

December 2, 2021

Mr. Hendrick Sin
Group Vice Chairman and Executive Director
CMGE Technology Group Limited
13/F, 8 Wyndham Street
Central
Hong Kong

Dear Mr. Sin,

We hope this letter finds you and CMGE (“the Company”) well! As shareholders, we appreciate your close communication with us throughout the years. Since its IPO, CMGE has successfully expanded from a game publisher to a game developer. We applaud such an effort as it strengthens the Company’s IPs and creates new opportunities. Thinking strategically, we have several ideas and observations that we would like to share with you:

1) Development of a metaverse ecosystem

We are encouraged by the upcoming game, *Legend of Sword & Fairy: The World*, which incorporates metaverse elements. With an estimated market size of USD30 billion by 2025, China’s metaverse offers immense opportunities. Such development showcases the Company’s innovativeness and development capabilities, which should lead to stock re-rating. Our research suggests that global metaverse gaming companies trade at over 10x price-to-sales multiples, compared to the Chinese mobile gaming sector, which trades at an average of 3x to 4x.

We acknowledge that CMGE has taken early steps to reinforce its IP recognition through its plan to release NFTs. As you may be aware, Chartwell is a major shareholder of a leading media company in the Greater Bay Area (GBA) and actively engages with its management team. As the company is also exploring NFTs and metaverse-related opportunities, we were wondering if CMGE has ever considered conducting virtual concerts with celebrity avatars to increase metaverse game adoption? If you are keen, we would be happy to line up potential collaborations.

2) IP licensing and merchandise expansion

We fully support the Company's effort to license its proprietary IPs. We believe a licensing strategy does not only optimize monetization, but also increases your IPs' popularity and longevity. With an extensive network in various industries, we would be happy to make introductions to further expand the Company's partnership and licensing potentials. For example:

- a. Chartwell is connected with an online and offline collectible toy retailer in China and Japan with extensive store networks and a fan base boasting millions. CMGE can leverage on their distribution network to retail and distribute its own merchandise and promote its IPs. The Company can also explore potential new IP sourcing for future game development.
- b. We are a major shareholder of a leading snack food producer and distributor in Hong Kong and the GBA. Opportunities include snack toys and cross brand promotions of the Company's IP characters.

3) E-Sports opportunities in Hong Kong

We acknowledge your active involvement to foster Hong Kong gaming and technology development through your directorship at the Cyberport. We believe Hong Kong has the potential to become an E-Sports gaming hub, given the city's well-established telecommunication infrastructure and its position as home to the largest E-sports venue in Asia. CMGE can work with local companies and authorities to empower the development of the E-Sports industry. We believe the initiative will not only cultivate CMGE IPs, but also nurture local talents. We would be keen to connect you with our extensive network in Hong Kong to support such an endeavor.

We hope that CMGE and its management would consider some of our recommendations. Thank you for your time and we look forward to hearing from you.

Yours sincerely,



Ronald W. Chan
Chief Investment Officer
Chartwell Capital Limited



Aditya Salim
Senior Investment Analyst
Chartwell Capital Limited