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

If you have sold or transferred all your shares in China Literature Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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阅文集团

CHINA LITERATURE LIMITED

阅文集团

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 772)

PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND PURCHASE SHARES RE-ELECTION OF RETIRING DIRECTORS PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE SEVENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION RSU MANDATE TO ISSUE SHARES UNDER THE 2020 RESTRICTED SHARE UNIT SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of China Literature Limited to be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong on Tuesday, June 30, 2020 at 9:30 a.m. is set out on pages 43 to 49 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (<http://ir.yuewen.com>). Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting (or any adjournment thereof) if they so wish. **In view of the outbreak of COVID-19 pandemic, you are strongly encouraged to appoint the chairman of the Annual General Meeting as proxy to attend and vote on your behalf at the Annual General Meeting.**

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In order to prevent the spread of COVID-19 pandemic and to safeguard the health and safety of Shareholders, the Company will implement the following precautionary measures at the Annual General Meeting:

- compulsory body temperature checks
- compulsory wearing of surgical face masks
- no provision of refreshments and corporate gifts

Any person who does not comply with the precautionary measures may, to the extent permitted under applicable laws, be denied entry into the venue of the Annual General Meeting. All attendees are requested to wear surgical face masks at all times at the venue of the Annual General Meeting. Shareholders are reminded to exercise their voting rights at the Annual General Meeting by appointing the chairman of the Annual General Meeting as proxy to attend and vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person.

May 29, 2020

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PRECAUTIONARY MEASURES FOR THE AGM

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the AGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every attending Shareholder, proxy and other attendees at the entrance of the AGM venue. Any person found to be suffering from a fever or otherwise unwell will be denied entry into the AGM venue or be required to leave the AGM venue;
- (ii) all attendees are requested to wear surgical face masks at the AGM venue at all times, and to maintain a safe distance with other attendees; and
- (iii) no refreshments and corporate gifts will be provided.

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and in response to the recent guidelines on prevention and control of COVID-19 pandemic, Shareholders are reminded that **physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by completing form of proxy in accordance with the instructions printed thereon, Shareholders may appoint the chairman of the AGM as proxy to attend and vote on the relevant resolutions at the AGM instead of attending the AGM in person.**

DEFINITIONS

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

“2020 Restricted Share Unit Scheme”	a restricted share unit scheme of the Company adopted on the Adoption Date
“Administrative Committee”	the committee comprising of any two executive Directors from time to time
“Adoption Date”	May 15, 2020, being the date on which the 2020 Restricted Share Unit Scheme was first adopted by Board
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong at 9:30 a.m. on Tuesday, June 30, 2020, or any adjournment thereof and notice of which is set out on pages 43 to 49 of this circular
“Articles of Association”	the articles of association of the Company adopted on October 18, 2017 and effective on November 8, 2017
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Partner”	means any business partner of the Group including any employment agent
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to purchase Shares not exceeding 10% of the number of the issued Shares as at the date of passing of the relevant Shareholders’ resolution granting the Buy-back Mandate
“Chairman”	the chairman of the Board
“Companies Law”	the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”	China Literature Limited (阅文集团), an exempted company incorporated in the Cayman Islands with limited liability on April 22, 2013, whose share are listed on the main board of the Stock Exchange with stock code 772
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Employee”	an employee of any member of the Group, of any Invested Entity or of any Business Partner
“Excluded Person”	(i) at the time of the proposed grant of an award, any connected person of the Company other than directors or substantial shareholders of any member of the Group, or (ii) any Participant who is resident in a place where the award of the RSUs and/or the vesting and transfer of the Shares underlying the vested RSUs pursuant to the terms of the 2020 Restricted Share Unit Scheme is not permitted under the laws and regulations of such place such that in the view of the Board or the Chairman, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant
“General Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with Shares not exceeding 20% of the number of issued Shares as at the date of passing of the relevant Shareholders’ resolution granting the General Mandate
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which any member of the Group holds an equity interest
“Junior Grantees”	any grantee(s) other than a Senior Grantee

DEFINITIONS

“Latest Practicable Date”	May 27, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Memorandum of Association”	the amended and restated memorandum of association of the Company adopted on October 18, 2017 and effective on November 8, 2017
“Participants”	<p>(i) any Employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any member of the Group, any Invested Entity or any Business Partner; and</p> <p>(ii) any consultant, adviser or agent of any member of the Group, any Invested Entity or any Business Partner who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity</p>
“PRC”	the People’s Republic of China, but for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Holdcos”	Shanghai Hongwen and Shanghai Yuewen
“Proposed Amendments”	the proposed amendments to the Memorandum of Association and the Articles of Association, the details of which are set out in Appendix IV to this circular
“RSU Mandate”	a specific mandate proposed to be granted to the Directors at the Annual General Meeting to issue new Shares that may be issued upon vesting of the RSU Awards to be granted pursuant to the RSU Scheme, and to authorise the Board to allot and issue, procure the transfer of, and otherwise deal with such new Shares pursuant to the vesting of the RSUs that are granted under the 2020 Restricted Share Unit Scheme as and when the RSUs vest and to delegate such power in accordance with the terms of the 2020 Restricted Share Unit Scheme

DEFINITIONS

“RSU(s)”	restricted share unit(s) conferring the grantee a conditional right upon vesting of the award to obtain, as determined by the Board (in the case of Senior Grantee) or the Chairman (in the case of Junior Grantee), either a Share or an equivalent value in cash with reference to the market value of a Share on the date on which such Share is sold as determined by the trustee in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable
“Senior Grantees”	the grantee(s) who is either (i) a Director, or (ii) a member of the senior management of the Company as included in the latest annual report of the Company published on the website of the Stock Exchange immediately before the date of grant
“Seventh Amended and Restated Memorandum and Articles of Association”	the seventh amended and restated memorandum of association and articles of association of the Company incorporating and consolidating all the Proposed Amendments to the Articles
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Shanghai Hongwen”	Shanghai Hongwen Networking Technology Co., Ltd. (上海宏文網絡科技有限公司), a company established in the PRC on October 22, 2008, and one of the PRC Holdcos
“Shanghai Yuewen”	Shanghai Yuewen Information Technology Co., Ltd. (上海閱文信息技術有限公司), a company established in the PRC on April 2, 2014, and one of our PRC Holdcos
“Share(s)”	ordinary share(s) of nominal value of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“Tencent”	Tencent Holdings Limited, one of the controlling shareholders of the Company, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange with stock code 700

LETTER FROM THE BOARD

阅文集团

CHINA LITERATURE LIMITED

阅文集团

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

Executive Directors:

Mr. Cheng Wu
Mr. Hou Xiaonan

Non-Executive Directors:

Mr. James Gordon Mitchell
Mr. Wu Wenhui
Mr. Cao Huayi
Mr. Cheng Yun Ming Matthew

Independent Non-Executive Directors:

Ms. Yu Chor Woon Carol
Ms. Leung Sau Ting Miranda
Mr. Liu Junmin

Registered office:

The offices of Maples
Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

*Head office and principal place
of business in China:*

Block 6, No. 690 Bi Bo Road
Pudong Xinqu
Shanghai
People's Republic of China

Principal place of business in Hong Kong:

Room 1503-04, ICBC Tower
3 Garden Road
Central
Hong Kong

May 29, 2020

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND PURCHASE SHARES
RE-ELECTION OF RETIRING DIRECTORS
PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF
ASSOCIATION AND THE ADOPTION OF THE SEVENTH AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION
RSU MANDATE TO ISSUE SHARES UNDER
THE 2020 RESTRICTED SHARE UNIT SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the notice of the Annual General Meeting and the following proposals to be put forward at the Annual General Meeting: (a) granting of the General Mandate to issue Shares and the Buy-back Mandate to purchase Shares; (b) the

LETTER FROM THE BOARD

re-election of the retiring Directors; (c) amendments to the Memorandum of Association and Articles of Association and adoption of the seventh amended and restated memorandum and articles of association of the Company; and (d) grant of RSU Mandate to use Shares under the 2020 Restricted Share Unit Scheme.

GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and give discretion to the Directors to issue any new Shares when the Directors consider desirable for the Company to do so, approval is sought from the Shareholders at the Annual General Meeting, pursuant to the Listing Rules, for the grant of the General Mandate to the Directors to issue Shares. At the Annual General Meeting, an ordinary resolution numbered 4(A) will be proposed to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the Shareholders' resolution in relation to the General Mandate for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

As at the Latest Practicable Date, 1,015,781,716 Shares have been fully paid and issued. Subject to the passing of the ordinary resolution numbered 4(A) and on the basis that no further Shares are issued or purchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 203,156,343 Shares.

In addition, subject to a separate approval of the ordinary resolution numbered 4(C), the number of Shares purchased by the Company under ordinary resolution numbered 4(B) will also be added to extend the General Mandate as mentioned in ordinary resolution numbered 4(A) provided that such additional number of Shares shall represent up to 10% of the number of issued Shares as at the date of passing the Shareholders' resolutions in relation to the General Mandate and Buy-back Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the General Mandate for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

BUY-BACK MANDATE TO PURCHASE SHARES

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to purchase Shares representing up to 10% of the number of issued Shares as at the date of passing of the Shareholders' resolution in relation to the Buy-back Mandate for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

As at the Latest Practicable Date, there were 1,015,781,716 Shares in issue. Subject to the passing of the ordinary resolution no. 4(B) and on the basis that no further Shares are issued or purchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to buy back a maximum of 101,578,171 Shares pursuant to the Buy-back Mandate.

LETTER FROM THE BOARD

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

RE-ELECTION OF RETIRING DIRECTOR

In accordance with article 16.18 of the Articles of Association, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) will retire from office by rotation and will be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. James Gordon Mitchell, Mr. Wu Wenhui, Ms. Yu Chor Woon Carol and Ms. Leung Sau Ting Miranda will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

In accordance with article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. On November 22, 2019, Mr. Lin Haifeng has resigned as a non-executive Director and a member of the audit committee of the Board, and Mr. Cheng Yun Ming Matthew has been appointed as a non-executive Director and a member of the audit committee of the Board. Please refer to the announcement of the Company dated November 22, 2019. Accordingly, Mr. Cheng Yun Ming Matthew will retire at the Annual General Meeting and, being eligible, will offer himself for election as Director at the Annual General Meeting.

On April 27, 2020, (i) Mr. Liang Xiaodong has resigned as an executive Director, Co-Chief Executive Officer, a member of the strategy and investment committee of the Board and the authorised representative of the Company under Rule 3.05 of the Listing Rules; (ii) Ms. Chen Fei has resigned as a non-executive Director and a member of the strategy and investment committee of the Board; (iii) Mr. Wu Wenhui has been re-designated as a non-executive Director, Vice-Chairman of the Board and a member of the strategy and investment committee of the Board; (iv) Mr. Cheng Wu has been appointed as an executive Director, Chief Executive Officer, the chairman of the strategy and investment committee of the Board, a member of the remuneration committee of the Board and an authorised representative of the Company under Rule 3.05 of the Listing Rules; and (v) Mr. Hou Xiaonan has been appointed as an executive Director, the President of the Company and a member of the strategy and investment committee of the Board. Please refer to the announcement of the Company dated April 27, 2020. Accordingly, Mr. Cheng Wu and Mr. Hou Xiaonan will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

LETTER FROM THE BOARD

Details of Mr. Cheng Wu, Mr. Hou Xiaonan, Mr. James Gordon Mitchell, Mr. Wu Wenhui, Mr. Cheng Yun Ming Matthew, Ms. Yu Chor Woon Carol and Ms. Leung Sau Ting Miranda, who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY AND THE ADOPTION OF THE SEVENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated April 27, 2020. The Board proposes to (i) make the Amendments to the Memorandum of Association and the Articles of Association, for the purpose of, among others, reflecting the update of the relevant laws and facilitating the Board's participation of general meetings by means of a telephone or tele-conferencing or any other telecommunications facility; and (ii) adopt the Seventh Amended and Restated Memorandum of Association and Articles of Association of the Company incorporating and consolidating the Proposed Amendments.

Details of the Proposed Amendments are set out in Appendix IV to this circular.

The Company confirms that there is nothing unusual in the Proposed Amendments from the perspective of a Cayman Islands company listed on the Stock Exchange.

The Proposed Amendments as well as the adoption of the Seventh Amended and Restated Memorandum and Articles of Association are subject to the Shareholders' approval by way of special resolution at the Annual General Meeting, and a special resolution numbered 6 will be proposed at the Annual General Meeting accordingly.

RSU MANDATE

The 2020 Restricted Share Unit Scheme was adopted by the Company on May 15, 2020. The 2020 Restricted Share Unit Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. The grant of RSUs to a Director and other connected persons of the Company will be subject to compliance with Chapter 14A of the Listing Rules, including the applicable reporting, announcement and/or independent Shareholders' approval requirements under Chapter 14A.

The Company will disclose in its annual report the following information in respect of the 2020 Restricted Share Unit Scheme:

- (a) the number of RSUs granted under the 2020 Restricted Share Unit Scheme during the year;
- (b) the number of RSUs vested, cancelled or lapsed during the year; and
- (c) the total number of RSUs granted under the 2020 Restricted Share Unit Scheme and the total number of RSUs available for grant in the future.

LETTER FROM THE BOARD

The purposes of the 2020 Restricted Share Unit Scheme are to (i) recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximise the value of the Company for the benefits of both the Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares. The eligibility of the Participants, in particular the consultant, adviser or other non-employee, will be decided by the Board at its discretion taking into account, among others, his/her contribution to the Group or any Invested Entity, the nature and exclusivity of service provided by him/her, the duration of the service provided by him/her and the significance of such service to the overall strategy of the Group. There is no definitive name list of consultants, advisers or other non-employees and the Company currently expect such grantees to include, among others, writers, movie/TV directors, actors, industry consultants and other professionals advising the Company in relation to the IP operation industry. The 2020 Restricted Share Unit Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. For further details of the principal terms of the 2020 Restricted Share Unit Scheme, please refer to the announcement of the Company on May 15, 2020 and Appendix III to this circular.

Pursuant to the terms of the 2020 Restricted Share Unit Scheme, the total number of Shares underlying the 2020 Restricted Share Unit Scheme shall not in aggregate exceed 4.5% of the issued share capital of the Company as of the date of the Annual General Meeting. The 2020 Restricted Share Unit Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of the 2020 Restricted Share Unit Scheme. Pursuant to the 2020 Restricted Share Unit Scheme, the Administrative Committee assists the Board in administration of the 2020 Restricted Share Unit Scheme and may (i) exercise the mandate granted by the Shareholders at general meetings of the Company and direct the Company to allot and issue Shares to the Trustee to be held by the Trustee to satisfy the RSUs upon vesting; and/or (ii) direct and procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon vesting. In considering whether to direct the Company to allot and issue Shares to the Trustee or procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares, the Administrative Committee may take into account factors such as the vesting schedule of the RSUs granted, the funding arrangements of the Company, the trading price of the Shares and the market conditions at the relevant times. As of the Latest Practicable Date, the Company was in the process of engaging a professional and independent trustee as the Trustee to assist with the administration and vesting of RSUs granted pursuant to the 2020 Restricted Share Unit Scheme.

As of the Latest Practicable Date, no proposed grantees had been identified by the Company, and thus no RSUs had been granted or agreed or intended to be granted under the 2020 Restricted Share Unit Scheme.

LETTER FROM THE BOARD

An ordinary resolution numbered 5 will be proposed at the Annual General Meeting to grant to the Directors the RSU Mandate specifying (i) the maximum number of new Shares that may be issued upon vesting of the RSU Awards to be granted pursuant to the RSU Scheme, and (ii) that the Board has the power to allot and issue, procure the transfer of, and otherwise deal with such new Shares pursuant to the vesting of the RSUs that are granted under the 2020 Restricted Share Unit Scheme as and when the RSUs vest and to delegate such power in accordance with the terms of the 2020 Restricted Share Unit Scheme, during the period from the Annual General Meeting at which the RSU Mandate is passed until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the end of the period within which the Company is required by any applicable laws or by the Articles of Association to hold its next annual general meeting; or (iii) the date of which such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting. Upon the expiration of the RSU Mandate, the Company currently expects that, the Shareholders' approval will be sought in annual general meetings of the Company on an annual basis to grant a similar mandate to the Directors to facilitate the grant of RSUs under the 2020 Restricted Share Unit Scheme.

Without prejudice to the foregoing, pursuant to the terms of the 2020 Restricted Share Unit Scheme, the total number of Shares underlying the RSUs to be granted under the 2020 Restricted Share Unit Scheme in any financial year will not exceed three per cent. (3%) of the issued Shares as at the beginning of that financial year.

As of the Latest Practicable Date, the number of issued Shares was 1,015,781,716. Assuming there is no change to the number of issued Shares from the Latest Practicable Date to the date of the Annual General Meeting, the maximum number of new Shares which may be issued under the RSU Mandate will be 45,710,177, representing approximately 4.5% of the issued Shares as at the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 43 to 49 of this circular is the notice of the Annual General Meeting at which, inter alia, (i) ordinary resolutions will be proposed to Shareholders to consider and approve the granting of the General Mandate to issue Shares and the Buy-back Mandate to purchase Shares, the re-election of the retiring Directors and the RSU Mandate to issue new Shares; and (ii) a special resolution to approve the Proposed Amendments and adopt the Seventh Amended and Restated Memorandum and Articles of Association.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://ir.yuewen.com>). Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General

LETTER FROM THE BOARD

Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked. **In view of the outbreak of COVID-19 pandemic, you are strongly encouraged to appoint the chairman of the Annual General Meeting as proxy to attend and vote on your behalf at the Annual General Meeting.**

VOTING BY POLL

There is no Shareholder who has any material interest in the proposed resolutions, therefore none of the Shareholders is required to abstain from voting at the Annual General Meeting.

Pursuant to Rule 13.39(4) of the Listing Rules and article 13.6 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting of the General Mandate to issue Shares, the Buy-back Mandate to purchase Shares, the re-election of the retiring Directors, the RSU Mandate to issue Shares, the Proposed Amendments and the Adoption of the Seventh Amended and Restated Memorandum and Articles of Association are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully

By order of the Board

CHINA LITERATURE LIMITED

Mr. James Gordon Mitchell

Chairman of the Board and Non-executive Director

The following are the particulars of the Director (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

EXECUTIVE DIRECTORS**Mr. Cheng Wu**

Aged 46, is an Executive Director, the Chief Executive Officer, the chairman of the strategy and investment committee of the Board and a member of the remuneration of the Board. Mr. Cheng has been serving as a Vice President of Tencent since March 2013 and as the Chief Executive Officer of Shanghai Tencent Pictures and Culture Communication Co., Ltd. (“**Tencent Pictures**”) since September 2015. He is responsible for strategic planning and day-to-day operation of Tencent Pictures, Shenzhen Tencent Animation and Comics Co., Ltd. and Tencent Esports. In addition, he is responsible for the management of Tencent’s Marketing and Public Relations Department. Mr. Cheng currently serves as an executive director and vice chairman of Huayi Tencent Entertainment Company Limited, the shares of which are listed on the Main Board of the Stock Exchange with stock code 419.

Mr. Cheng graduated from Tsinghua University with a Bachelor of Science degree in Physics. He also gained an EMBA from the Olin Business School at Washington University.

The Company and Mr. Cheng have entered into a director and chief executive officer service contract for a term of three years, subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the service contract, either party has the right to give not less than three months’ written notice to terminate the agreement. Mr. Cheng is not entitled to receive annual salaries in the capacity as executive Director under his service contract, but is entitled to receive a discretionary bonus from the Company as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

Under Part XV of the SFO, as of the Latest Practicable Date, Mr. Cheng was interested in (a) 256 shares of the Company, representing approximately 0% of the issued share capital of the Company; and (b) 338,297 shares of Tencent, representing approximately 0% of the issued share capital of Tencent and comprising (i) 20,546 shares of Tencent, (ii) 579 shares underlying Tencent in respect of the awarded shares granted to Mr. Cheng under share award schemes of Tencent, and (iii) 317,172 shares underlying Tencent in respect of the options granted to Mr. Cheng under shares option schemes of Tencent.

Save as disclosed above, as at the Latest Practicable Date, Mr. Cheng did not hold any other position with the Company or any other member of the Group, or any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and did not have any other relationship with any Director, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to re-election of Mr. Wu that needs to be brought to the attention of the Shareholders and there is no other information relating to Mr. Wu which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Hou Xiaonan

Aged 41, is an Executive Director, the President of the Company and a member of the strategy and investment committee of the Board. Mr. Hou has been serving as the vice president of Platform and Content Group of Tencent since November 2018 and currently holds various management positions in Tencent, including Tencent Open Platform, Tencent YingYongBao, Tencent WeStart, Qingteng University and Tencent Content Library. He has extensive and in-depth management experience in product planning and operation, business model innovation, resource integration and ecosystem cooperation.

Mr. Hou graduated from Beijing University of Aeronautics and Astronautics in 2003, majoring in computer science, and holds an EMBA degree.

The Company and Mr. Hou have entered into a director and president service contract for a term of three years, subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the service contract, either party has the right to give not less than three months' written notice to terminate the agreement. Mr. Hou is not entitled to receive annual salaries in the capacity as executive Director under his service contract, but is entitled to receive a discretionary bonus from the Company as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

Under Part XV of the SFO, as of the Latest Practicable Date, Mr. Hou was interested in 112,111 shares of Tencent, representing approximately 0% of the issued share capital of Tencent and comprising (i) 50,536 shares of Tencent, (ii) 35,446 shares underlying Tencent in respect of the awarded shares granted to Mr. Hou under share award schemes of Tencent, and (iii) 26,129 shares underlying Tencent in respect of the options granted to Mr. Hou under share option schemes of Tencent.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hou did not hold any other position with the Company or any other member of the Group, or any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and did not have any other relationship with any Director, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Mr. Hou that needs to be brought to the attention of the Shareholders and there is no other information relating to Mr. Hou which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

NON-EXECUTIVE DIRECTORS**Mr. James Gordon Mitchell**

Aged 46, is a Non-executive Director and the Chairman of the Board since June 2017. He is the chairman of the Nomination Committee of the Company and a member of its Strategy and Investment Committee. Mr. Mitchell is a senior executive vice president and the chief strategy officer of Tencent, where he has worked since July 2011. He is also a director of certain other listed companies including Yixin Group Limited (listed on the Stock Exchange under the stock code: 02858) and Frontier Developments Plc (listed on the London Stock Exchange under the symbol AIM: FDEV), NIO Inc. (NYSE: NIO) and Tencent Music Entertainment Group (NYSE: TME), and of several unlisted companies. Prior to joining Tencent, Mr. Mitchell was a managing director at Goldman Sachs. He is a CFA® Charterholder and received a degree from Oxford University.

Mr. James Gordon Mitchell has entered into an appointment letter with the Company on October 19, 2017 for a term of three years subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Mr. James Gordon Mitchell is not entitled to receive annual salaries in the capacity as non-executive director under his appointment letter, but is entitled to receive a discretionary bonus from the Group as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

As at the Latest Practicable Date, Mr. James Gordon Mitchell was interest in (i) 281,352 Shares, representing approximately 0.03% of the issued share capital of the Company; (ii) 8,868,564 shares of Tencent; and (iii) 456 shares of Tencent Music Entertainment Group.

Save as disclosed herein, as at the Latest Practicable Date, Mr. James Gordon Mitchell did not hold any other position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. James Gordon Mitchell did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Mr. James Gordon Mitchell that needs to be brought to the attention of the Shareholders and there is no other information relating to Mr. James Gordon Mitchell which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Wu Wenhui

Aged 41, is currently a non-executive Director, Vice-Chairman of the Board and a member of the strategy and investment committee of the Board. Mr. Wu joined the Group in October 2004 and currently holds positions within certain members of the Group. Mr. Wu was formerly a programmer at Founder Technology Group Co., Ltd. between July 2000 and October 2001, the chief executive officer of qidian.com and subsequently the president of Cloudary Corporation between October 2004 and March 2013, and the chief executive officer of Tencent Literature between January 2014 and March 2015. Mr. Wu received his bachelor's degree in computer software engineering from Peking University.

Mr. Wu currently holds positions in the following members of the Group:

- Cloudary HK as a director;
- China Reading HK as a director;
- New Classics Media Holdings Limited as a director;
- New Classics Media Hong Kong Limited as a director;
- China Reading Co., Ltd. as an executive director;
- Shanghai Yueting as a director and manager;
- Shanghai Yuechao as a director and manager;
- Shanghai Yuewen as a director and manager;
- Shanghai Hongwen as a director and manager;
- Shanghai Xuanting as an executive director;
- Shanghai Qiwen as an executive director;
- Beijing Yuewen Science and Technology Co., Ltd. as an executive director and manager;
- Shengyun Information Technology as a director and manager;
- Tianjin Xuanting Information Technology Co., Ltd. as an executive director;
- Yueting Information Technology (Tianjin) Co., Ltd. as an executive director;

- Ningbo Meishan Bonded Port Area Yuebao Investment Co., Ltd. as an executive director and manager;
- Yuewen Film as an executive director and manager;
- New Classics Media Corporation as a director;
- New Classics (Tianjin) Media Technology Co., Ltd. as a director; and
- Webnovel Private Limited as a director.

Mr. Wu has entered into an appointment letter with the Company for a term of one year subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Mr. Wu is not entitled to receive annual salaries in the capacity as non-executive director under the appointment letter, but is entitled to receive a discretionary bonus from the Group as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions. Mr. Wu has also entered into a consultancy agreement with the Company.

Under Part XV of the SFO, as at the Latest Practicable Date, Mr. Wu was interested in (i) long position of 27,100,626 Shares, representing approximately 2.67% of the issued share capital of the Company; and (ii) short position of 9,485,220 Shares in physically settled unlisted derivative where exercise period ends one year from the date Mr. Wu ceases to act as a Director. Mr. Wu also held 83.88% in Ningbo Meishan Bonded Port Area Yuebao Investment Co., Ltd., which in turn held 34.62% of Shanghai Hongwen and Shanghai Yuewen. Under the SFO, Shanghai Hongwen and Shanghai Yuewen are associated corporations of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Wu did not hold any other position with the Company or any other member of the Group, or any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Wu did not have any relationship with any Director, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Mr. Wu that needs to be brought to the attention of the Shareholders and there is no other information relating to Mr. Wu which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Cheng Yun Ming Matthew

Aged 49, is a Non-executive Director and a member of the Audit Committee of the Board appointed on November 22, 2019. He joined the Tencent Group since November 2010, and currently serves as the corporate vice president of the Tencent Group. Mr. Cheng also currently serves as a non-executive director of Fusion Bank Limited (富融銀行有限公司) since March 2019. Prior to joining the Tencent Group, Mr. Cheng worked at Price Waterhouse, an accounting firm currently known as PricewaterhouseCoopers, from 1992 to 1997, China Everbright Technology Limited (currently known as Citychamp Watch & Jewellery Group Limited) (stock code: 0256), a company then principally engaged in manufacturing of computer peripherals, from 1997 to 2000 and various companies assuming financial management functions. Mr. Cheng is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic (now the Hong Kong Polytechnic University) in October 1992.

Mr. Cheng currently holds positions in the following members of the Group:

- China Reading (Hong Kong) Limited as a director; and
- Cloudary Corporation as a director.

Mr. Cheng has entered into an appointment letter with the Company on November 22, 2019 for a term of three years subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Mr. Cheng is not entitled to receive annual salaries in the capacity as non-executive director under his appointment letter, but is entitled to receive a discretionary bonus from the Group as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

As at the Latest Practicable Date, Mr. Cheng was interest in (i) 3,092 Shares, representing approximately 0% of the issued share capital of the Company; and (ii) 473,333 shares of Tencent.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Cheng did not hold any other position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Cheng did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Mr. Cheng that needs to be brought to the attention of the Shareholders and there is no other information relating to Mr. Cheng which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS**Ms. Yu Chor Woon Carol**

Aged 57, is an Independent Non-executive Director appointed on October 26, 2017. She is the chairman of the Audit Committee, a member of the Remuneration Committee and Nomination Committee of the Company. Ms. Yu is responsible to provide independent opinion and judgment to the Board. She is an independent director of China Distance Education Holdings Limited (NYSE: DL). She held positions including director, company secretary and vice president for finance at Hisense Kelon Electrical Holdings Company Limited (formerly known as Guangdong Kelon Electrical Holdings Company Limited) from December 2000 to January 2002, was the president and chief financial officer of Sohu.com Inc. between March 2004 and July 2016, and has been the chief executive officer of Virtues Holding Limited since February 2017. Ms. Yu received her professional diploma in accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University).

Ms. Yu has entered into an appointment letter with the Company on October 19, 2017 for a term of three years subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Ms. Yu has been recommended by the remuneration committee of the Company and approved by the Board to be entitled to receive annual director's fees of HK\$500,000 with reference to the Company's profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

As at the Latest Practicable Date, Ms. Yu was interest in 5,000 shares of Tencent.

Save as disclosed herein, Ms. Yu did not hold any other position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Ms. Yu did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Ms. Yu that needs to be brought to the attention of the Shareholders and there is no other information relating to Ms. Yu which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Ms. Leung Sau Ting Miranda

Aged 52, is an Independent Non-executive Director appointed on October 26, 2017. She is the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Ms. Leung is responsible to provide independent opinion and judgment to the Board. She was a trainee at the London office of Slaughter and May from September 1990 to September 1992, an associate in the firm's Hong Kong and London offices from September 1992 to September 2001, and a partner in the firm between September 2001 and November 2016. Ms. Leung was also a director of the Lion Academy Trust from September 2015 to June 2019. She has been a director of CCBI Metdist Limited since November 14, 2018 and a director of Indochina Starfish Foundation since July 2019. Ms. Leung qualified as a solicitor in England & Wales in December 1992, and as a solicitor in Hong Kong in August 1993. She received her bachelor's degree in arts from Oxford University.

Ms. Leung has entered into an appointment letter with the Company on October 19, 2017 for a term of three years subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Ms. Leung has been recommended by the remuneration committee and approved by the Board to be entitled to receive annual director's fees of HK\$500,000 with reference to the Company's profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

As at the Latest Practicable Date, Ms. Leung did not hold any Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, Ms. Leung did not hold any other position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Ms. Leung did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

Save as disclosed herein, there is no other matter in relation to the re-election of Ms. Leung that needs to be brought to the attention of the Shareholders and there is no other information relating to Ms. Leung which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,015,781,716 Shares of nominal value of US\$0.0001 each which have been fully paid. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or purchased before the Annual General Meeting, the Company will be allowed to purchase a maximum of 101,578,171 Shares which represent 10% of the issued Shares during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to purchase its Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders as a whole.

Buy-back of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. The Directors may not purchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make buy-backs with profits of the Company or out of a new issuance of shares made for the purpose of the buy-back or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy back would be in the best interests of the Company. The Directors believe that if the Buy-back Mandate is exercised in full, it may not have a material adverse impact on the working capital and gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company if the Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

TAKEOVERS CODE

If as a result of a purchase of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any purchase of Shares pursuant to the Buy-back Mandate.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Tencent is deemed to be interested in 601,126,564 Shares through THL A13 Limited, Qinghai Lake Investment Limited and Tencent Mobility Limited under the SFO, representing approximately 59.18% of the issued Shares. In the event that the Directors should exercise in full the Buy-back Mandate, such interests will be increased to approximately 65.75% of the issued Shares.

To the best knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to buy back the Shares to the extent that will trigger the obligations under the Takeovers Code for Tencent Holdings Limited to make a mandatory offer. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any purchase by the Company of its Shares.

The Listing Rules prohibit a company from making buy-back on the Stock Exchange if the result of the buy-back would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued shares of the Company would be in public hands. The Directors do not propose to buy-back Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE BUY-BACK MADE BY THE COMPANY

For the year ended December 31, 2019, the Company purchased 10,217,400 Shares on the Stock Exchange for an aggregate consideration of HKD272,202,316.84 before expenses pursuant to the share buy-back mandate approved by our shareholders at the annual general meeting held on May 17, 2019. The bought-back Shares were subsequently cancelled. The purchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares purchases are as follows:

Date for purchase	Purchase consideration per share		No. of shares purchased	Aggregate consideration paid
	Highest price paid	Lowest price paid		
	HKD	HKD		HKD
June 12, 2019	32.50	32.00	83,600	2,710,790.00
June 13, 2019	32.65	31.85	62,000	1,993,560.00
June 14, 2019	32.50	32.05	75,600	2,440,353.00
June 17, 2019	32.40	31.85	48,200	1,543,200.00
June 18, 2019	32.00	32.00	2,600	83,200.00
June 19, 2019	33.00	32.85	63,400	2,088,600.00
June 20, 2019	33.00	33.00	800	26,400.00
June 25, 2019	33.80	32.65	91,200	3,069,200.00
June 26, 2019	34.00	33.60	48,200	1,635,150.00
June 27, 2019	33.80	33.35	70,000	2,360,410.00
August 13, 2019	26.05	23.75	2,000,000	49,760,620.00
August 14, 2019	24.75	23.85	500,000	12,064,510.00
August 15, 2019	24.45	23.15	476,600	11,437,380.00
August 16, 2019	24.85	24.20	200,000	4,959,560.00
August 19, 2019	25.15	24.20	200,000	4,903,540.00
August 20, 2019	25.30	25.00	155,200	3,920,580.00
August 21, 2019	25.40	25.05	103,000	2,600,920.00
August 22, 2019	25.25	25.05	124,600	3,142,190.00
August 23, 2019	25.65	24.45	200,000	5,076,680.00
August 26, 2019	25.10	24.40	159,400	3,952,790.00
August 27, 2019	24.80	23.55	400,000	9,569,150.00
August 28, 2019	24.45	24.05	93,400	2,264,160.00
August 29, 2019	23.90	23.40	200,000	4,724,120.00
August 30, 2019	24.25	23.95	157,600	3,796,440.00

Date for purchase	Purchase consideration per share		No. of shares purchased	Aggregate consideration paid
	Highest	Lowest		
	price paid <i>HKD</i>	price paid <i>HKD</i>		<i>HKD</i>
September 2, 2019	24.35	23.90	84,800	2,059,670.00
September 3, 2019	24.90	24.00	200,000	4,956,040.00
September 4, 2019	25.40	24.65	150,000	3,772,660.00
September 5, 2019	25.60	25.10	150,000	3,813,390.00
September 6, 2019	25.70	25.10	150,000	3,835,520.00
September 9, 2019	25.40	25.20	150,000	3,799,140.00
September 10, 2019	26.40	25.20	66,600	1,687,160.00
September 11, 2019	26.70	26.15	94,200	2,498,240.00
September 12, 2019	26.95	26.40	94,000	2,515,500.00
September 16, 2019	27.25	26.30	120,000	3,231,160.00
September 17, 2019	26.80	25.75	120,000	3,165,110.00
September 18, 2019	26.85	26.20	92,000	2,434,460.00
September 19, 2019	28.00	26.95	100,000	2,722,240.00
September 23, 2019	26.80	26.20	76,000	2,013,505.00
September 24, 2019	26.40	25.95	53,600	1,401,700.00
September 25, 2019	25.90	25.65	100,000	2,575,460.00
September 26, 2019	26.40	26.05	100,000	2,622,390.00
September 27, 2019	27.40	26.20	100,000	2,702,680.00
September 30, 2019	27.00	26.25	73,600	1,953,790.00
October 2, 2019	26.80	26.45	41,800	1,113,050.00
October 3, 2019	26.45	26.05	100,000	2,623,320.00
October 8, 2019	26.80	26.20	77,000	2,041,400.00
October 9, 2019	26.15	25.85	80,000	2,075,000.00
October 10, 2019	26.55	25.70	71,200	1,864,150.00
October 11, 2019	27.00	26.50	100,000	2,670,210.00
October 16, 2019	28.50	27.95	52,000	1,476,940.00
October 29, 2019	31.50	30.55	100,000	3,111,140.00
October 31, 2019	31.10	30.70	82,000	2,528,340.00
November 1, 2019	30.15	29.55	100,000	2,982,240.00
November 5, 2019	31.10	30.25	100,000	3,077,300.00
November 7, 2019	31.60	30.90	99,000	3,104,110.00
November 11, 2019	30.40	29.95	82,400	2,487,530.00
November 12, 2019	31.85	29.85	100,000	3,080,580.00
November 13, 2019	31.40	30.60	100,000	3,101,540.00
November 14, 2019	32.00	30.75	100,000	3,138,450.00
November 15, 2019	32.20	31.40	48,400	1,540,160.60
November 20, 2019	32.40	31.80	96,000	3,081,590.40
November 21, 2019	32.20	31.40	100,000	3,190,490.00
November 26, 2019	31.45	31.00	100,000	3,117,900.24
November 27, 2019	31.30	30.75	100,000	3,088,350.00

Date for purchase	Purchase consideration per share		No. of shares purchased	Aggregate consideration paid
	Highest price paid	Lowest price paid		
	<i>HKD</i>	<i>HKD</i>		<i>HKD</i>
November 28, 2019	30.60	30.05	120,000	3,631,740.00
November 29, 2019	30.60	29.65	100,000	3,012,570.00
December 2, 2019	30.40	29.85	100,000	3,010,650.00
December 3, 2019	30.05	29.70	100,000	2,995,770.00
December 4, 2019	30.00	29.20	100,000	2,956,210.00
December 5, 2019	29.75	28.75	100,000	2,918,790.00
December 6, 2019	29.80	29.20	98,400	2,902,996.80
December 9, 2019	30.50	30.00	79,000	2,396,480.80
Total:			10,217,400	272,202,316.84

Save as disclosed above, no buy-backs of Shares have been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange prior to the Latest Practicable Date were as follows:

Month	Highest prices <i>HKD</i>	Lowest prices <i>HKD</i>
2019		
May	36.70	29.40
June	37.30	29.65
July	39.00	31.30
August	31.45	22.95
September	28.15	23.80
October	32.55	25.60
November	33.65	29.25
December	34.30	28.70
2020		
January	42.00	31.70
February	39.75	30.75
March	36.30	25.95
April	38.00	29.25
May (up to the Latest Practicable Date)	51.00	31.90

PURPOSES AND OBJECTIVES

The purposes of the 2020 Restricted Share Unit Scheme are to (i) recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximise the value of the Company for the benefits of both the Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares.

EFFECTIVENESS AND DURATION

The 2020 Restricted Share Unit Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which no awards will be granted, but the provisions of the 2020 Restricted Share Unit Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the 2020 Restricted Share Unit Scheme may continue to be valid in accordance with their respective terms of grant.

SCHEME LIMIT

The total number of Shares underlying the 2020 Restricted Share Unit Scheme shall not in aggregate exceed 4.5% of the issued share capital of the Company as of the date of the AGM (“**Scheme Limit**”). Without prejudice to the foregoing, the total number of Shares underlying the RSUs to be granted under the 2020 Restricted Share Unit Scheme in any financial year will not exceed three per cent. (3%) of the issued Shares as at the beginning of that financial year.

The maximum number of Shares which may be awarded to any one Participant under the 2020 Restricted Share Unit Scheme may not exceed one per cent. (1%) of the issued Shares as at the Adoption Date.

ADMINISTRATION

The 2020 Restricted Share Unit Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of the 2020 Restricted Share Unit Scheme, and the Company may appoint a trustee to assist with the administration and vesting of RSUs granted pursuant to the 2020 Restricted Share Unit Scheme. The trustee does not exercise any voting rights in respect of any Shares held under the trust or as nominee.

The Board shall have the sole and absolute right to, among others, determine the Senior Grantees who will be granted awards under the 2020 Restricted Share Unit Scheme, the terms and conditions on which awards are granted to Senior Grantees and when the awards granted to Senior Grantees pursuant to the 2020 Restricted Share Unit Scheme may vest. The Chairman shall have the sole and absolute right to, among others, determine the Junior Grantees who will

be granted awards under the 2020 Restricted Share Unit Scheme, the terms and conditions on which awards are granted to Junior Grantees and when the awards granted to Junior Grantees pursuant to the 2020 Restricted Share Unit Scheme may vest.

The Administrative Committee may (i) exercise the mandate granted by the Shareholders at general meetings of the Company and direct the Company to allot and issue Shares to the trustee to be held by the trustee to satisfy the RSUs upon vesting; and/or (ii) direct and procure the trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon vesting.

VESTING

Subject to the terms of the 2020 Restricted Share Unit Scheme and the specific terms and conditions applicable to each award, the vesting period shall be determined by the Board or the Chairman (as the case may be).

The RSUs which have vested shall be satisfied within a reasonable period from the vesting date of such RSUs, either by: (a) the Administrative Committee directing and procuring the relevant trustee to transfer the Shares underlying the RSUs; and/or (b) the Administrative Committee directing and procuring the trustee to pay to the grantee in cash an amount which is equivalent to the market value of the Shares.

In the event a general offer for Shares (whether by way of voluntary offer, takeover, scheme of arrangement or otherwise) is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror), the Board may, prior to or immediately upon the offer becoming or being declared unconditional, determine at its absolute discretion whether any RSU shall vest and the period within which such RSU shall vest. If the Board determines that such RSU shall vest, it shall notify the grantee and the Company that the RSU shall vest and the period within which such RSU shall vest. In the absence of such determination by the Board, the RSUs shall continue to vest in accordance with their respective vesting timetable.

RESTRICTIONS ON GRANT

No award may be granted to any Participant:

- (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under Part XIVA of the SFO, until such inside information has been published on the websites of the Stock Exchange and the Company;
- (b) after any inside information in relation to the securities of the Company has occurred or has become the subject of a decision, until such inside information has been published;

- (c) within the period commencing 60 days (in the case of annual results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement;
- (d) in any other circumstances where dealings by selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted;
- (e) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant or in respect of the 2020 Restricted Share Unit Scheme, unless the Board determines otherwise;
- (f) where the grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors; or
- (g) the grant would result in breach of the Scheme Limit or other rules of the 2020 Restricted Share Unit Scheme.

TRANSFERABILITY

Any RSU granted pursuant to the 2020 Restricted Share Unit Scheme shall be personal to the grantee and shall not be assignable or transferable, except that the Administrative Committee may, at its sole and absolute discretion, approve the assignment or transfer from a grantee to a company wholly-owned by him or between two companies both of which are wholly-owned by him, subject to any such terms and conditions the Administrative Committee may consider appropriate.

Notwithstanding the above, no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSU or any property held by the trustee on trust for the grantees, awards, Shares underlying any awards or RSUs or any interest or benefits therein.

LAPSE

The unvested RSUs shall automatically lapse upon the earliest of:

- (a) the date on which the Participant ceases to be an eligible Participant; or

- (b) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (c) the date on which the grantee commits a breach of the restrictions as set out in the paragraph headed “Transferability” above; or
- (d) the date on which the Participants are found to be an Excluded Person; or
- (e) the date on which it is no longer possible to satisfy any outstanding conditions to vesting; or
- (f) the Board has decided that the unvested RSUs shall not be vested for the grantee in accordance with the rules of the 2020 Restricted Share Unit Scheme and the terms and conditions as set out in the notice of grant.

TERMINATION OF THE 2020 RESTRICTED SHARE UNIT SCHEME

The 2020 Restricted Share Unit Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any grantee. For the avoidance of doubt, no further awards shall be granted after the 2020 Restricted Share Unit Scheme is terminated but in all other respects the provisions of the 2020 Restricted Share Unit Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.

Details of the Proposed Amendments to the Memorandum and Articles of Association are as follows:

Currently in force		Proposed to be amended as	
No.	Memorandum of Association	No.	Memorandum of Association
4	Except as prohibited or limited by the Companies Law (2016 Revision), the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (2016 Revision) and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company;	4	Except as prohibited or limited by the Companies Law (2016 <u>2020</u> Revision), the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (2016 <u>2020</u> Revision) and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company;

Currently in force		Proposed to be amended as	
No.	Memorandum of Association	No.	Memorandum of Association
	<p>to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, debenture stock, loans, loan stock, loan notes, bonds, convertible bonds, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to members of the Company; to contract with persons for the provision of advice, the management and custody of the Company's assets, the listing of the Company's shares and its administration; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.</p>		<p>to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, debenture stock, loans, loan stock, loan notes, bonds, convertible bonds, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to members of the Company; to contract with persons for the provision of advice, the management and custody of the Company's assets, the listing of the Company's shares and its administration; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.</p>

Currently in force		Proposed to be amended as	
No.	Memorandum of Association	No.	Memorandum of Association
6	The share capital of the Company is US\$1,000,000 divided into 10,000,000,000 shares of a nominal or par value of US\$0.0001 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2016 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.	6	The share capital of the Company is US\$1,000,000 divided into 10,000,000,000 shares of a nominal or par value of US\$0.0001 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2016 <u>2020</u> Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
7	If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (2016 Revision) and, subject to the provisions of the Companies Law (2016 Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.	7	If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (2016 <u>2020</u> Revision) and, subject to the provisions of the Companies Law (2016 <u>2020</u> Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
Article 2.2	<p>In these Articles, unless there be something in the subject or context inconsistent therewith:</p> <p>... ..</p> <p>“business day” shall mean a day on which the Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Exchange is closed for business of dealing in securities in Hong Kong on a day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purpose of these Articles be counted as a business day.</p>	Article 2.2	<p>In these Articles, unless there be something in the subject or context inconsistent therewith:</p> <p>... ..</p> <p>“business day” shall mean a day on which the Exchange generally is open for the business of dealing in securities in Hong Kong. For <u>Notwithstanding</u> the avoidance of doubt<u>foregoing</u>, where the Exchange is closed for business of dealing in securities in Hong Kong on a day by reason of a Number 8 or higher typhoon signal<u>gale warning</u>, black rainstorm warning or other similar event, such day shall for the purpose of <u>any notice sent under</u> these Articles be counted as a business day.</p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
	<p>... ...</p> <p>“Companies shall mean the Law” Companies Law (2016 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re- enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</p>		<p>... ...</p> <p>“Companies shall mean the Law” Companies Law (2016<u>2020</u> Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re- enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</p> <p>... ...</p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
		Article 2.2	<p><i>(Newly added)</i></p> <p><u>“black rainstorm warning”</u> shall have the meaning given to it in the <u>Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong).</u></p> <p><u>“gale warning”</u> shall have the meaning given to it in the <u>Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong).</u></p>
Article 2.6	Sections 8 and 19 of the Electronic Transactions Law shall not apply.	Article 2.6	Sections 8 and 19(3) of the Electronic Transactions Law shall not apply.

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
Article 7.9	The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a Number 8 or higher typhoon signal and black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable.	Article 7.9	The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a <i>Number 8 gale warning</i> or <i>higher typhoon signal</i> and black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable.

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
		<u>Article 12.9</u>	<p><u>(Newly added)</u></p> <p><u>If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place in accordance with Article 12.11.</u></p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
		<u>Article 12.10</u>	<p><u>(Newly added)</u></p> <p><u>The Board shall also have the power to provide in every notice calling a general meeting that in the event of a gale warning or black rainstorm warning (or the equivalent in the location of the relevant meeting) is in force at any time on the day of the general meeting (unless such warning has been cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date in accordance with Article 12.11. Where a general meeting is so postponed in accordance with this Article, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's Website and published on the Exchange's website as soon as practicable (provided that failure to place or publish such notice shall not affect the automatic postponement of such meeting).</u></p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
		<u>Article 12.11</u>	<p><u>(Newly added)</u></p> <p><u>Where a general meeting is postponed in accordance with Article 12.9 or Article 12.10:</u></p> <p><u>(a) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting by one of the means specified in Article 30.1; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened, and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and</u></p> <p><u>(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.</u></p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
Article 13.4	The chairman of the board of Directors shall take the chair at every general meeting, or, if there be no such chairman or, if at any general meeting such chairman shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members present (whether in person or represented by proxy or duly authorised representative) shall choose one of their own number to be Chairman.	Article 13.4	The chairman of the board of Directors shall take the chair at every general meeting, or, if there be no such chairman or, if at any general meeting such chairman shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members present (whether in person or represented by proxy or duly authorised representative) shall choose one of their own number to be Chairman.

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
			<p><u>The Board may, at its absolute discretion, arrange for all or any of the Directors to attend and participate at any general meeting by means of a telephone or teleconferencing or any other telecommunications facility by means of which all persons participating in the general meeting are capable of hearing and speaking to each other (“Communication Facilities”), and any Director who attends by means of Communication Facilities shall be deemed to be present at that meeting for all purposes under this Article. In particular, and without limiting the generality of the foregoing, any Director who is the chairman of the board of Directors, or has been chosen to act as the Chairman of a general meeting in accordance with this Article, shall be entitled to attend and participate at any general meeting by means of Communication Facilities, and to act as the Chairman of such meeting, in which event the following provisions shall apply:</u></p> <p><u>(a) The Chairman shall be deemed to be present in person at that meeting.</u></p>

Currently in force		Proposed to be amended as	
No.	Articles of Association	No.	Articles of Association
			<p><u>(b) If the Communication Facilities are interrupted or fail for any reason to enable the Chairman to hear and speak with all other persons participating in the general meeting, the other Directors present at the meeting shall choose another Director to act as Chairman for the remainder of the meeting, provided that:</u></p> <p><u>(i) if no other Director is present at the meeting, or if all the Directors present decline to take the chair, the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the Board; and</u></p> <p><u>(ii) the Chairman for the remainder of the meeting may, at his discretion and without the consent of the general meeting, adjourn the meeting to the same day in the next week and at such time and place as shall be decided by the Board.</u></p> <p><u>In the case of any adjournment pursuant to either sub-clauses (b)(i) or (b)(ii) above, all business conducted at the meeting up to the time of such adjournment shall be valid.</u></p> <p><u>For the avoidance of doubt, no member shall be entitled to act as Chairman at any general meeting by means of Communication Facilities.</u></p>

Note: The Seventh Amended and Restated Memorandum and Articles of Association is prepared in English with no official Chinese version. Chinese translation is for reference only. In the event of any inconsistency, the English version shall prevail.

NOTICE OF ANNUAL GENERAL MEETING

阅文集团

CHINA LITERATURE LIMITED

阅文集团

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of China Literature Limited (the “**Company**”) will be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong on Tuesday, June 30, 2020 at 9:30 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolution.

Unless otherwise specified, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated May 29, 2020 (the “**Circular**”).

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended December 31, 2019 and the reports of the directors and auditors thereon.
2. To re-elect Directors and authorise the Board of Directors to fix the Director’s remuneration;
 - (a) To re-elect Mr. Cheng Wu as an executive Director;
 - (b) To re-elect Mr. Hou Xiaonan as an executive Director;
 - (c) To re-elect Mr. James Gordon Mitchell as a non-executive Director;
 - (d) To re-elect Mr. Wu Wenhui as a non-executive Director;
 - (e) To re-elect Mr. Cheng Yun Ming Matthew as a non-executive Director;
 - (f) To re-elect Ms. Yu Chor Woon Carol as an independent non-executive Director;
 - (g) To re-elect Ms. Leung Sau Ting Miranda as an independent non-executive Director;
 - (h) To authorise the Board to fix the remuneration of the directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

3. To re-appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration for the year ending December 31, 2020.
4. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

(A) **“That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to paragraph (i) of this resolution, otherwise than pursuant to:
 - (1) any Rights Issue (as defined hereinafter);
 - (2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors of the Company, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or
- (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of the following two items:
 - (a) 20% of the number of issued shares of the Company as at the date of passing this resolution; and
 - (b) (if the Board is so authorised by resolution numbered 4(C)) the aggregate number of shares of the Company purchased by the Company subsequent to the passing of resolution numbered 4(B) (up to a maximum equivalent to 10% of the number of issued shares of the Company as at the date of passing resolution numbered 4(B)),

and the approval shall be limited accordingly; and

(iv) for the purpose of this resolution:–

- (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
 - (3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and
- (b) “Rights Issue” means an offer of shares of the Company or an issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other

NOTICE OF ANNUAL GENERAL MEETING

arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“That:**

- (i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to buy-back shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the shares to be bought-back pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the number of issued shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:–

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or

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- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
 - (C) “**That** conditional upon the resolutions numbered 4(A) and 4(B) set out in this notice being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and/or otherwise deal with new shares of the Company and to make or grant offers, agreements and/or options which might require the exercise of such powers pursuant to the resolution numbered 4(A) set out in this notice be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted or agreed conditional or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the number of the issued shares of the Company bought-back by the Company under the authority granted pursuant to resolution numbered 4(B) set out in this notice, provided that such extended amount shall represent up to 10% of the number of issued shares of the Company as at the date of passing of the said resolutions.”
5. To consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions:
- “**That:**
- (i) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to grant restricted share unit awards (“**RSUs**”) and to allot and issue, procure the transfer of, and otherwise deal with such new Shares pursuant to the vesting of the RSUs that are granted under the restricted share unit scheme of the Company adopted on May 15, 2020 (“**2020 Restricted Share Unit Scheme**”) as and when the RSUs vest be and is hereby approved;
 - (ii) the aggregate number of new shares of the Company to be issued under all RSUs granted under the 2020 Restricted Share Unit Scheme pursuant to the approval in paragraph (i) of this resolution shall not exceed 45,710,177 shares of the Company;
 - (iii) for the purpose of this resolution, “Relevant Period” shall have the same meaning as assigned to it under paragraph (iv) of resolution 4(A) in the notice of this meeting of which this resolution forms a part; and
 - (iv) the Directors be and are hereby authorized to delegate the power granted under paragraph (i) above.”

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SPECIAL RESOLUTION

6. “That:

- (a) the proposed amendments to the existing amended and restated memorandum of association and articles of association of the Company (the “**Proposed Amendments**”), the details of which are set out in Appendix IV to the circular of the Company dated May 29, 2020, be and are hereby approved;
- (b) the seventh amended and restated memorandum of association and articles of association of the Company (the “**Seventh Amended and Restated Memorandum and Articles of Association**”), which contains all the Proposed Amendments and a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting, be and is hereby approved and adopted in substitution for and to the exclusion of the existing amended and restated memorandum of association and articles of association of the Company with immediate effect; and
- (c) any director or company secretary of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Seventh Amended and Restated Memorandum and Articles of Association, including without limitation, attending to the necessary filings with the Registrar of Companies in Hong Kong and the Cayman Islands.”

By order of the Board
CHINA LITERATURE LIMITED
Mr. James Gordon Mitchell

Chairman of the Board and Non-executive Director

Hong Kong, May 29, 2020

Registered office:

The offices of Maples Corporate
Services Limited
PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

*Head office and principal place of
business in China:*

Block 6, No. 690 Bi Bo Road
Pudong Xinqu, Shanghai
People's Republic of China

Principal place of business in Hong Kong:

Room 1503-04, ICBC Tower
3 Garden Road, Central
Hong Kong

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Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxy(ies) to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.
- (ii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iii) In order to be valid, the completed form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be). 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.
- (iv) The register of members of the Company will be closed from Wednesday, June 24, 2020 to Tuesday, June 30, 2020, both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, June 23, 2020.
- (v) In respect of resolutions numbered 2 above, details of the directors of the Company proposed for re-election are set out in Appendix I to the Circular.
- (vi) In respect of the resolution numbered 4(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company referred therein. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.
- (vii) In respect of resolution numbered 4(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to purchase shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the Circular.
- (viii) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.