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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 (the “**Annual General Meeting**”) of China Literature Limited (the “**Company**”) will be held at Room 1503-04, ICBC Tower, 3 Garden Road, Central, Hong Kong at 3:00 p.m. on Monday, May 23, 2022 (or due to any reduced gathering restrictions imposed by law, the Directors may, in their absolute discretion in accordance with the Company’s articles of association, change the place of the Annual General Meeting at the same time and on the same date by way of an announcement without the need to give a new notice of Annual General Meeting) 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 April 19, 2022 (the “**Circular**”).

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended December 31, 2021 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. James Gordon Mitchell as a non-executive Director;
 - (c) To re-elect Ms. Yu Chor Woon Carol as an independent non-executive Director;
 - (d) To authorise the Board to fix the remuneration of the directors of the Company.

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, 2022.
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 authorization 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;
 - (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:

(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 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
- (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 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:**

- (a) 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;
- (b) 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 (a) of this resolution shall not exceed 45,710,177 shares of the Company;
- (c) 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
- (d) the Directors be and are hereby authorized to delegate the power granted under paragraph (a) above.”

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 April 19, 2022 be and are hereby approved;
- (b) the eighth amended and restated memorandum of association and articles of association of the Company (the “**Eighth 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 Eighth 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, April 19, 2022

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

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company. As set out in the section headed “Guidance for the AGM” (on pages 1 to 2 of the circular of which this notice forms part), as holders of shares of the Company (“**Shareholders**”) will not be permitted to attend the Annual General Meeting in person, Shareholders are encouraged to exercise your rights to appoint the chairman of the Annual General Meeting as their proxy to vote on your behalf by completing 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.
- (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).
- (iv) The register of members of the Company will be closed from Wednesday, May 18, 2022 to Monday, May 23, 2022, both days inclusive, in order to determine the eligibility of shareholders to vote at 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, May 17, 2022.
- (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.
- (ix) GUIDANCE FOR THE ANNUAL GENERAL MEETING

The Company will adopt the following guidance at the annual general meeting of the Company (the “AGM”) for public health and safety:

- (a) The AGM will be held with the minimum number of persons present as is required under the articles of association of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the AGM. No other Shareholder, proxy or corporate representative should attend the AGM in person in light of the continuing risks posed by the COVID-19 pandemic. Any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the Annual General Meeting.
- (b) There will be no distribution of gifts and no refreshments will be served at the Annual General Meeting.
- (c) All resolutions at the AGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the AGM by proxy. If a Shareholder (other than those who are required to attend the AGM physically to form a quorate meeting) wishes to vote on any resolution at the AGM, he/she/it must appoint the chairman of the AGM as his/her/its proxy to exercise his/her/its right to vote at the AGM in accordance with his/her/its instructions.
- (d) A Shareholder may submit questions related to the resolutions to be tabled for approval at the AGM. Questions can be submitted on or before 3:00 p.m. on Wednesday, May 18, 2022 (Hong Kong time) by email to “ir@yuewen.com”.
- (e) Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the AGM arrangements at short notice, and the Company will ensure that the AGM arrangements are in compliance with the Articles of Association. While the Company will use its best endeavours to provide necessary updates to the Shareholders on its website (<http://ir.yuewen.com>) regarding the AGM arrangements, Shareholders should check the latest policies and notices announced by the Hong Kong Government, the website of the Company and Hong Kong Exchanges and Clearing Limited for future updates on the AGM arrangements.

- (f) If you have any questions relating to the AGM, please contact the Company by email to “zhengpeixin@yuewen.com” or telephone hotline (+852) 3185 0017 (Monday to Friday, excluding Saturdays, Sundays and Hong Kong public holidays).

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