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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)**

## **ADOPTION OF THE 2020 RESTRICTED SHARE UNIT SCHEME AND PROPOSED GRANT OF RSU MANDATE**

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The Board has adopted the 2020 Restricted Share Unit Scheme to, among other things, recognize the contributions by, and to motivate and retain, the Participants. The 2020 Restricted Share Unit Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and no Shareholders' approval is required to adopt the 2020 Restricted Share Unit Scheme.

In order to implement the 2020 Restricted Share Unit Scheme and facilitate the granting of RSUs, an ordinary resolution will be proposed at the AGM to approve (i) the granting of a mandate to the Directors to grant awards of RSUs pursuant to the 2020 Restricted Share Unit Scheme in respect of a maximum of 45,710,177 new Shares, and (ii) that the Board has the power to allot and issue, procure the transfer of, and otherwise deal with the new Shares pursuant to the vesting of the award of 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.

### **ADOPTION OF THE 2020 RESTRICTED SHARE UNIT SCHEME AND PROPOSED GRANT OF RSU SCHEME MANDATE**

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In order to implement the 2020 Restricted Share Unit Scheme and facilitate the granting of RSUs, an ordinary resolution will be proposed at the AGM to approve (i) the granting of a mandate to the Directors to grant awards of RSUs pursuant to the 2020 Restricted Share Unit Scheme in respect of a maximum of 45,710,177 new Shares, and (ii) that the Board has the power to allot and issue, procure the transfer of, and otherwise deal with the new Shares pursuant to the vesting of the award of 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 (the “**RSU Mandate**”). The maximum number of 45,710,177 new Shares to be issued under the RSU Mandate represents 4.5% of the total number of issued share capital of the Company as at the date of AGM, assuming the issued share capital of the Company remains unchanged from the date of this announcement up to the date of the AGM.

A circular containing, among other things, further details of the RSU Mandate, together with the notice of the AGM, will be dispatched to Shareholders in due course.

## **Summary of the 2020 Restricted Share Unit Scheme**

### ***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.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 Restricted Share Unit Scheme”	the restricted share unit scheme of the Company adopted by the Board on May 15, 2020
“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 the Board
“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

“Board”	the board of Directors
“Business Partner”	any business partner of the Group including any employment agent
“Chairman”	the chairman of the Board
“Company”	China Literature Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board (stock code: 772)
“connected persons”	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
“Group”	the Company, its subsidiaries and its 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 Grantee(s)”	any grantee(s) other than a Senior Grantee
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

“Participants”	<p>(i) any Employee (whether full time or part time), executives or officers, directors (including executive Directors, non-executive Directors 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, has contributed or will contribute to the growth and development of the Group or any Invested Entity</p>
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“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 Grantee(s)”	a 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
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of nominal value of US\$0.0001 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**CHINA LITERATURE LIMITED**  
**Mr. James Gordon Mitchell**  
*Chairman of the Board and Non-executive Director*

Hong Kong, May 15, 2020

*As at the date of this announcement, the Board comprises Mr. Cheng Wu and Mr. Hou Xiaonan as executive Directors; Mr. James Gordon Mitchell, Mr. Wu Wenhui, Mr. Cao Huayi and Mr. Cheng Yun Ming Matthew as non-executive Directors; Ms. Yu Chor Woon Carol, Ms. Leung Sau Ting Miranda and Mr. Liu Junmin as independent non-executive Directors.*