有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

(1) PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 39 of this circular.

A notice convening the EGM to be held on Wednesday, 17 December 2025 at 9:00 a.m. at Meeting Room, 3F, Kaipuu Belfry Hotel, Licheng District, Quanzhou, Fujian, the PRC is set out on pages 45 to 46 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.zulong.com) respectively.

Whether or not you intend to attend the EGM, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so wish.

1 December 2025

CONTENT

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China
"Company"	Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 9990)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Cresc Chorus"	Cresc Chorus Limited, a business company incorporated under the laws of the BVI with limited liability and one of the controlling Shareholders of the Company
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened on Wednesday, 17 December 2025 for the purpose of considering and, if thought fit, approving the resolution in respect of the renewed Tencent Game Cooperation Framework Agreement and the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps)

"Group"	the Company and its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before the Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising all independent non-executive Directors, namely Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping, which was established to advise the Independent Shareholders in relation to the renewed Tencent Game Cooperation Framework Agreement and the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps)
"Independent Financial Adviser" or "Somerley Capital"	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps)
"Independent Shareholders"	Shareholders other than Tencent and its associates
"IP"	intellectual property
"Latest Practicable Date"	26 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LuckQ"	LuckQ Technology Limited, a business company incorporated under the laws of the BVI with limited liability and one of the controlling Shareholders of the Company
"MMORPG"	a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with one another within a virtual world
"Model Code"	the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules
"percentage ratios"	has the meaning ascribed to it under the Listing Rules
"RMB"	Renminbi, legal currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Share(s)"	ordinary share(s) with par value of US$0.00001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of share(s) of the Company
"SLG"	simulation games, a genre of games that attempt to emulate various activities from real life in the game format
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700)

"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Tencent
"Tencent Game Cooperation Framework Agreement"	a game cooperation framework agreement entered into between the Company and Tencent Computer on 22 June 2020 and renewed by the parties on 4 November 2022 and 3 November 2025, the transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps) are still subject to the approval by the Independent Shareholders at the EGM
"Tencent Group"	Tencent and/or its subsidiaries from time to time
"%"	per cent

* *For identification purpose only*

ARCHOSAUR GAMES INC.
祖龙娱乐有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

Executive Directors:
Mr. Li Qing *(chairman and chief executive officer)*
Mr. Bai Wei

Non-executive Directors:
Mr. Li Nachuan
Mr. Lu Xiaoyin

Independent Non-executive Directors:
Ms. Wang Jing
Mr. Zhu Lin
Mr. Ding Zhiping

Registered office in the Cayman Islands:
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Principal place of business in Hong Kong:
40/Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

1 December 2025

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 3 November 2025 in relation to, among others, the proposed renewal of the Tencent Game Cooperation Framework Agreement.

The purpose of this circular is to, among others, provide you with the notice of the EGM and the information in respect of the proposed renewal of the Tencent Game Cooperation Framework Agreement for the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group for the three years ending 31 December 2028 (including the proposed annual caps) to seek approval of the Independent Shareholders at the EGM.

II. RENEWAL OF THE TENCENT GAME COOPERATION FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 4 November 2022 and the circular of the Company dated 22 November 2022 in relation to, among others, the renewal of the Tencent Game Cooperation Framework Agreement.

As disclosed in the above documents, the Company entered into the existing Tencent Game Cooperation Framework Agreement with Tencent Computer in relation to (i) licensing of certain IP rights by the Tencent Group to the Group to adapt and develop such IP into games and use the related contents for advertising, promotion and operation of such games (the "**IP Rights Licensing**"); (ii) exclusive publishing and operation of the Group's games by the Tencent Group; (iii) publishing of games on Tencent platforms; (iv) promotion and advertising services provided by the Tencent Group (the "**Tencent Promotion and Advertising Services**"); and (v) license the Group to advertise, promote and operate games developed by the Tencent Group or of which the Tencent Group owns the IP rights in designated regions (the "**Agency and Operation of Games**").

The Board hereby announces that, as the existing Tencent Game Cooperation Framework Agreement will expire on 31 December 2025, the Company and Tencent Computer renewed and amended such agreement on 3 November 2025 for a term of three years from 1 January 2026 to 31 December 2028 to regulate the transactions in relation to (i) IP Rights Licensing; (ii) exclusive publishing and operation of the Group's games by the Tencent Group; and (iii) publishing of games on Tencent platforms, and set the proposed annual caps for the transactions contemplated for the three years ending 31 December 2028. The transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group are subject to the approval by the Independent Shareholders at the EGM. Since the parties will not conduct the transactions in relation to (i) the Tencent Promotion and Advertising Services; and (ii) the Agency and Operation of Games under the existing Tencent Game Cooperation Framework Agreement for the three years ending 31 December 2028, such transactions were not renewed.

The principal terms of the transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group of the renewed Tencent Game Cooperation Framework Agreement are set out as follows:

Renewal date:	3 November 2025
Parties:	(i) the Company (for itself and on behalf of the Group) (ii) Tencent Computer (for itself and on behalf of the Tencent Group)
Term of the agreement:	Subject to the approval by the Independent Shareholders at the EGM, the renewed Tencent Game Cooperation Framework Agreement is for a term of three years from 1 January 2026 to 31 December 2028.

1. IP Rights Licensing

Subject matter:	Pursuant to the renewed Tencent Game Cooperation Framework Agreement, the Tencent Group shall license certain IP rights to the Group to adapt and develop such IP into games and use the related contents for advertising, promotion and operation of such games; or the Tencent Group shall license the Company to use the IP for promotion, or to use the IP to develop related in-game items in existing games. The IP rights under the renewed Tencent Game Cooperation Framework Agreement include but not limited to: (i) the Dragon Raja (龍族) series of animations powered by Unreal Engine 4 (game engines developed by Epic Games), which have been adapted and developed into Dragon Raja: Cassell Gate (龍族:卡塞爾之門), a strategy card game; and (ii) a famous licensed IP, which is expected to be adapted and developed into Project G, a strategy card game in a Western fantasy setting as disclosed in the Company's interim report for the six months ended 30 June 2025.
Fee arrangement and settlement:	The fees payable by the Group to the Tencent Group for the licensing of certain IP rights shall comprise the following: • fixed licensing fees; and/or • revenue sharing between the parties; and/or • prepaid revenue/profit sharing between the parties.

Fixed licensing fees and prepaid revenue sharing will be specifically agreed upon in the respective agreements, specifying the payment amounts and timing. Revenue sharing will be distributed according to the agreed-upon revenue-sharing ratio after the launch of the relevant games. The revenue sharing by the Group to the Tencent Group for the licensing of certain IP rights shall be settled on a monthly basis and prepaid revenue sharing shall be deducted first.

Pricing policy: The licensing fees and/or revenue sharing arrangement (including revenue sharing and/or prepaid revenue/profit sharing) to be incurred by the Group to the Tencent Group shall be determined upon arm's length negotiation between the parties with reference to (i) the quality and popularity of the original IP(s); (ii) the prevailing fee structures and pricing terms of comparable IPs in the market; and (iii) the potential revenue and profitability from the games.

In order to ensure that the fees to be incurred to the Tencent Group by the Group for the IP Rights Licensing under the renewed Tencent Game Cooperation Framework Agreement is based on prevailing market prices and entered into no less favourable terms than those generally available to the Group, a dedicated team will evaluate and identify potential IPs in the market. The team will determine a range of comparable IPs in the market and the primary factors the team may take into account include but not limited to: (i) genre similarity: whether the IP is suitable for this type of game (e.g., high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres); (ii) core audience alignment: overlap in demographic traits (e.g., age range, gender distribution, gaming experience level) and player motivations; (iii) favored regions overlap: the IP's acceptance in our target game release regions; and (iv) proven market popularity and commercial performance: the IP's verified ability to attract users and drive sustainable revenue. Each of the Company's business units, in accordance with the Company's internal requirements, shall select IP licensors based on the recommendation from the aforesaid dedicated team, after fully considering the business needs and the pricing of at least two independent third-party licensors of comparable IPs, obtain the approval of the business units in accordance with the Company's internal procedures, and then submit the selection to the procurement committee of the Company for final approval.

Based on the historical licensing fees paid for original IPs from independent third-party licensors and the fee quotes provided by at least two independent third-party licensors for comparable IPs, the Company will be able to ensure that the fees to be incurred to the Tencent Group by the Group represent the prevailing market price and on normal commercial terms that are no less favorable to the Group.

Proposed Annual Caps and the Basis of Determination

Historical Transaction Amounts

The historical transaction amounts of the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to IP Rights Licensing payable by the Group to the Tencent Group for the two years ended 31 December 2024 and the ten months ended 31 October 2025 are set out below:

	Year ended 31 December 2023 *(RMB million)*	**Year ended 31 December 2024** *(RMB million)*	**Ten months ended 31 October 2025** *(RMB million)*
Historical transaction amount	–	13.21	37.41

Note: Since the launch date of the games under the Tencent Game Cooperation Framework Agreement was adjusted based on the actual circumstances, there was no transaction in 2023 in relation to IP Rights Licensing and the utilization rate of the annual cap in 2024 was relatively low under the Tencent Game Cooperation Framework Agreement.

Historical Annual Caps

The annual caps for the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to IP Rights Licensing payable by the Group to the Tencent Group for the three years ending 31 December 2025 are set out below:

	Year ended 31 December 2023 *(RMB million)*	**Year ended 31 December 2024** *(RMB million)*	**Year ending 31 December 2025** *(RMB million)*
Historical annual caps	8.62	39.74	42.96

As at the Latest Practicable Date and for the year ending 31 December 2025, the transaction amounts of the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to IP Rights Licensing did not and are not expected to exceed the annual cap for the year ending 31 December 2025.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to IP Rights Licensing payable by the Group to the Tencent Group for the three years ending 31 December 2028 are set out below:

	Year ending 31 December 2026 *(RMB million)*	**Year ending 31 December 2027** *(RMB million)*	**Year ending 31 December 2028** *(RMB million)*
Proposed annual caps	68.40	121.60	166.70

The above proposed annual caps were determined with reference to the historical transaction figures as listed above and after taking into consideration the following factors:

(i) the terms of the renewed Tencent Game Cooperation Framework Agreement in relation to IP right licensing fee, including fixed licensing fee and the revenue sharing arrangement;

(ii) the projected demand for the games considering the increase in the number of IP cooperation projects and the quality and popularity of the original IP(s); and

(iii) the revenue sharing arrangement and prevailing licensing fees payable by the Group to the independent third parties in respect of licensing for similar and comparable IP rights in the market.

Reasons for and Benefits of the Transaction

The Tencent Group owns certain IP rights suitable for adaptation into mobile or PC games. Such IPs in the form of videos, literary works, etc., have a wide audience, and animations and videos related to such IPs will be released on Tencent platforms from time to time to attract more potential players and thus generate traffic for the related games. It is expected that the Tencent Group and the Group can leverage each other's competitive advantages in game development and promotion.

2. Exclusive Publishing and Operation of Games

Subject matter: Pursuant to the renewed Tencent Game Cooperation Framework Agreement, the Group shall engage the Tencent Group to publish, operate and promote certain games self-developed by the Group in designated regions. The games self-developed by the Company and the designated regions under the renewed Tencent Game Cooperation Framework Agreement include but not limited to Loong Craft (六龍爭霸), Fantasy Zhuxian (夢幻誅仙), King of Kings (萬王之王3D), Dragon Raja (龍族幻想) and Under the Firmament (鴻圖之下) in Chinese mainland.

The Tencent Group shall have the exclusive rights to publish and operate the Group's games in designated regions. The Group agreed to participate in certain aspects of the operation of the games licensed to the exclusive publishing and operation of the Tencent Group, which includes external maintenance, customer service (such as, attending to game enquiries, in-game speech and image reviews), production of graphics, theme songs and advertising images, operation of the users' community, marketing and public relations.

Fee arrangement and settlement: The fees incurred by the Tencent Group for the exclusive publishing and operation of games shall be calculated by the following basis:

- fixed licensing fees;
- revenue/profit sharing;
- prepaid revenue/profit sharing between the parties; and/or
- game performance bonus, which will be determined by assessing one or more aspects of the Group's games, including but not limited to the revenue/profit generated by the games, the popularity and rating of the games on various platforms.

Fixed licensing fees, prepaid revenue sharing and game performance bonus will be specifically agreed upon in the respective agreements, specifying the payment amounts and timing. Revenue sharing will be distributed according to the agreed-upon revenue-sharing ratio after the launch of the relevant games. The revenue sharing incurred by the Tencent Group for the exclusive publishing and operation of games shall be settled on a monthly basis and prepaid revenue sharing shall be deducted first.

Pricing policy: The pricing of the transactions will be determined with reference to (i) the test results of the Group's games based on Tencent's internal evaluation system with regards to the nature, quality and the expected popularity in the market; (ii) potential user traffic and gross billings arising from the platforms operated by the Tencent Group; and (iii) the fee arrangements at the prevailing terms in the market. The Company will select independent third-party game operators based on their relevant industry expertise, proven track record, scale, reputation and demonstrated capability in providing comparable services for similar projects within the gaming sector.

Based on the fee quotes provided by at least two independent third-party game operators, the Company will be able to ensure that the fees to be incurred by the Tencent Group to the Group represent the prevailing market price and on normal commercial terms that are no less favorable to the Group.

The fee arrangements of such transactions may consist of any of the following: (i) fixed licensing fees that may be paid by separate instalments that are hedged against the progression of the commercial operation of the game; (ii) revenue sharing at a fixed proportion; and (iii) initial prepaid fees that shall be deductible for the subsequent revenue sharing.

Proposed Annual Caps and the Basis of Determination

Historical Transaction Amounts

Historical transaction amount of the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group payable by the Tencent Group to the Group for the two years ended 31 December 2024 and for the ten months ended 31 October 2025 is set out below:

	Year ended 31 December 2023 *(RMB million)*	**Year ended 31 December 2024** *(RMB million)*	**Ten months ended 31 October 2025** *(RMB million)*
Historical transaction amount	145.14	81.77	62.15

Note: Due to the adjustment in the number of cooperation projects, the utilization rates of the annual caps for the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group were relatively low for the two years ended 31 December 2024 and for the ten months ended 31 October 2025.

Historical Annual Caps

The annual caps for the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group payable by the Tencent Group to the Group for the three years ending 31 December 2025 are set out below:

	Year ended 31 December 2023 *(RMB million)*	**Year ended 31 December 2024** *(RMB million)*	**Year ending 31 December 2025** *(RMB million)*
Historical annual caps	814.21	494.09	308.68

As at the Latest Practicable Date and for the year ending 31 December 2025, the transaction amounts of the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group did not and are not expected to exceed the annual cap for the year ending 31 December 2025.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group payable by the Tencent Group to the Group for the three years ending 31 December 2028 are set out below:

	Year ending 31 December 2026 *(RMB million)*	Year ending 31 December 2027 *(RMB million)*	Year ending 31 December 2028 *(RMB million)*
Proposed annual caps	73.90	70.70	65.50

The above proposed annual caps were determined with reference to the historical transaction figures as listed above and after taking into consideration the following factors:

(i) the anticipated gross billings of the existing games in operation given the popularity and life cycles of such games that have been signed with the Tencent Group;

(ii) the expected number of games to be exclusively published and operated by Tencent in the future; and

(iii) the evaluation in relation to the respective projected performance in gross billings of the games.

Reasons for and Benefits of the Transaction

Publishing the Group's games in cooperation with third-party game publishers is one of the Group's means of game publishing, and the Group has the commercial liberty to engage third-party publishers to maximise the Group's earnings from each game that the Group self-developed. As Tencent is a leading mobile game publisher in the PRC that operates a game platform for a large number of high-paying game players, the collaborations allow the Group to leverage on the current market information provided by Tencent and adapt the Group's games to the prevailing preference of the market. As a result, the Group has been able to enhance the popularity and the commercial potential of the games.

Games that are published and operated by the Tencent Group typically demonstrate Tencent's strong confidence and endorsement of the games. The Group generally enters into such agreements with game publishers, including the Tencent Group at an early stage of the game development process in order to optimize marketing effectiveness of the Group's games. As a result, it is expected that the Group's games will be better received by players from such collaboration with the Tencent Group, which facilitates word-of-mouth marketing. As at the Latest Practicable Date, the Group had collaborated with the Tencent Group to publish a wide range of games, most of which had achieved widespread acceptance among game players.

III. INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to ensure that the terms of the transactions contemplated under the Tencent Game Cooperation Framework Agreement are fair and reasonable and in compliance with the annual caps of the transactions contemplated under the Tencent Game Cooperation Framework Agreement:

(i) The finance department of the Company, which is responsible for overseeing the connected transactions of the Group, will regularly monitor and collect detailed information on the connected transactions on a monthly basis, including but not limited to the payment arrangements and the actual transaction amounts, to ensure that the continuing connected transactions are conducted in accordance with the Tencent Game Cooperation Framework Agreement. In addition, the finance department of the Company is responsible for monitoring and reviewing the balance of annual caps of the continuing connected transactions on a monthly basis. If the annual caps for the continuing connected transactions are expected to be exceeded in a particular year, the finance department of the Company will report to the management of the Company and take appropriate actions in accordance with the relevant requirements of the Listing Rules.

(ii) The senior management of the Company is responsible for overseeing and monitoring the internal control procedures adopted by the Group to ensure that the actual transaction amounts fall within the relevant annual caps. The senior management of the Company also monitors the utilization of the annual caps on an annual basis.

(iii) The external auditors of the Company will review the continuing connected transactions contemplated under the Tencent Game Cooperation Framework Agreement on an annual basis to check and confirm, among other things, whether the relevant annual caps have been exceeded.

(iv) The independent non-executive Directors and the risk management committee of the Company will review the continuing connected transactions under the Tencent Game Cooperation Framework Agreement on an annual basis to check and confirm whether the continuing connected transactions are conducted in the ordinary and usual course of business of the Group, on normal or better commercial terms and on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole in accordance with the Tencent Game Cooperation Framework Agreement.

In order to ensure that the consideration or service fees for transactions under the Tencent Game Cooperation Framework Agreement is based on prevailing market prices and entered into no less favourable terms than those generally available to the Group, each of the Company's business units, in accordance with the Company's internal requirements, shall select suppliers or partners, after fully considering the business needs and the pricing of at least two independent third-party service providers of similar products and/or services, obtain the approval of the business units in accordance with the Company's internal procedures, and then submit the selection to the procurement committee of the Company for final approval.

IV. INFORMATION ON THE PARTIES

The Group

The Group is a pioneer in China's mobile game industry with more than 20 years of research and development experience, focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres.

The Tencent Group

The Tencent Group principally provides value-added services, online advertising and FinTech and business services to users.

V. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tencent is a substantial shareholder of the Company holding approximately 17.19% of the total issued shares of the Company through its wholly-owned subsidiaries. Therefore, the Tencent Group is a connected person of the Company, and the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As each of the highest applicable percentage ratios in respect of the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group exceeds 5%, each of such transactions contemplated thereunder is subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Li Nachuan, a non-executive Director, is an employee of the Tencent Group and therefore has abstained from voting on the Board resolution approving the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has or is considered to have material interests in the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors who have formed their opinion after reviewing the advice from the Independent Financial Adviser) are of the view that the terms of the renewed Tencent Game Cooperation Framework Agreement were determined after arm's length negotiation and are fair and reasonable, and the transactions contemplated thereunder (including the proposed annual caps) are conducted in the ordinary and usual business of the Group, are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

VI. EGM

The notice of the EGM is set out on pages 45 to 46 of this circular.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 12 December 2025 to Wednesday, 17 December 2025 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the EGM, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, 17/F, Far EastFinance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 11 December 2025 for registration of share transfer.

Pursuant to 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under 13.39(5) of the Listing Rules.

In accordance with the Listing Rules, Tencent and its associates will abstain from voting on the resolution to be proposed at the EGM in respect of the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group, and the proposed annual caps for the three years ending 31 December 2028. As at the Latest Practicable Date, Tencent and its associates, directly and indirectly, hold approximately 17.19% of the total issued shares of the Company. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of HKEXnews (http://www.hkexnews.hk) and the Company (www.zulong.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

VII. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder in relation to (a) IP Rights Licensing; and (b) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps) set out on pages 19 to 20 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the fairness and reasonableness on the terms of the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder in relation to (a) IP Rights Licensing; and (b) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps) set out on pages 21 to 39 of this circular.

The Directors and the Independent Board Committee are of the view that the renewed Tencent Game Cooperation Framework Agreement were entered into on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps for the transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors and the Independent Board Committee recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

VIII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (General information) to this circular.

Yours faithfully,
For and on behalf of the Board
Archosaur Games Inc.
Mr. Li Qing
Chairman and Executive Director

ARCHOSAUR GAMES INC.
祖龙娱乐有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

1 December 2025

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated on 1 December 2025 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the renewed Tencent Game Cooperation Framework Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (details of which are set out in the letter from the Board) are fair and reasonable so far as the Independent Shareholders are concerned.

Somerley Capital has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the renewed Tencent Game Cooperation Framework Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group. Details of the advice from Somerley Capital, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 21 to 39 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 18 of the Circular and the additional information set out in the Appendix I.

Having considered (i) the terms and conditions of the renewed Tencent Game Cooperation Framework Agreement, (ii) the discussion with the management of the Company about the background to and nature of the continuing connected transactions under the renewed Tencent Game Cooperation Framework Agreement, (iii) the reasons for the proposed annual caps and the basis upon which the proposed annual caps have been determined, (iv) the business and financial effects of the renewed Tencent Game Cooperation Framework Agreement to the Group, and (v) the interests of the Independent Shareholders and the advice given by the

Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the view that the renewed Tencent Game Cooperation Framework Agreement was determined after arm's length negotiation and is fair and reasonable, and the transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps) are conducted in the ordinary and usual business of the Group, are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM so as to approve the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group (including the proposed annual caps).

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Archosaur Games Inc.
Ms. Wang Jing, Mr. Zhu Lin, Mr. Ding Zhiping
Independent Non-executive Directors

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

1 December 2025

To: *the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to renewal of the Tencent Game Cooperation Framework Agreement in respect of (i) the licensing of certain IP rights by the Tencent Group to the Group (the "**IP Rights Licensing**"); and (ii) the exclusive publishing and operation of games by the Tencent Group for certain games developed by the Group in designated regions (the "**Exclusive Publishing and Operation**"). Details of the Tencent Game Cooperation Framework Agreement are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 1 December 2025 (the "**Circular**"), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As the existing Tencent Game Cooperation Framework Agreement entered into between the Group and the Tencent Group in relation to, among others, the IP Rights Licensing and the Exclusive Publishing and Operation will expire on 31 December 2025. On 3 November 2025, the Company (for itself and on behalf of the Group) and Tencent Computer (for itself and on behalf of the Tencent Group) renewed and amended the Tencent Game Cooperation Framework Agreement for a term of three years from 1 January 2026 to 31 December 2028 and set the annual caps for the transactions contemplated thereunder for the renewed term.

As of the Latest Practicable Date, Tencent is a substantial shareholder of the Company holding approximately 17.19% of the total issued shares of the Company through its wholly-owned subsidiary. Therefore, the Tencent Group is a connected person of the Company, and the renewed Tencent Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the highest applicable percentage ratios in respect of the transactions contemplated under the renewed Tencent Game Cooperation Framework Agreement in relation to (i) the IP Rights Licensing; and (ii) the Exclusive Publishing and Operation exceeds 5%, each of such transactions contemplated thereunder is subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened to seek the approval by the Independent Shareholders of the transaction contemplated under the Tencent Game Cooperation Framework Agreement in relation to the IP Rights Licensing and the Exclusive Publishing and Operation. In view of the Tencent's interest in the Tencent Game Cooperation Framework Agreement, Tencent and its associates will abstain from voting in respect of the relevant resolutions in relation to the IP Rights Licensing and the Exclusive Publishing and Operation at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping, has been established to advise the Independent Shareholders in relation to the Tencent Game Cooperation Framework Agreement for the transaction contemplated thereunder in relation to the IP Rights Licensing and the Exclusive Publishing and Operation (including the respective proposed annual caps). We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Company, the Tencent Group or their respective associates, close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the Tencent Game Cooperation Framework Agreement. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Tencent Group or their respective core associates, close associates or core connected persons.

In formulating our advice and recommendation, we have reviewed, among others, (i) announcement of the Company dated 3 November 2025 in relation to, among others, the Tencent Game Cooperation Framework Agreement, (ii) the annual reports of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") and interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"), and (iii) other information contained in the Circular. In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the "**Management**") and the respective professional advisers of the Company and have assumed that they are true, accurate and complete in all material aspects and in relation to any opinions to be honestly held at the time they were made and will remain, in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held, up to the date of the EGM. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Tencent Game Cooperation Framework Agreement in relation to the IP Rights Licensing and the Exclusive Publishing and Operation (including the respective proposed annual caps), we have taken into consideration the following principal factors and reasons:

1. Information on the parties

1.1. The Group

The Group is a pioneer in China's mobile game industry with more than 20 years of research and development experience, focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres.

The following sets forth the summary of financial information of the Group for the year ended 31 December 2023 and 2024, and the six months ended 30 June 2024 and 2025 as extracted from the 2024 Annual Report and 2025 Interim Report:

	For the year ended 31 December		For the six months ended 30 June	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	908,489	1,141,079	439,432	634,366
Gross profit	650,407	826,004	321,746	452,821
Operating loss	(357,029)	(341,396)	(153,969)	(36,761)
Loss for the year/period	(315,561)	(287,246)	(134,041)	(11,730)
Adjusted net loss for the year/period *(Note)*	(282,900)	(270,000)	(120,400)	(7,700)

Note: As disclosed in the 2024 Annual Report and the 2025 Interim Report, the adjusted net loss for the year/period, calculated by adding back the share-based compensation expenses for the respective period to the loss for the year/period, provides additional information investors and others in understanding and evaluating the Group's consolidated results of operations as well as facilitate year to year comparison.

The Group's revenue was mainly derived from integrated game publishing and operation, accounting for approximately 78.1%, 90.7% and 91.3% of the total revenue of the Group for the year ended 31 December 2023, 2024 and the six months ended 30 June 2025, respectively.

As disclosed in the interim report for the six months ended 30 June 2025 of the Company, as at the date of the 2025 Interim Report, the Group had launched 24 mobile games with multiple regional versions in 14 languages available in more than 170 regional markets. The Group also expects to launch at least 7 game products in the second half of 2025 to 2027.

For the six months ended 30 June 2024 and 2025

The Group recorded a total revenue of approximately RMB634.3 million for the six months ended 30 June 2025, representing an increase of approximately 44.4% from that of approximately RMB439.4 million for the six months ended 30 June 2024. As disclosed in the 2025 Interim Report, the increase in total revenue was mainly attributable to (i) the launch of Dragon Raja: Cassell Gate (龍族:卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as (ii) the sustained steady performance of Life Makeover (以閃亮之名) during the six months ended 30 June 2025.

For the six months ended 30 June 2025, the gross profit of the Group increased by 40.8% to RMB452.8 million as compared with RMB321.7 million for the corresponding period in 2024, which was primarily attributable to revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族:卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名) during the six months ended 30 June 2025. The gross profit margin of the Group decreased to 71.4% for the six months ended 30 June 2025 from 73.2% for the corresponding period in 2024, remaining largely consistent with the comparable period.

The adjusted net loss for the six months ended 30 June 2025 amounted to RMB7.7 million as compared with adjusted net loss of RMB120.4 million for the corresponding period in 2024. Such decrease in loss was primarily attributable to (i) revenue growth as mentioned above; and (ii) the net gains on foreign exchange, which was partially offset by the increase in promotion and advertising expenses.

For the year ended 31 December 2023 and 2024

The Group recorded a total revenue of approximately RMB1,141.1 million for the year ended 31 December 2024, representing an increase of approximately 25.6% from that of approximately RMB908.5 million for the year ended 31 December 2023. As disclosed in the 2024 Annual Report, the increase in total revenue was mainly attributable to the launch of Dragon Raja: Cassell Gate (龍族:卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名) during the year ended 31 December 2024.

For the year ended 31 December 2024, the gross profit of the Group increased by 27.0% to RMB826.0 million as compared with RMB650.4 million for the year ended 31 December 2023, which was primarily attributable to the increase in revenue resulting from the launch of Dragon Raja: Cassell Gate (龍族:卡塞爾之門) in Chinese mainland and the sustained performance of Life Makeover (以閃亮之名) during the year ended 31 December 2024. The gross profit margin of the Group increased to 72.4% for the year ended 31 December 2024 from 71.6% for the year ended 31 December 2023, remaining largely consistent with the comparable period.

The adjusted net loss for the year ended 31 December 2024 amounted to RMB270.0 million as compared with adjusted net loss of RMB282.9 million for the year ended 31 December 2023. Such decrease of loss was primarily attributable to (i) revenue growth as mentioned above; and (ii) the gains on financial asset investments during the year ended 31 December 2024. However, these positive factors were partially offset by the increased promotional and advertising expenses, which were incurred to the launch of the new games and to enhance player engagement of the existing games.

Set out below is the summary of the financial position of the Group as at 31 December 2023 and 2024, and 30 June 2025 as extracted from the 2024 Annual Report and 2025 Interim Report:

	As at 31 December		**As at 30 June**
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*
Total assets	2,743,623	2,598,360	2,704,346
Total liabilities	409,690	493,076	641,315
Net assets	2,333,933	2,105,284	2,063,031

As at 30 June 2025, the Group's total assets amounted to approximately RMB2,704.3 million, mainly comprised of (i) term deposits of approximately RMB1,034.0 million; (ii) financial assets at fair value through profit or loss of approximately RMB693.7 million; and (iii) cash and cash equivalents of approximately RMB261.7 million.

As at 30 June 2025, the Group's total liabilities amounted to approximately RMB641.3 million, mainly comprised of (i) contract liabilities of approximately RMB309.4 million; and (ii) trade and other payables of approximately RMB185.0 million; and (iii) lease liabilities of approximately RMB137.1 million.

As at 31 December 2023, 2024 and 30 June 2025, the Group's net assets amounted to approximately RMB2,333.9 million, RMB2,105.3 million and RMB2,063.0 million, respectively, such decrease was mainly as a result of the increase in accumulated losses.

1.2. The Tencent Group

The Tencent Group principally provides value-added services, online advertising and FinTech and business services to users. The shares of Tencent are listed on the Main Board of the Stock Exchange (stock code: 700).

As disclosed in the annual report for the year ended 31 December 2024 and the interim report for the six months ended 30 June 2025 of Tencent, Tencent recorded a total revenue of approximately RMB609.0 billion, RMB660.3 billion and RMB364.5 billion for the year ended 31 December 2023, 2024 and six months ended 30 June 2025, respectively, of which approximately 29.5%, 29.9% and 32.6% respectively was attributable to game business. Other than being one of the leading companies in the game industry, Tencent also operates some of the leading social communications platforms in the PRC, including Weixin and Wechat. As at 30 June 2025, the combined monthly active user accounts (MAU) of Weixin and WeChat increased to approximately 1.4 billion.

According to Sensor Tower, a market intelligence and performance metrics in the digital ecosystem which provides digital performance, usage and trend insights, in September 2025, Tencent ranked 1st among the mobile game publishers in the PRC in terms of revenue.

2. Background to and reasons for the renewal of the Tencent Game Cooperation Framework Agreement

2.1. The IP Rights Licensing

As disclosed in the letter from the Board in the Circular, the Tencent Group owns certain IP rights suitable for adaptation into mobile or PC games. Such IPs in the form of videos, literary works, etc., have a wide audience, and animations and videos related to such IPs will be released on Tencent platforms from time to time to attract more potential players and thus generate traffic for the related games. It is expected that the Tencent Group and the Group can leverage each other's competitive advantages in game development and promotion.

2.2. The Exclusive Publishing and Operation

As disclosed in the letter from the Board in the Circular, publishing the Group's games in cooperation with third-party game publishers is one of the Group's means of game publishing, and the Group has the commercial liberty to engage third-party publishers to maximise the Group's earnings from each game that the Group self-developed. As Tencent is a leading mobile game publisher in the PRC that operates a game platform for a large number of high-paying game players, the collaborations allow the Group to leverage on the current market information provided by Tencent and adapt the Group's games to the prevailing preference of the market. As a result, the Group has been able to enhance the popularity and the commercial potential of the games.

Games that are published and operated by the Tencent Group typically demonstrate Tencent's strong confidence and endorsement of the games. The Group generally enters into such agreements with game publishers, including the Tencent Group at an early stage of the game development process in order to optimize marketing effectiveness of the Group's games. As a result, it is expected that the Group's games will be better received by players from such collaboration with the Tencent Group, which facilitates word-of-mouth marketing. As at the Latest Practicable Date, the Group had collaborated with the Tencent Group to publish a wide range of games, most of which had achieved widespread acceptance among game players.

In view of the above, and having taken into account, among others, (i) principal business of the Group and the Tencent Group; (ii) the leading positions of the Tencent Group in the gaming industry; and (iii) the renewal of the Tencent Game Cooperation Framework Agreement would provide the Group with flexibility to continue to conduct business with the Tencent Group, we are of the view that the renewal of the Tencent Game Cooperation Framework Agreement is in the ordinary course of business and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Tencent Game Cooperation Framework Agreement

The following sets forth the principal terms of the Tencent Game Cooperation Framework Agreement in relation to (i) the IP Rights Licensing and (ii) the Exclusive Publishing and Operation. Further details of the terms of the Tencent Game Cooperation Framework Agreement are set out in the section headed "II. RENEWAL OF THE TENCENT GAME COOPERATION FRAMEWORK AGREEMENT" in the letter from the Board in the Circular.

3.1 The IP Rights Licensing

Subject matter

Pursuant to the renewed Tencent Game Cooperation Framework Agreement, the Tencent Group shall license certain IP rights to the Group to adapt and develop such IP into games and use the related contents for advertising, promotion and operation of such games; or the Tencent Group shall license the Company to use the IP for promotion, or to use the IP to develop related in-game items in existing games.

The IP rights under the renewed Tencent Game Cooperation Framework Agreement include but not limited to: (i) the Dragon Raja (龍族) series of animations powered by Unreal Engine 4 (game engines developed by Epic Games), which have been adapted and developed into Dragon Raja: Cassell Gate (龍族:卡塞爾之門), a strategy card game; and (ii) a famous licensed IP, which is expected to be adapted and developed into Project G, a strategy card game in a Western fantasy setting as disclosed in the Company's interim report for the six months ended 30 June 2025.

Fee arrangement and settlement

The fees payable by the Group to the Tencent Group for the licensing of certain IP rights shall comprise the following:

- fixed licensing fees; and/or
- revenue sharing between the parties; and/or
- prepaid revenue/profit sharing between the parties.

Fixed licensing fees and prepaid revenue sharing will be specifically agreed upon in the respective agreements, specifying the payment amounts and timing. Revenue sharing will be distributed according to the agreed-upon revenue-sharing ratio after the launch of the relevant games. The revenue sharing by the Group to the Tencent Group for the licensing of certain IP rights shall be settled on a monthly basis and prepaid revenue sharing shall be deducted first.

Pricing policy

The licensing fees and/or revenue sharing arrangement (including revenue sharing and/or prepaid revenue/profit sharing) to be incurred by the Group to the Tencent Group shall be determined upon arm's length negotiation between the parties with reference to (i) the quality and popularity of the original IP(s); (ii) the prevailing fee structures and pricing terms of comparable IPs in the market; and (iii) the potential revenue and profitability from the games.

In order to ensure that the fees to be incurred to the Tencent Group by the Group for the IP Rights Licensing under the renewed Tencent Game Cooperation Framework Agreement is based on prevailing market prices and entered into no less favourable terms than those generally available to the Group, a dedicated team will evaluate and identify potential IPs in the market. The team will determine a range of comparable IPs in the market and the primary factors the team may take into account include but not limited to: (i) genre similarity: whether the IP is suitable for this type of game (e.g., high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres); (ii) core audience alignment: overlap in demographic traits (e.g., age range, gender distribution, gaming experience level) and player motivations; (iii) favored regions overlap: the IP's acceptance in our target game release regions; and (iv) proven market popularity and commercial performance: the IP's verified ability to attract users and drive sustainable revenue. Each of the Company's business units, in accordance with the Company's internal requirements, shall select IP licensors based on the recommendation from the aforesaid dedicated team, after fully considering the business needs and the pricing of at least two independent third-party licensors of comparable IPs, obtain the approval of the business units in accordance with the Company's internal procedures, and then submit the selection to the procurement committee of the Company for final approval.

Based on the historical licensing fees paid for original IPs from independent third-party licensors and the fee quotes provided by at least two independent third-party licensors for comparable IPs, the Company will be able to ensure that the fees to be incurred to the Tencent Group by the Group represent the prevailing market price and on normal commercial terms that are no less favorable to the Group.

Our assessment of the terms of the IP Rights Licensing

As set out in the paragraphs headed "2. Background to and reasons for the renewal of the Tencent Game Cooperation Framework Agreement" above, the renewal of the Tencent Game Cooperation Framework Agreement is to extend the term of the Tencent Game Cooperation Framework Agreement, which expires on 31 December 2025, to allow the Group to continue to, among others, adapt and develop IP licensed by the Tencent Group to games and use the related contents for advertising, promotion and operation of such games, or use the IP for promotion, or to use the IP to develop related in-game items in existing games. Based on our discussion with the Management and the review of the Tencent Game Cooperation Framework Agreement, no changes were made to the material terms of the Tencent Game Cooperation Framework Agreement in regard to the IP Rights Licensing.

We have obtained the full list of the Group's projects in relation to IP Rights Licensing during the two years ended 31 December 2024 and the ten months ended 31 October 2025, and noted that the Group has two IPs licensed by the Tencent Group. We have obtained all the agreements entered into between the Group and the Tencent Group in relation to such IPs and selected, on a random basis, a total of 2 agreements out of the 3 agreements entered into between the Group and independent third parties in respect of licensed IPs during the two years ended 31 December 2024 and the ten months ended 31 October 2025 (the "**Comparable IP Contracts**"). From our review, we noted that the revenue sharing arrangement was adopted for all the licensed IPs with a designated revenue sharing ratio. Also, the range of revenue sharing ratios of the Group and the payment terms in the underlying contracts between the Group and the Tencent Group are generally comparable or no less favourable to the Group than those in the Comparable IP Contracts. In respect of Comparable IP Contract with fixed licensing fee, we have discussed with the Management and noted that such fixed licensing fee could vary given the unique characteristics of each IPs. In determining the fixed licensing fee, if any, the Company would negotiate with the Tencent Group taking into account various factors of the specific IP including but not limited to genre similarity, core audience, regions, market popularity and commercial performance. As advised by the Company, same factors were considered in determining the fixed licensing fee with independent third parties. On the other hand, we noted that the fixed licensing fee, if any, in the IP Rights Licensing generally accounts for a relatively immaterial portion of the total fee payable by the Group. Given that (i) same pricing basis was adopted in determining the fixed licensing fees between the Group and the Tencent Group and independent third parties; and (ii) the revenue/profit sharing ratio between the parties is the dominant portion of the fees payable by the Group to the Tencent Group in respect of IP Rights Licensing, which are generally comparable or no less favourable to the Group than those in the Comparable IP Contracts, we are of the view that the pricing policy in respect of the IP Rights Licensing is on normal commercial term. As the Comparable IP Contracts covered almost all the licensed IPs of the Group during the two years ended 31 December 2024 and the ten months ended 31 October 2025, we consider the samples size is sufficient to determine the fairness and reasonableness of the relevant terms.

3.2 The Exclusive Publishing and Operation

Subject matter

Pursuant to the renewed Tencent Game Cooperation Framework Agreement, the Group shall engage the Tencent Group to publish, operate and promote certain games self-developed by the Group in designated regions. The games self-developed by the Company and the designated regions under the renewed Tencent Game Cooperation Framework Agreement include but not limited to Loong Craft (六龍爭霸), Fantasy Zhuxian (夢幻誅仙), King of Kings (萬王之王3D), Dragon Raja (龍族幻想) and Under the Firmament (鴻圖之下) in Chinese mainland.

The Tencent Group shall have the exclusive rights to publish and operate the Group's games in designated regions. The Group agreed to participate in certain aspects of the operation of the games licensed to the exclusive publishing and operation of the Tencent Group, which includes external maintenance, customer service (such as, attending to game enquiries, in-game speech and image reviews), production of graphics, theme songs and advertising images, operation of the users' community, marketing and public relations.

Fee arrangement and settlement

The fees incurred by the Tencent Group for the exclusive publishing and operation of games shall be calculated by the following basis:

- fixed licensing fees;
- revenue/profit sharing;
- prepaid revenue/profit sharing between the parties; and/or
- game performance bonus, which will be determined by assessing one or more aspects of the Group's games, including but not limited to the revenue/profit generated by the games, the popularity and rating of the games on various platforms.

Fixed licensing fees, prepaid revenue sharing and game performance bonus will be specifically agreed upon in the respective agreements, specifying the payment amounts and timing. Revenue sharing will be distributed according to the agreed-upon revenue-sharing ratio after the launch of the relevant games. The revenue sharing incurred by the Tencent Group for the exclusive publishing and operation of games shall be settled on a monthly basis and prepaid revenue sharing shall be deducted first.

Pricing policy

The pricing of the transactions will be determined with reference to (i) the test results of the Group's games based on Tencent's internal evaluation system with regards to the nature, quality and the expected popularity in the market; (ii) potential user traffic and gross billings arising from the platforms operated by the Tencent Group; and (iii) the fee arrangements at the prevailing terms in the market. The Company will select independent third-party game operators based on their relevant industry expertise, proven track record, scale, reputation and demonstrated capability in providing comparable services for similar projects within the gaming sector.

Based on the fee quotes provided by at least two independent third-party game operators, the Company will be able to ensure that the fees to be incurred by the Tencent Group to the Group represent the prevailing market price and on normal commercial terms that are no less favorable to the Group.

The fee arrangements of such transactions may consist of any of the following: (i) fixed licensing fees that may be paid by separate instalments that are hedged against the progression of the commercial operation of the game; (ii) revenue sharing at a fixed proportion; and (iii) initial prepaid fees that shall be deductible for the subsequent revenue sharing.

Our assessment of the terms of the Exclusive Publishing and Operation

As set out in the paragraphs headed "2. Background to and reasons for the renewal of the Tencent Game Cooperation Framework Agreement" above, the renewal of the Tencent Game Cooperation Framework Agreement is to extend the term of the Tencent Game Cooperation Framework Agreement, which expires on 31 December 2025, to allow the Group to continue to, among others, engage the Tencent Group for the distribution and operation of the Group's games. Based on our discussion with the Management and the review of the Tencent Game Cooperation Framework Agreement, no changes were made to the material terms of the Tencent Game Cooperation Framework Agreement in regard to the exclusive publishing and operation of the Group's games by the Tencent Group.

We have obtained the full list of the Group's games which are being distributed by the Tencent Group during the two years ended 31 December 2024 and the ten months ended 31 October 2025, and all the relevant contacts (and the supplemental agreements as the case may be) entered into between the Group and the Tencent Group for each of such games. From our review, we noted that the revenue sharing arrangement was adopted for all the games with a designated revenue sharing ratio for each game and a payment term depending on the publishing platforms.

We have also obtained from the Management the full list of collaboration agreements entered into between the Group and other independent third party game publishers during the two years ended 31 December 2024 and the ten months ended 31 October 2025. From such list of a total of 16 existing collaboration agreements, we have selected, on a random basis, 6 samples of the collaboration agreements (and the supplemental agreements as the case may be) between the Group and other independent third party game publishers (the "**Comparable Publishing Contracts**") and compared the terms with the contracts between the Group and the Tencent Group under the Tencent Game Cooperation Framework Agreement. From our review, we noted that the Group has also adopted the revenue sharing arrangement with other independent third party game publishers for the distribution and operation of games, in the manner similar to that of the Tencent Game Cooperation Framework Agreement. As noted from the Comparable Publishing Contracts, the range of revenue sharing ratios of the Group and the payment terms in the underlying contracts between the Group and the Tencent Group are generally comparable or no less favourable to the Group than those in the Comparable Publishing Contracts. In respect of Comparable Publishing Contract with fixed licensing fee, we have discussed with the Management and noted that such fixed licensing fee could vary given the unique characteristics of each game. In determining the fixed licensing fee, if any, the Company would negotiate with the Tencent Group taking into account various factors of the specific game including but not limited to (i) whether the relevant IP was a licensed IP; (ii) whether any fixed licensing fee was paid for the relevant IP; and (iii) the potential user traffic and gross billings arising from the platforms. As advised by the Company, same factors were considered in determining the fixed licensing fee with independent third parties. In general, if the Group has paid fixed licensing fee in respect of the licensed IP of the game to be published, the Group will charge a fixed licensing fee from the game operator, including the Tencent Group and independent third parties. On the other hand, we noted that the fixed licensing fee, if any, in the Exclusive Publishing and Operation generally accounts for a relatively immaterial portion of the total fee payable to the Group. Given that (i) same pricing basis was adopted in determining the fixed licensing fees between the Group and the Tencent Group and independent third parties; and (ii) the revenue/profit sharing ratio between the parties is the dominant portion of the fees payable to the Group by the Tencent Group in respect of the Exclusive Publishing and Operation, which are generally comparable or no less favourable to the Group than those in the Comparable Publishing Contracts, we are of the view that the pricing policy in respect of the Exclusive Publishing and Operation is on normal commercial term. We also consider the samples size is sufficient to determine the fairness and reasonableness of the relevant terms.

3.3 Conclusion

Based on the above, we are of the view that the IP Rights Licensing and the Exclusive Publishing and Operation transactions between the Group and the Tencent Group contemplated under the Tencent Game Cooperation Framework Agreement were entered into on normal commercial terms that are no less favourable to the Group as compared to those with independent third parties.

4. The proposed annual caps

4.1 The IP Rights Licensing

Set out below are the historical transaction amounts and the annual caps in relation to the IP Rights Licensing for the three years ending 31 December 2025:

Review of historical figures

	For the year ended 31 December		For the year ending 31 December
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million*
Transaction amounts in relation to the IP Rights Licensing payable by the Group to the Tencent Group	–	13.21	37.41 *(Note)*

	For the year ended 31 December 2023	2024	For the year ending 31 December 2025
	RMB million	*RMB million*	*RMB million*
Relevant annual caps	8.62	39.74	42.96

Note: Represents the transaction amounts for the ten months ended 31 October 2025.

As shown in the above table, the historical transaction amount in relation to the IP Rights Licensing increased substantially in recent years. As stated in the letter from the Board of the Circular, since the launch date of the games under the Tencent Game Cooperation Framework Agreement was adjusted based on the actual circumstances, there was no transaction in 2023 in relation to IP Rights Licensing and the utilization rate of the annual cap in 2024 was relatively low at approximately 33.2% under the Tencent Game Cooperation Framework Agreement. The transaction amount for the ten months ended 31 October 2025 in relation to the IP Rights Licensing was approximately RMB37.41 million, representing approximately 87.1% of the existing annual cap for the year ending 31 December 2025. As advised by the Management, the transaction amounts of the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to IP Rights Licensing did not and are not expected to exceed the annual cap for the year ending 31 December 2025.

Assessment of the proposed annual caps

Set out below are the proposed annual caps for the transactions contemplated under the Tencent Game Cooperation Framework Agreement in relation to the IP Rights Licensing payable by the Group to the Tencent Group for the three years ending 31 December 2028:

	For the year ending 31 December 2026	2027	2028
	RMB million	*RMB million*	*RMB million*
Proposed annual caps	68.40	121.60	166.70

As set out in the letter from the Board of the Circular, the proposed annual caps in relation to the IP Rights Licensing for the three years ending 31 December 2028 were determined with reference to the historical transaction figures as listed above and after taking into consideration the following factors:

(i) the terms of the renewed Tencent Game Cooperation Framework Agreement in relation to IP right licensing fee, including fixed licensing fee and the revenue sharing arrangement;

(ii) the projected demand for the games considering the increase in the number of IP cooperation projects and the quality and popularity of the original IP(s); and

(iii) the revenue sharing arrangement and prevailing licensing fees payable by the Group to the independent third parties in respect of licensing for similar and comparable IP rights in the market.

We have obtained the underlying documents from the Company in formulating the proposed annual caps in relation to IP Rights Licensing. From our review, we noted that the proposed annual caps in relation to IP Rights Licensing for the three years ending 31 December 2028 were mainly derived based on two major IPs, being (i) the IP of Dragon Raja: Cassell Gate, a self-developed and self-published project of the Company first launched in Chinese mainland in September 2024, which has achieved outstanding results with gross billings of more than RMB100 million generated in the first month of launch, and (ii) a new IP of a game which is expected to be launched in 2027 ("**Project G**").

For the year ending 31 December 2026, the transaction amount in relation to IP Rights Licensing is expected to be mainly contributed by Dragon Raja: Cassell Gate. The expected transaction amounts in relation to the IP Rights Licensing of Dragon Raja: Cassell Gate for the three years ending 31 December 2028 are derived based on the expected gross billings of the game for each of the year by region, multiplied by the agreed revenue sharing ratio. We noted that the revenue from Dragon Raja: Cassell Gate for the three years ending 31 December 2028 was derived based on the expected launch schedule of the game in various regions. As disclosed in the 2024 Annual Report and 2025 Interim Report, Dragon Raja: Cassell Gate was launched in Chinese mainland in September 2024, in China's Hong Kong, Macao and Taiwan regions in April 2025, and in Southeast Asia in August 2025, and is expected to be launched in Japan, South Korea and other parts of the world in 2026.

The estimated revenue from Dragon Raja: Cassell Gate for the year ended 31 December 2026 in each region where it has launched was projected based recent monthly revenue of the game. For other regions where the game is expected to launch, the Company projected the respective revenue with reference to the historical performance of similar games in those regions, based on the launch schedule. The Company expects revenue from each region to peak and gradually decrease subsequently, which is consistent with the typical lifecycle of a game. As disclosed in the 2024 Annual Report, the game was first launched in September 2024 and topped the Top Free Games Chart of the iOS App Store on the first day of launch and continued to top the chart for a week. It entered top ten of the Bestseller Games Chart for several consecutive days. As disclosed in the 2025 Interim Report, the game was launched in China's Hong Kong, Macao and Taiwan regions in April 2025, topping the Top Free Games Chart of the iOS App Store in the pre-download stage, and then ranked fifth and sixth on the Bestsellers Games Chart of the iOS App Store in Hong Kong, China and Taiwan, China. On the first day of launch in Thailand, the game entered the top three of Top Free Games Chart of the iOS App Store and remained in the top five for several consecutive days. Given the outstanding results of the game upon its initial launch in various regions, the Management is optimistic about the results of the game when it is launched in other regions.

As disclosed in the 2025 Interim Report, Project G is a strategy card game adapted from famous IP and set in a Western fantasy setting, and is expected to be launched in 2027. The Company expected the prepaid revenue sharing in respect of the IP to incur during the year ending 31 December 2026. For the years ending 31 December 2027 and 2028, the Company has projected the revenue from Project G by (i) the estimated MAU in each month in each region, (ii) the estimated paying ratio in each region, and (iii) the average revenue per paying user (ARPPU) in each region, based on the expected launch schedule of the game in various regions. We noted that the MAU in each month in each region is expected to be at its peak when it first launch, and gradually decrease throughout the term of the Tencent Game Cooperation Framework Agreement. The estimated paying ratio in each region is expected to remain generally stable during the term of the Tencent Game Cooperation Framework Agreement. As advised by the Management, such projections on MAU, paying ratio and ARPPU are based on the historical performance of similar games in respective regions.

Based on the above and our review of the underlying calculation in formulating the proposed annual caps in relation to the IP Rights Licensing, we are of the view that such proposed annual caps were determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the proposed annual caps provide the Group with flexibility to conduct business with the Tencent Group to adapt and develop IP to games in the ordinary course of business, we are of the view that such proposed annual caps in relation to the IP Rights Licensing are fair and reasonable so far as the Independent Shareholders are concerned.

4.2 The Exclusive Publishing and Operation

Set out below are the historical transaction amounts and the annual caps in relation to the Exclusive Publishing and Operation for the three years ending 31 December 2025:

Review of historical figures

	For the year ended 31 December		**For the year ending 31 December**
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million*
Transaction amounts in relation to the Exclusive Publishing and Operation payable by the Tencent Group to the Group	145.14	81.77	62.15 (*Note*)
Relevant annual caps	814.21	494.09	308.68

Note: Represents the transaction amounts for the ten months ended 31 October 2025.

As shown in the above table, the historical transaction amount in relation to the Exclusive Publishing and Operation decreased in recent years. It decreased by approximately 43.7% from approximately RMB145.14 million in 2023 to approximately RMB81.77 million in 2024, representing a utilisation rate of the annual caps of approximately 17.8% and 16.5% for the year ended 31 December 2023 and 2024 respectively. As set out in the letter from the Board of the Circular, due to the adjustment in the number of cooperation projects, the utilization rates of the annual caps for the transactions conducted under the Tencent Game Cooperation Framework Agreement in relation to the exclusive publishing and operation of the Group's games by the Tencent Group were relatively low for the two years ended 31 December 2024 and for the ten months ended 31 October 2025.

The transaction amount for the ten months ended 31 October 2025 in relation to the Exclusive Publishing and Operation was approximately RMB62.15 million and the utilisation rate of the pro-rated annual cap for the year ending 31 December 2025 was approximately 24.2% as at 31 October 2025 and it is expected the relevant transaction amount for the year ending 31 December 2025 will not exceed the relevant annual cap.

Assessment of the proposed annual caps

Set out below are the proposed annual caps for the transactions contemplated under the Tencent Game Cooperation Framework Agreement in relation to the Exclusive Publishing and Operation payable by the Tencent Group to the Group for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB million	*RMB million*	*RMB million*
Proposed annual caps	73.90	70.70	65.50

As set out in the letter from the Board of the Circular, the proposed annual caps in relation to the Exclusive Publishing and Operation for the three years ending 31 December 2028 were determined with reference to the historical transaction figures as listed above and after taking into consideration the following factors:

(i) the anticipated gross billings of the existing games in operation given the popularity and life cycles of such games that have been signed with the Tencent Group;

(ii) the expected number of games to be exclusively published and operated by Tencent in the future; and

(iii) the evaluation in relation to the respective projected performance in gross billings of the games.

To further assess the fairness and reasonableness of the proposed annual caps in respect of the Exclusive Publishing and Operation, we have obtained and reviewed the historical and forecasts of transaction amount, we note that the forecasted transaction amounts are calculated principally based on the fee sharing percentage of the Tencent Group and projected revenue to be generated from each of the game, which in turn, is mainly estimated with reference to (i) the expected monthly active accounts; (ii) the expected monthly paying ratio of the MAU; and (iii) the expected average revenue per monthly active account. The proposed annual caps are based on historical trends from the five games currently published and operated. These caps are set to gradually decrease for the three years ending 31 December 2028, reflecting an expected decline in monthly active accounts, consistent with the typical lifecycle of a game.

Based on the above and our review of the underlying calculation in formulating the proposed annual caps in relation to the Exclusive Publishing and Operation, we are of the view that such proposed annual caps were determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the proposed annual caps provide the Group with flexibility to conduct business with the Tencent Group to engage the Tencent Group to publish, operate and promote the Company's games in the ordinary course of business, we are of the view that such proposed annual caps in relation to the Exclusive Publishing and Operation are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control measures and reporting requirements by the Listing Rules regarding the continuing connected transactions under the Tencent Game Cooperation Framework Agreement

As set out in the letter from the Board in the Circular, to ensure that the terms of the transactions contemplated under the Tencent Game Cooperation Framework Agreement are fair and reasonable and in compliance with the annual caps of the transactions contemplated under the Tencent Game Cooperation Framework Agreement, the Company has adopted the certain internal control measures, including but not limited to (i) the continuous monitoring and review of the transactions contemplated under the Tencent Game Cooperation Framework Agreement by the finance department of the Company; (ii) the overseeing and monitoring of the transaction amounts and utilisation of the annual caps of the Tencent Game Cooperation Framework Agreement by the senior management; and (iii) the annual review of the continuing connected transactions under the Tencent Game Cooperation Framework Agreements by the external auditors of the Company, the independent non-executive Directors and the risk management committee of the Company. Please refer to the section headed "INTERNAL CONTROL MEASURES" in the letter from the Board in the Circular for further details.

Furthermore, pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the IP Rights Licensing and Exclusive Publishing and Operation contemplated under the Tencent Game Cooperation Framework Agreement are subject to the following annual review requirements:

(a) the independent non-executive Directors must review the IP Rights Licensing and Exclusive Publishing and Operation contemplated under the Tencent Game Cooperation Framework Agreement every year and confirm in the annual report that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the IP Rights Licensing and Exclusive Publishing and Operation contemplated under the renewed Tencent Game Cooperation Framework Agreement:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and

(iv) have exceeded the relevant annual caps;

(c) the Company must allow, and ensure that the counterparties to the Tencent Game Cooperation Framework Agreement allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the continuing connected transactions under the Tencent Game Cooperation Framework Agreement;

(d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the IP Rights Licensing and the Exclusive Publishing and Operation contemplated under the Tencent Game Cooperation Framework Agreement, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Tencent Game Cooperation Framework Agreement and the proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Tencent Game Cooperation Framework Agreement and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the renewal of the Tencent Game Cooperation Framework Agreement in relation to the IP Rights Licensing and the Exclusive Publishing and Operation (including the respective proposed annual caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the renewal of the Tencent Game Cooperation Framework Agreement in relation to the IP Rights Licensing and the Exclusive Publishing and Operation (including the respective proposed annual caps).

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE' S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive	Nature of interest	Number of ordinary Shares interested(1)	Approximate percentage of the Company's issued share capital(2)
Mr. Li Qing(3)	Interest in controlled corporation	282,266,802	35.23%
Mr. Bai Wei(4)	Interest in controlled corporation	15,447,304	1.93%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 801,196,130 Shares in issue as at the Latest Practicable Date.

(3) 278,329,802 Shares were held through Cresc Chorus, a company owned as to 81.96% by LuckQ, which in turn is wholly-owned by Mr. Li Qing and 3,937,000 Shares were held through Pondweed Holdings Limited, a company wholly-owned by Mr. Li Qing. Accordingly, Mr. Li Qing was deemed to be interested in such Shares held by Cresc Chorus and Pondweed Holdings Limited for the purpose of Part XV of the SFO.

(4) These Shares were held by Wade Data Services Limited ("**Wade Data**") which was wholly-owned by Mr. Bai Wei. Accordingly, Mr. Bai Wei was deemed to be interested in such Shares held by Wade Data for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as our Directors are aware, as at the Latest Practicable Date, the following persons have interests or short positions in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	**Nature of interest**	**Number of Shares interested(1)**	**Approximate percentage of the Company's issued share capital(2)**
Mr. Li Qing(3)	Interest in controlled corporation	282,266,802	35.23%
Cresc Chorus(3)	Beneficial owner	278,329,802	34.74%
LuckQ(3)	Interest in controlled corporation	278,329,802	34.74%
Perfect World Interactive(4)	Beneficial owner	132,593,999	16.55%
Perfect Game Speed Company Limited(4)	Interest in controlled corporation	132,593,999	16.55%
Perfect Freedom Company Limited(4)	Interest in controlled corporation	132,593,999	16.55%
Beijing Perfect World Software Technology Development Co., Ltd.(4)	Interest in controlled corporation	132,593,999	16.55%
Perfect World Games(4)	Interest in controlled corporation	132,593,999	16.55%
Perfect World(4)	Interest in controlled corporation	132,593,999	16.55%
Mr. Chi Yufeng (池宇峰)(4)	Interest in controlled corporation	132,593,999	16.55%
Image Frame(5)	Beneficial owner	105,077,999	13.12%
Tencent(5)	Interest in controlled corporation	137,698,399	17.19%

Notes:

(1) All interests stated are long positions.

(2) The percentages represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date of 801,196,130 Shares.

(3) Based on the latest disclosure of interest form filed by each of Cresc Chorus, LuckQ and Mr. Li Qing as at the Latest Practicable Date, Cresc Chorus was owned as to 81.96% by LuckQ, which was in turn wholly-owned by Mr. Li Qing. Accordingly, each of LuckQ and Mr. Li Qing was deemed to be interested in all the Shares held by Cresc Chorus by virtue of the SFO.

(4) Based on the confirmation by Perfect World Holding Group as at the Latest Practicable Date, Perfect World Interactive was wholly-owned by Perfect Game Speed Company Limited, which was in turn wholly-owned by Perfect Freedom Company Limited. Perfect Freedom Company Limited was wholly-owned by Beijing Perfect World Software Technology Development Co., Ltd., which was in turn wholly-owned by Perfect World Games. Perfect World Games was wholly-owned by Perfect World, which was in turn owned as to 32.36% by Mr. Chi Yufeng. Accordingly, each of Perfect Game Speed Company Limited, Perfect Freedom Company Limited, Beijing Perfect World Software Technology Development Co., Ltd., Perfect World Games, Perfect World and Mr. Chi Yufeng was deemed to be interested in all the Shares held by Perfect World Interactive by virtue of the SFO.

(5) Based on the latest disclosure of interest form filed by Tencent as at the Latest Practicable Date, 105,077,999 Shares were held through Image Frame Investment (HK) Limited ("Image Frame"), a company wholly-owned by Tencent, and 32,620,400 Shares were held through Image Flag Investment (HK) Limited ("Image Flag"), a company wholly-owned by Tencent. Accordingly, Tencent was deemed to be interested in all the Shares held by Image Frame and Image Flag by virtue of the SFO.

Save as disclosed above, as at at the Latest Practicable Date, the Directors were not aware of any person (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group have been made up).

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up) or were proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Li Nachuan and Mr. Lu Xiaoyin, non-executive Directors, held directorship in certain companies principally engaged in game development and distribution, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "**Competing Business**"). Notwithstanding the aforesaid interests, as the Board is independent of the board of the companies engaged in the Competing Business and has three independent non-executive Directors, and Mr. Li Nachuan and Mr. Lu Xiaoyin are fully aware of, and have been discharging, their fiduciary duties to the Company and have acted and will continue to act in the best interest of the Company and the Shareholders as a whole, the Group is capable of carrying on its businesses independently of, and at arm's length from, the Competing Business.

Save as disclosed above, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries under Rule 8.10 of the Listing Rules.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

8. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, (i) Mr. Li Nachuan serves as head of the business development department of Tencent Interactive Entertainment Group (騰訊互動娛樂事業群商務部); and (ii) Mr. Lu Xiaoyin serves as the director and the chief art officer in Perfect World Co., Ltd. (完美世界股份有限公司). Save for the above, to the knowledge of the Board, none of the Directors is a director or employee of a company which has an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose statement has been included in this circular:

Name	Qualification
Somerley Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity regulated activities under the SFO

Somerley Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, opinion and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Somerley Capital has not had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley Capital has not had any direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at Harneys Fiduciary (Cayman) Limited, 4/F, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

(b) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(c) The joint company secretaries of the Company are Ms. Hao Lili and Ms. Zhang Xiao.

(d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Copy of the following document will be on display on the website of HKEXnews at (www.hkexnews.hk) and the website of the Company at (www.zulong.com) for a period of not less than 14 days before the date of the EGM:

(a) the renewed Tencent Game Cooperation Framework Agreement.

ARCHOSAUR GAMES INC.
祖龙娱乐有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Archosaur Games Inc. (the "**Company**") will be held on Wednesday, 17 December 2025 at 9:00 a.m. at Meeting Room, 3F, Kaipuu Belfry Hotel, Licheng District, Quanzhou, Fujian, the PRC (the "**Meeting**") for the purposes of considering and, if thought fit, passing the following matter. Terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 1 December 2025 (the "**Circular**") unless otherwise defined.

ORDINARY RESOLUTION

To consider and, if thought fit, approve:

1. "**THAT** the Tencent Game Cooperation Framework Agreement renewed by the Company and Tencent Computer on 3 November 2025 and the proposed annual caps for the continuing connected transactions contemplated thereunder in relation to (i) IP Rights Licensing; and (ii) exclusive publishing and operation of the Group's games by the Tencent Group for the three years from 1 January 2026 to 31 December 2028 are hereby approved and confirmed; and any Director of the Company is hereby authorized to sign or execute other documents or supplemental agreements or deeds on behalf of the Group and to do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the renewed Tencent Game Cooperation Framework Agreement with such changes as he/she may consider necessary, desirable or expedient."

Yours faithfully,
For and on behalf the Board
Archosaur Games Inc.
Mr. Li Qing
Chairman and Executive Director

Beijing, the PRC, 1 December 2025

As at the date of this notice, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Mr. Li Nachuan and Mr. Lu Xiaoyin as Non-executive Directors, and Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote on his/her behalf. A member who is a recognised clearing house within the meaning of the Securities and Futures Ordinance is entitled to appoint one or more proxies to attend and vote on its behalf. A proxy need not be a member of the Company.

2. In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, either personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

3. In order to be valid, a form of proxy must be deposited at the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above Meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above Meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 12 December 2025 to Wednesday, 17 December 2025 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 11 December 2025 for registration of share transfer.

5. The votes at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of HKEXnews and the Company in accordance with the Listing Rules.