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*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 9890)**

## **COMPLETION OF THE ISSUE OF HK\$468,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2027**

**Placing Agent**



Reference is made to the announcement of Tanwan Inc. (the “**Company**”) dated December 18, 2025 (the “**Announcement**”) in relation to the issue of the HK\$468,000,000 zero coupon convertible bonds due 2027 (the “**Convertible Bonds**”). Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the Announcement.

## COMPLETION OF THE ISSUE OF THE CONVERTIBLE BONDS

The Board is pleased to announce that all conditions precedent to the Subscription of the Convertible Bonds, as set out in the Subscription and Placing Agent Agreement (the “**Agreement**”), have been satisfied, and the issue of the Convertible Bonds was completed on January 8, 2026.

The Convertible Bonds are in an aggregate principal amount of HK\$468,000,000 and have been placed to the Subscriber. To the best of the Company’s knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owner is an Independent Third Party of the Company.

The initial Conversion Price is HK\$23.50 per Share (subject to adjustments). The Convertible Bonds may be converted into Conversion Shares pursuant to the Terms and Conditions. Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$23.50 per Conversion Share, the Convertible Bonds will be convertible into 19,914,804 new Shares. The Conversion Shares represent approximately 3.79% of the existing issued Shares of the Company (excluding treasury Shares) and approximately 3.65% of the issued Shares of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the Shares of the Company and excluding treasury Shares).

The net proceeds from the issue of the Convertible Bonds (after deduction of issue fees and expenses) are estimated to be approximately HK\$458.6 million.

## CHANGE OF MATERIAL TERMS IN THE AGREEMENT

The Company, the Placing Agent and the Subscriber have agreed to amend the Agreement, the table below sets out a summary of the material changes made:

Clause	Original Terms	Terms After Amendments
Release of Security Assets	(iii) in respect of the remaining HK\$234,000,000 (being 50 per cent. of the original principal amount of the Convertible Bonds), such amounts may be withdrawn (a) to purchase any listed securities but only with respect to such listed securities as approved by an extraordinary resolution of the Bondholders, which approval shall remain valid for such period as may be specified in the extraordinary resolution, provided that such listed securities so purchased shall be deposited forthwith into the Issuer Securities Account; or (b) if Conversion Rights shall have been exercised in respect of any Convertible Bonds, <i>pro rata</i> to the principal amount of the Convertible Bonds in respect of which Conversion Rights have been exercised (such that the percentage of the HK\$234,000,000 being withdrawn is equal to the percentage of the HK\$468,000,000 principal amount of Convertible Bonds originally issued in respect of which Conversion Rights are exercised); and	(iii) in respect of the remaining <u>net proceeds or its equivalent in any other currency (as determined on the basis of the prevailing rate of a day which is not earlier than two Hong Kong business days before the date of the withdrawal certificate)</u> <del>HK\$234,000,000 (being 50 per cent. of the original principal amount of the Convertible Bonds)</del> , such amounts may be withdrawn (a) to purchase any listed securities ( <u>such listed securities so purchased, the “Purchased Securities”</u> ) provided that: (1) the Purchased Securities shall be deposited forthwith into the Issuer Securities Account; and (2) the Issuer shall deposit additional securities (the “ <b>Additional Deposits</b> ”) into the Issuer Securities Account such that, following the deposit and at all times thereafter so long as the Convertible Bonds remain outstanding, the aggregate amount of cash withdrawn pursuant to <u>this Condition 2(c)(iii)</u> shall not exceed <u>20 per cent. of the aggregate fair market value (as defined in the Agreement) of the Purchased Securities and the Additional Deposits at any time, but only with respect to such listed securities as approved by an extraordinary resolution of the Bondholders, which approval shall remain valid for such period as may be specified in the extraordinary resolution, provided that such listed securities so purchased shall be deposited forthwith into the Issuer Securities Account; or if Conversion Rights shall have been exercised in respect of any Convertible Bonds, pro rata to the principal amount of the Convertible Bonds in respect of which Conversion Rights have been exercised (such that the percentage of the HK\$234,000,000 being withdrawn is equal to the percentage of the HK\$468,000,000 principal amount of Convertible Bonds originally issued in respect of which Conversion Rights are exercised); and</u>

The Directors believe that the terms of this transaction, as a whole, are in the best interests of the Company and its shareholders. The 20% loan-to-value ratio (“**LTV Ratio**”) was negotiated as part of a broader commercial agreement between the Company and the Bondholders, balancing the needs of both parties. The Convertible Bonds were issued with a zero-coupon structure, with no interest expense over the life of the bonds for the Company, and a below-market maturity yield (i.e. 2.5%), which lowers capital costs. The Convertible Bonds were also issued at a higher conversion premium among similar convertible bond transactions announced on the Stock Exchange for the year ended December 31, 2025. Moreover, the Company can utilize the first half of the proceeds flexibly, enhancing its capacity to pursue strategic initiatives such as its “AI + Game” transformation. The minimal restrictions on these funds signify a collaborative approach that underscores the commercial advantages of this deal. By leveraging its substantial portfolio of listed shares as collateral, the Company retains ownership while generating liquidity to support growth, thereby minimizing risks related to asset disposal in volatile markets. This approach also ensures that long-term assets remain intact, further protecting shareholder interests.

## **CSRC FILINGS**

The Company will subsequently comply with CSRC Rules and complete the CSRC Filings in connection with the Placing and the issue of the Convertible Bonds.

## **LISTING OF THE CONVERTIBLE BONDS ON THE VIENNA MTF**

An application will be made for the listing of the Convertible Bonds on the Vienna MTF operated by the Vienna Stock Exchange. The Company will make announcement(s) on the status of such listing application where appropriate and necessary.

## **USE OF PROCEEDS**

The Group intends to apply all of the net proceeds towards AI-related business investments and equity investments with regard to AI industries. Among others, 50% of the net proceeds will be allocated for AI-related business, including but not limited to the development of AI infrastructure, upgrades to AI technology, and the recruitment of AI-related talents. The Company confirms that none of this portion will be used for the purchase of listed securities. The remaining 50% of the net proceeds will be directed towards acquiring shares in listed AI-related companies, aimed at achieving strategic synergies and fostering technological collaboration, subject to market conditions.

The Company’s proposed investment in listed securities is consistent with the proposed use of proceeds as disclosed in the Announcement and is intended to support the implementation of the Company’s long-term “AI + Game” strategy. By investing in AI-related listed companies, the Company seeks to establish strategic relationships with industry participants possessing mature technologies, market channels and operational

expertise. Such investments, even at minority levels, may facilitate further cooperation through memorandums of understanding or joint initiatives, including collaboration in research and development, technology application and market expansion, thereby enhancing the integration of AI technologies into the Company's gaming ecosystem. Compared with investment in private AI companies, investments in listed securities offer greater flexibility and liquidity with lower exist risk, allowing the Company to allocate and adjust its resources more efficiently in response to market conditions. This approach also enables the Company to better manage investment risks while maintaining sufficient financial flexibility.

The proposed investment amount is considered appropriate and sufficient for achieving the above objectives. Minority equity investments, typically below certain thresholds, are a common industry practice among technology companies to foster strategic cooperation without incurring significant regulatory, administrative or financial burdens. The Company may also leverage market mechanisms, such as off-market transactions, to enhance capital efficiency. Through such strategic minority investments, the Company is able to pursue meaningful collaboration opportunities while ensuring prudent use of proceeds and safeguarding shareholder value.

## **EFFECT ON THE SHARE CAPITAL AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS**

The table below sets out a summary of the shareholding structure of the Company (i) immediately before the conversion of the Convertible Bonds, and (ii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$23.50 per Conversion Share and based on the Initial Conversion Ratio, assuming that there is no other change to the issued share capital of the Company.

	Immediately before the conversion of the Convertible Bonds ( <i>excluding treasury shares</i> )		Immediately upon full conversion of the Convertible Bonds and based on the above assumptions ( <i>excluding treasury shares</i> )	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholder				
Mr. WU Xubo <sup>(1)</sup>	264,263,000	50.29	264,263,000	48.45
Ms. WU Xuan <sup>(2)</sup>	38,487,000	7.32	38,487,000	7.06
Other Shareholders	222,729,118	42.39	222,729,118	40.84
<b>Bondholders</b>	<b>—</b>	<b>—</b>	<b>19,914,804</b>	<b>3.65</b>
<b>Total issued Shares<sup>(3)</sup></b>	<b>525,479,118</b>	<b>100</b>	<b>545,393,922</b>	<b>100</b>

*Notes:*

- (1) Mr. WU Xubo indirectly held 264,263,000 Shares through WXB BVI 2, which is owned by WXB BVI 1 and WXB Holdco as to 50.0% and 50.0%, respectively. WxLand Trust was established by Mr. WU Xubo as the settlor and TMF (Cayman) Ltd. as the trustee. WxLand Trust is a discretionary trust and its beneficiaries are Mr. WU Xubo and WXB BVI 1.
- (2) Ms. WU Xuan held her Shares through WxZela International Ltd, which is wholly-owned by Zela Holding Limited, and is in turn wholly owned by WxZela Trust. WxZela Trust is a discretionary trust established by Ms. WU Xuan (as settlor) for the benefit of WxZela Holding Limited, a BVI company wholly-owned by Ms. WU Xuan, and is managed by Hanssen Trust Limited.
- (3) As of the date of this announcement, the Company had 534,439,918 total issued Shares. For illustration purpose only, the calculation for Shares in the above shareholding table excludes 8,960,800 treasury Shares as of the date of this announcement.

## COMPANY'S INVESTMENT POLICY

### 1. Investment Policy and Objectives

The Company's investment policy aims to preserve and grow its assets while exploring strategic opportunities that align with its corporate strategy and principal business operations. The purpose of these investments is to generate long-term value, maintain sufficient liquidity for operational needs, and foster potential synergies with other enterprises to support future growth.

The scope of the Company's investments includes, but is not limited to, the following primary asset classes:

- **Listed Equities:** Investments in publicly traded companies with strong growth potential, strategic value, industry synergy and alignment with the Company's long-term goals. These investments are expected to not only deliver financial returns but also provide opportunities for strategic partnerships, co-development initiatives, and knowledge sharing that can drive mutual growth. Investments are limited to stocks traded on recognized stock exchanges (e.g., SSE, SZSE, NYSE, NASDAQ, HKEX, LSE) unless otherwise approved the Investment Voting Committee (the "**Committee**"). Investments in companies subject to prolonged trading suspension, significant regulatory or legal uncertainties, or those with clear indicators of delisting risks are generally not permissible.
- **Unlisted Equities:** Investments in private companies that offer opportunities for collaboration, joint ventures, or integration with the Company's business operations. Investments may also target startups or growth-stage companies with innovative business models or untapped market potential, or those operating in emerging industries or markets that align with the Company's long-term strategic priorities.



- **Bonds:** Investments in government and corporate bonds are evaluated based on creditworthiness, with a preference for bonds rated BBB+ or above by recognized credit rating agencies.
- **Low-risk Wealth Management Products:** Investments in other low-risk financial instruments, structured deposit, fixed-income products and money market funds and other products classified as or equivalent to risk level of R2 or below to manage liquidity and seize short-term opportunities.

While the above categories represent the primary focus of the Company's investment activities, the Company retains the flexibility to explore investments in trust products, cryptocurrencies and financial derivatives, each of which will undergo independent due diligence and is subject to approval by the Committee.

The investment strategy is closely aligned with the Company's corporate strategy, focusing on assets that complement its principal businesses and strategic priorities. The Company's approach combines long-term investments, which target sustainable growth and strategic collaboration, with short-term investments, which aim to maintain liquidity and capture immediate market opportunities.

## 2. Risk Management and Control Measures

The Company has established a robust risk management framework to safeguard its investments and ensure a balance between risk and return.

### *Defined Risk Limits and Metrics:*

The Company assesses risks such as liquidity, valuation, regulatory, and foreign exchange risks. It utilizes measurable metrics such as portfolio concentration, credit ratings, and market exposure to evaluate and mitigate these risks. Diversification across asset classes, sectors, and geographies is employed to reduce overall portfolio risk.

- **Liquidity Buffer:** The Company maintains a reasonable liquidity buffer to ensure operational flexibility and financial stability. Investments in liquid assets, such as money market funds and short-term bonds, provide the ability to meet financial obligations and respond to market changes promptly. A minimum of 10% of total portfolio will be dynamically maintained in highly liquid assets to ensure operational flexibility and financial stability unless otherwise approved by the Committee.
- **Credit Risk:** Bond investments shall have a minimum credit rating of BBB+ or equivalent unless otherwise approved by the Committee.

- **Counterparty Risk:** The Company conducts thorough due diligence on counterparties, evaluating their creditworthiness, financial stability, and compliance with regulatory requirements. Only counterparties that meet the Company's risk tolerance and performance criteria are selected. Exposure to any single counterparty will not exceed 30% of the Company's total portfolio unless otherwise approved by the Committee.
- **Other Risks:** Risks such as foreign exchange exposure, valuation risk, and regulatory changes will be carefully assessed.

Investments are reviewed quarterly based on key performance indicators, such as return on investment (ROI), risk-adjusted returns, and contribution to corporate strategy. The Financial Management Department evaluates the financial status and operational performance of all investment portfolios, providing periodic updates to the Committee.

The Company continuously monitors its investments by tracking market developments, regulatory changes, and macroeconomic conditions. Regular reviews are conducted to ensure the portfolio remains aligned with the Company's objectives and risk tolerance.

### 3. Approval and Oversight Mechanisms

The Company's investment policy and activities are governed by the Committee, which reports directly to the Board and ensures that all decisions align with the Company's corporate objectives.

- ***Roles and Authority of the Committee:***

The Committee is responsible for reviewing and approving significant investment decisions, monitoring portfolio performance, and making necessary adjustments to the investment strategy. It evaluates proposals based on factors such as growth potential, synergy opportunities, risk-adjusted returns, and alignment with the Company's strategy.

- ***Composition of the Committee:***

The Committee currently comprises the following members:

- o Mr. Wu Xubo (our Executive Director)
- o Ms. Wu Xuan (our Executive Director)

The Committee is structured to ensure that decisions are made with diverse perspectives and strategic insight, leveraging the expertise of its members.



- ***Approval Process:***

All investment proposals, other than purchase of low-risk wealth management products not exceeding 5% of the most recent audited/reviewed total assets of the Company, will be subject to review and approval by the Committee. Investment proposals are submitted by management and must include detailed analysis, rationale, and supporting data. The Committee may seek advice from external experts and advisors as needed. Proposals are thoroughly reviewed to ensure compliance with the Company's risk management framework and alignment with its objectives. Unanimous approval is required for the Committee's decision making. The approval of investments by the Board and Shareholders will adhere to the requirements of Chapter 14 and Chapter 14A of the Listing Rules.

- ***Monitoring and Reporting:***

The Committee conducts annual reviews of the investment portfolio and reports findings to the Board. The Committee discusses the investment opportunities from time to time but quarterly updates by the Financial Management Department are provided to ensure transparency and accountability. Independent audits may be conducted to assess compliance with investment policies and risk management measures.

By maintaining a clear approval and oversight mechanism, the Company ensures its investment decisions are well-governed, strategically aligned, and consistent with regulatory and corporate governance requirements. The investment policy is subject to semi-annual review of the Board.

By Order of the Board

**Tanwan Inc.**

**Mr. WU Xubo**

*Chairman of the Board and Executive Director*

Guangzhou, the PRC, January 8, 2026

*As at the date of this announcement, the Board comprises Mr. WU Xubo and Ms. WU Xuan as executive Directors; and Ms. SONG Siyun, Mr. QIN Yongde and Ms. ZHENG Yi as independent non-executive Directors.*