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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Ruyi Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

- (1) PROPOSED GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES;**
- (2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR;**
- (3) RE-ELECTION OF DIRECTORS;**
- (4) TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at 2:30 p.m. on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong is set out on pages 39 to 44 of this circular. A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to read the notice of Annual General Meeting and complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment or postponement thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned or postponed meetings thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

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DEFINITIONS

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

“2022 AGM Issue Mandate”	the general mandate approved by the Shareholders at the annual general meeting of the Company held on 13 June 2022 authorising the Directors to allot and issue Shares up to 20% of the total number of Shares in issue as at the date of passing the relevant resolution;
“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional;
“Annual General Meeting”	the annual general meeting of the Company to be held at 2:30 p.m. on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong, the notice of which is set out on pages 39 to 44 of this circular;
“Board”	the board of Directors;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
“Bye-laws”	the bye-laws of the Company as may be amended from time to time;
“close associate(s)”	has the meaning as defined in the Listing Rules;
“Company”	China Ruyi Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 136);
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules;
“Directors”	the directors of the Company;
“Eligible Participants”	any Employee Participant, any Related Entity Participant, and any Service Provider;
“Employee Participants”	the directors (including independent non-executive directors), officers (who are also directors and/or employees) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group);

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“Existing Share Option Scheme”	the share option scheme of the Company adopted on 31 October 2013;
“Grantee”	any Eligible Participant who accepts the offer for the grant of an Option in accordance with the terms of the New Share Option Scheme;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the general mandate to allot and issue Shares not exceeding 20% of the total number of Shares in issue as at the date of passing the relevant resolution granting such mandate;
“Latest Practicable Date”	29 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme of the Company proposed to be approved and adopted by the Shareholders at the Annual General Meeting;
“Offer”	an offer to an Eligible Participant for the grant of an Option;
“Option”	any option to subscribe for Shares pursuant to the New Share Option Scheme;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Company to the Grantee thereof at the time of making an offer for the grant of an Option;
“PRC”	the People’s Republic of China;
“Related Entity”	the holding companies, fellow subsidiaries or associated companies of the Company;
“Related Entity Participants”	any director, chief executive (who are also directors and/or employees) and employee of the Related Entity;

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“Remuneration Committee”	remuneration committee as set up by the Board;
“Repurchase Mandate”	the general mandate to buy-back fully paid up Shares up to 10% of the total number of Shares in issue as at the date of passing the relevant resolution granting such mandate;
“Scheme Mandate Limit”	has the meaning defined in the section headed “9. Maximum number of Shares available for issue” in Appendix III;
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time);
“Service Providers”	<p>any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of Options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely:</p> <ul style="list-style-type: none">(i) suppliers of products or services, including suppliers, artistes, advisors, consultants, agents or other professional firms with expertise in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games and other business activity(ies) that may be carried out by the Group from time to time; and(ii) business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time that collaborate with the Group on continuing or discrete projects; <p>but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers such as the auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity;</p>
“Service Provider Sub-Limit”	has the meaning defined in the section headed “9. Maximum number of Shares available for issue” in Appendix III;

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suspension Date”	has the meaning defined in the section headed “21. Rights on reconstruction, compromise or arrangement” in Appendix III;
“Takeovers Code”	The Codes on Takeovers and Mergers issued by the Securities and Futures Commission as amended from time to time;
“Termination Date”	close of business of the Company on the date which falls on the date immediately prior to the tenth anniversary of the Adoption Date;
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

Executive Directors:

Mr. Ke Liming (*Chairman*)
Ms. Chen Xi
Mr. Wan Chao
Mr. Zhang Qiang

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Chau Shing Yim, David
Mr. Nie Zhixin
Mr. Chen Haiquan
Professor Shi Zhuomin

*Head office and principal place of
business in Hong Kong:*

15th Floor
China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong

5 June 2023

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES;**
(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR;
(3) RE-ELECTION OF DIRECTORS;
**(4) TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME; AND**
(5) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting, including (a) the granting to the Directors of a general mandate to repurchase and issue Shares; (b) the extension of the Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate; (c) the proposed appointment of non-executive Director; (d) the re-election of Directors; (e) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and (f) the giving of notice of Annual General Meeting.

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GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 13 June 2022, the Shareholders passed a resolution to grant a general mandate to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed that approval from the Shareholders be sought at the Annual General Meeting to grant a general mandate to the Directors to exercise the powers of the Company to repurchase Shares not exceeding 10% of the total number of Shares in issue as at the date of passing such resolution. The Repurchase Mandate to be proposed at the Annual General Meeting will lapse on the earlier of (a) the conclusion of the next annual general meeting of the Company to be held in 2024; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and (c) the date on which the authority given to the Directors is revoked or varied by the Shareholders in a general meeting.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with the information reasonably necessary for your consideration of the Repurchase Mandate.

GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 13 June 2022, the Directors were granted the 2022 AGM Issue Mandate authorising them to allot and issue Shares up to 20% of the then total number of Shares in issue. The 2022 AGM Issue Mandate will expire at the conclusion of the Annual General Meeting.

The Board proposes to seek an approval from the Shareholders at the Annual General Meeting for the grant to the Directors of a general mandate to issue new Shares representing up to 20% of the total number of Shares in issue as at the date of passing the resolution in relation thereto. The Issue Mandate will lapse on the earlier of (a) the conclusion of the next annual general meeting of the Company to be held in 2024; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and (c) the date on which the authority given to the Directors is revoked or varied by the Shareholders in a general meeting.

The Directors believe that granting of the general mandate to issue new Shares will provide the Group with flexibility to raise capital for the Group in order to capture any opportunity to carry out fund raising activity as and when the Directors think fit and appropriate. The Board is of the view that the proposed granting of the general mandate to issue new Shares is in the interests of the Company and the Shareholders as a whole.

Two ordinary resolutions will be proposed at the Annual General Meeting for (a) granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the total number of Shares in issue as at the date of passing the resolution; and (b) the extension of the Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

Based on 10,004,647,545 Shares in issue as at the Latest Practicable Date and subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the Annual General Meeting, and assuming that there shall be no further issue of new Shares or repurchase of Shares between the Latest Practicable Date and the date of the Annual General Meeting, the Directors will be authorised to allot and issue up to a limit of 2,000,929,509 Shares under the Issue Mandate, representing 20% of the total number of Shares in issue as at the date of passing the resolution to approve the Issue Mandate.

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Due to his personal work adjustment, Mr. Wan Chao intends to resign as an executive Director with effect from the appointment of a Director by way of an ordinary resolution by Shareholders at the Annual General Meeting. Mr. Wan Chao has confirmed that he has no disagreement with the Board in any respect and there is no other matter in relation to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

In order to fill the vacancy resulting from the resignation of Mr. Wan Chao, and having comprehensively considered the educational background, knowledge, skills and experience of Mr. Yang Ming and the contributions he can make to the Board, the Board recommends the appointment of Mr. Yang Ming as a non-executive Director of the Company. The appointment of Mr. Yang Ming as a non-executive Director will take effect upon consideration and approval at the Annual General Meeting.

The biographical details of Mr. Yang Ming as required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 84 of the Bye-laws, each of Mr. Chau Shing Yim, David and Professor Shi Zhuomin shall retire and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

At the Annual General Meeting, an ordinary resolution will be proposed to re-elect Mr. Chau Shing Yim, David and Professor Shi Zhuomin as independent non-executive Directors.

Code Provision B.3.4(b) of the CG Code provides, amongst other things, that when the board proposes a resolution to elect an individual as an independent non-executive director at a general meeting and the proposed director will be holding his seventh (or more) listed company directorship, the company should set out in the circular the reasons why the board believes the individual would still be able to devote sufficient time to the board.

As set out on page 22 of this circular, Mr. Chau Shing Yim, David is holding directorship in six other listed companies in Hong Kong in addition to his directorship in the Company. Notwithstanding this, for the year ended 31 December 2022, Mr. Chau attended all nine Board meetings and four out of five general meetings of the Company. Mr. Chau also serves as the

LETTER FROM THE BOARD

chairman of the audit committee and the remuneration committee of the Company. For the year ended 31 December 2022, Mr. Chau attended two audit committee meetings and one remuneration committee meeting which he was eligible to attend. On that basis, the Board is of the view that Mr. Chau is able to devote sufficient time to the Board and attention to the affairs of the Company and that Mr. Chau's directorship outside the Company would not affect him in maintaining his current role in, and his functions and responsibilities for, the Company. In addition, the Board is of the view that Mr. Chau would continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. On this basis, the Board believes that Mr. Chau will be able to continue to devote sufficient time to the Board, and hence recommends his re-election as an independent non-executive Director at the Annual General Meeting.

The biographical details of such re-electing Directors as required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

Termination of the Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 31 October 2013 and is valid and effective for a period of 10 years from the date of adoption, i.e. until 30 October 2023. Following the Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended and became effective from 1 January 2023. In light of the above, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme to replace the Existing Share Option Scheme.

According to the terms of the Existing Share Option Scheme, the Company may by resolution in general meeting at any time resolve to terminate the operation of the Existing Share Option Scheme and in such event, no further options will be offered but the provision of the Existing Share Option Scheme shall remain in force and effect in all other respects. All options granted under the Existing Share Option Scheme prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Existing Share Option Scheme.

As at the Latest Practicable Date, there were 181,917,000 outstanding options granted but not yet exercised under the Existing Share Option Scheme and the Board has no intention of granting any further option under the Existing Share Option Scheme.

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Details of the share options granted under the Existing Share Option Scheme outstanding as at the Latest Practicable Date are set out below.

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Balance as at the Latest Practicable Date
Director				
Ms. Chen Xi	26 November 2021	26 November 2022 — 25 November 2027	3.43	2,400,000
	26 November 2021	26 November 2023 — 25 November 2028	3.43	4,800,000
	26 November 2021	26 November 2024 — 25 November 2029	3.43	7,200,000
	26 November 2021	26 November 2025 — 25 November 2030	3.43	14,400,000
	26 November 2021	26 November 2026 — 25 November 2031	3.43	19,200,000
	Sub-total:			<u>48,000,000</u>
Mr. Zhang Qiang	26 November 2021	26 November 2022 — 25 November 2027	3.43	500,000
	26 November 2021	26 November 2023 — 25 November 2028	3.43	1,000,000
	26 November 2021	26 November 2024 — 25 November 2029	3.43	1,500,000
	26 November 2021	26 November 2025 — 25 November 2030	3.43	3,000,000
	26 November 2021	26 November 2026 — 25 November 2031	3.43	4,000,000
	Sub-total:			<u>10,000,000</u>
Senior management and employees of the Group	26 November 2021	26 November 2022 — 25 November 2027	3.43	6,196,000
	26 November 2021	26 November 2023 — 25 November 2028	3.43	12,392,000
	26 November 2021	26 November 2024 — 25 November 2029	3.43	18,588,000
	26 November 2021	26 November 2025 — 25 November 2030	3.43	37,175,000
	26 November 2021	26 November 2026 — 25 November 2031	3.43	49,566,000
	Sub-total:			<u>123,917,000</u>
	Total:			<u>181,917,000</u>

Note: The vesting period for the share options granted under the Existing Share Option Scheme on 26 November 2021 is from 26 November 2022 to 25 November 2031.

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The Board proposed to terminate the operation of the Existing Share Option Scheme before it is due to expire. Subject to the approval of the Shareholders at the Annual General Meeting and conditional upon the adoption of the New Share Option Scheme, the Existing Share Option Scheme shall be terminated such that no further options under the Existing Share Option Scheme could thereafter be offered but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect.

Adoption of the New Share Option Scheme

To enable the Company to continue to grant Options to the Eligible Participants, the Board proposes to recommend to the Shareholders at the Annual General Meeting to approve and adopt the New Share Option Scheme. After adoption of the New Share Option Scheme and prior to grant of any Options to the Eligible Participants, the Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the new Shares to be issued upon exercise of the Options to be granted.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is set out in the section headed “1. Purpose and duration” in Appendix III.

Conditions

The conditions for the adoption of the New Share Option Scheme are set out in the section headed “2. Conditions precedent” in Appendix III.

Eligible Participants

The Eligible Participants and the criteria for determination of their eligibility are set out in the section headed “4. Eligible Participants and eligibility” in Appendix III.

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the Remuneration Committee considers, in their sole discretion, to have contributed or will contribute to the Group.

In assessing the eligibility of Employee Participants, the Board will consider, among others, their performance; time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; the length of employment or office with the Group; and the contribution or potential contribution to the development and growth of the Group.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

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The Board will consider the following in determining the eligibility of each category of the Service Providers:

(i) *suppliers of products or services*

Examples of Service Providers under this category include suppliers of products or services, including suppliers, artistes, advisors, consultants, agents or other professional firms with expertise in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games and other business activity(ies) that may be carried out by the Group from time to time. When considering eligibility of, and the terms of grant to the Service Providers under this category, the Board will consider, among others: (a) the nature, scope and frequency of products and/or services supplied; (b) the reliability and quality of products and/or services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost and the contract value.

(ii) *business partners*

Examples of Service Providers under this category include business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time that collaborate with the Group on continuing or discrete projects. When considering eligibility of, and the terms of grant to the Service Providers under this category, the Board will consider, among others: (a) the nature and scope of the collaborating projects; (b) their knowledge, expertise, know-how and network in the industry; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration and the contract value.

Aligning with the purpose of the New Share Option Scheme (and other share scheme(s), where applicable), remunerating the Related Entity Participants and Service Providers of the Group with equity incentives can serve as a recognition of their know-how and expertise that has contributed and/or will contribute to the development of the Group. The Directors (including the independent non-executive Directors) consider that granting Options to the Related Entity Participants and Service Providers will align their long-term interests with those of the Group and the Shareholders, whilst maintaining the necessary flexibility for the Board or the Remuneration Committee to exercise their discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth.

The Directors (including the independent non-executive Directors) consider that, notwithstanding that the Company did not grant any share options or award shares to its Related Entity Participants and Service Providers in the past, the inclusion of each of the Related Entity

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Participants and proposed categories of Service Providers are in line with the Company's business needs and the industry norm, and the criteria for the election of Eligible Participants and the terms of the Grant align with the purpose of the New Share Option Scheme, based on the following reasons:

- (i) Although Related Entity Participants may not be directly appointed or employed by the members of the Group (who would otherwise be categorised as Employee Participants), they are nonetheless valuable assets to the Group given their close corporate and collaborative relationships with the Group, as well as involvement in joint work projects in close connection with the Group's business. In particular, for those Related Entities in which the Group has significant interest, their growth and development would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of these companies. As such, the Company recognises the importance of their past or future contribution and wishes to incentivise them by including them as Eligible Participants and granting Options to them accordingly based on their performance, which may in turn further strengthen the collaboration and ties with Group. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the New Share Option Scheme to include the Related Entity Participants in recognition of their contribution to the Company, even though they may not be directly working as an employee or officer of the Group.
- (ii) The Group has collaborated with suppliers, artistes, advisors, consultants, agents or other professional firms in the Group's principal business activities in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games. In particular, the Group requires substantial support from copyrights owners of the drama series and films and production companies to ensure continuous and efficient production of high-quality film and drama series. This category of Service Providers possesses industry-specific resources (such as copyrights of drama series and films), knowledge and expertise with extensive understanding and experience of the market. They assist the Group in formulating appropriate business and product strategies and plans, carrying out the production, launch and promotion of drama series and films and enhancing its overall competitiveness, the actual or potential degree or scope of cooperation with the Group which is or likely to be beneficial to the operation of the Group's ordinary and usual course of business. It is believed that a sustainable and collaborative working relationship with these Service Providers is vital for the smooth and efficient business operation and the long-term development of the Group.

Such suppliers, artistes, advisors, consultants, agents or individuals may not be able to serve as full-time or part-time employees, directors or officers of the Group for various reasons, including their preference or compliance with legal requirements to be engaged on self-employment basis, and/or their industry experience which is highly regarded by comparable companies and thus unwillingness to serve the Group exclusively. The Board considers that it is in line with industry norm to co-operate with such seasoned professionals by engaging them as service providers instead of employing them as full-

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time or part-time employees. Taking into account the nature and norm of the entertainment industry, the Group values these Service Providers' expertise, familiarity with the businesses and operation of the Group and the industry in general and their deep understanding of the Group, and considers that their contribution to the Group is similar to those of the employees of the Group. The Board is of the view that apart from the contributions from employees and directors of the Group, the success of the Group also requires the co-operation and contribution from such kind of suppliers, artistes, advisors, consultants, agents or other professional firms who provide or will provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business. The grant of Share Options to the Service Providers will incentivise such Service Providers to provide quality services and/or products to the Group on a long-term basis, strengthen their loyalty to the Group and thus maximise their performance efficiency.

- (iii) The Group also collaborates with business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time on continuing or discrete projects. This category of Service Providers possesses expertise, resources and external business connections in the key business areas of the Group and allows the Group to more effectively plan and implement its future strategies for long-term growth. They can assist the Group to develop and tap into new markets and/or increase the market share, and create business opportunities for and contribute financially to the Group on a continuing basis. It is beneficial to allow flexibility in granting Options to these business partners of the Group as additional reward such that they can be encouraged to continue to support the business development of the Group and participate in enhancing the future prospects of the Group to a greater extent, for example, by offering industry-specific advice to the Group, making referrals of external business opportunities to the Group, and/or acting as a bridge between the Group and other businesses and brands in regions where the Group has operations which may bring collaboration opportunities.
- (iv) Taking into account that (a) it is not always easy to find and engage experienced and resourceful qualified Service Providers; (b) lengthy period of time may be required to carry out and complete a single film and television drama project; and (c) change of Service Provider(s) during the course of project may have detrimental impact to the business, the Board considers that it is appropriate to have the flexibility in granting Options instead of cash reward or other settlement to the Service Providers since the grant of Options will offer incentives that are more long-lasting and promising than one-off payments and allow the Group to more efficiently allocate its financial resources by retaining more cash. Having their contribution recognised and their interests aligned with the Group's, the Service Providers will be better motivated to maintain a long term stable cooperation relationship with the Group and support the development of the Group in a sustainable manner.

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- (v) As mentioned above, the Board will take into account of numerous qualitative and quantitative factors when assessing the eligibility of and contribution (or potential contribution) made or to be made by the different categories of non-employee Eligible Participants on a case-by-case basis and, in particular, each category of Service Providers will be evaluated against additional aspects. As further explained below, the Board also has the discretion to impose different terms and conditions (including but not limited to vesting conditions) on Share Options to be granted to these Eligible Participants, which allows the Board to have great flexibility to impose appropriate conditions in light of the particular circumstances of each grant such that the Group can attract and retain valuable human resources.

Apart from the invaluable contributions from employees of the Group, the success of the Group also requires the co-operation and contribution from the Service Providers as stated above, who provide or will provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business. The Board considers that the inclusion of the Service Providers to participate in the New Share Option Scheme is consistent with the purpose of the scheme, as it enables the Company to grant Options as incentives or rewards to attract personnel outside the Group to promote the sustainable development of the Group and align the mutual interests of each party, as both the Company and the Service Providers have a common goal in the growth and development of the Group's business and share the additional reward through their continuous contribution.

While the Eligible Participants include independent non-executive Directors, the Company is of the view that the independence and impartiality of the independent non-executive Directors would not be affected by any possible grant of the Options as (a) the independent non-executive Directors must continue to comply with the independence requirement under Rule 3.13 of the Listing Rules; (b) as set out in the section headed "10. Grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their associates" in Appendix III, certain grants to them will require approval by the independent Shareholders; and (c) before making any grants to any independent non-executive Director, the Board will always be mindful of the recommended best practice E.1.9 of the CG Code which recommends that issuers should generally not grant equity-based remuneration with performance-related elements to independent non-executive directors.

Scheme Mandate Limit and Service Provider Sub-limit

The total number of Shares which may be issued in respect of all Options which may be granted under the New Share Option Scheme is set out in the section headed "9. Maximum number of Shares available for issue" in Appendix III.

As at the Latest Practicable Date, the number of issued Shares was 10,004,647,545 Shares. Assuming that there will be no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, (a) the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the

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Company would be 1,000,464,754 Shares, representing approximately 10% of the Shares in issue as at the Adoption Date; and (b) the total number of Shares that may be issued under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes of the Company to the Service Providers would be no more than 500,232,377 Shares, representing no more than approximately 5% of the total number of Shares in issue as at the Adoption Date.

The Board is of the view that the Service Provider Sub-limit is appropriate and reasonable taking into account the following factors:

- (i) the potential dilution effect arising from grants to Service Providers, the importance of striking a balance between achieving the purpose of the Scheme and protecting Shareholders from the dilution effect from granting the Options to the Service Providers;
- (ii) the Service Providers, including but not limited to copyrights owners of the drama series and films and production companies, are important to ensure continuous and efficient production of high-quality film and drama series, and are significant to facilitate the long-term and sustainable growth of the Group;
- (iii) the valuable and commercially irreplaceable services provided and to be provided by the Service Providers;
- (iv) the business expansion and development needs of the Group, which may require further engagement of Service Providers;
- (v) there are no other share schemes involving grant of options over new Shares of the Company; and
- (vi) the Service Providers have contributed to the long-term growth of the Company's business, and that the Scheme could provide incentives to the Service Providers which supply reliable and high-quality services to the Group on a long-term basis.

Each of the Scheme Mandate Limit and Service Provider Sub-limit is subject to separate approval by the Shareholders at the Annual General Meeting.

Vesting Period

The vesting period of the Options is set out in the section headed "6. Vesting period" in Appendix III. The same section also sets out circumstances in which the Board may grant Options with a vesting period shorter than 12 months.

It is considered that by having the flexibility of having a shorter vesting period in accordance with the circumstances provided under the section headed "6. Vesting period" in Appendix III, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the New Share Option Scheme. Hence, the Board

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and the Remuneration Committee are of the view that the shorter vesting period prescribed in the section headed “6. Vesting period” in Appendix III is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme.

Performance targets and clawback mechanism

Save as determined by the Board and provided in the offer letter of the grant of an Option, the New Share Option Scheme does not stipulate any performance target which must be achieved before an Option can be exercised. There is also no clawback mechanism specified under the New Share Option Scheme to recover or withhold the remuneration (which may include any Options granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company’s financial statements or other circumstances.

The Board believes that the aforesaid will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board’s aim to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole. The Board may, in its absolute discretion, specify any conditions (including performance targets (if any)) which must be satisfied before an Option may be vested. If performance targets are imposed on a Grantee upon the grant of Options, the Board will have regard to the purpose of the New Share Option Scheme in assessing such performance targets with reference to factors including but not limited to, as and when appropriate, (a) business performance (e.g. revenue of the Group for the relevant financial year); (b) operating performance (e.g. operation efficiency in terms of cost control); (c) financial performance (e.g. net profit of the Group for the relevant financial year); (d) market value of the Company; (e) creation of capital value for the Group’s business segments (e.g. revenue or profit of relevant business segment for the relevant financial year); (f) individual performance appraisal results for the relevant year (e.g. work capabilities, discipline and integrity); and/or (g) other targets to be determined in the sole discretion of the Board, the satisfaction of which shall be assessed and determined by the Board at its sole discretion.

The Group will utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference to the factors set out above and form an internal assessment as regards the future value that such Eligible Participant may bring to the growth and development of the Group.

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General

As at the Latest Practicable Date,

- (i) the Company has not engaged any trustee for administration of the New Share Option Scheme. If the Company is to engage any trustee in the future, such trustee will not be a Director and no Director will have any direct or indirect interest in the trustee;
- (ii) the Company does not have any share option scheme or share award scheme other than the Existing Share Option Scheme;
- (iii) the Company has not formulated any plan to grant Options under the New Share Option Scheme in the coming 12 months. The Company will continue to assess from time to time whether there is a need to formulate such plan; and
- (iv) to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the New Share Option Scheme and no Shareholder is required to abstain from voting on the resolution in relation thereto.

Based on the above, the Board considers that the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 2:30 p.m. on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong.

From Friday, 23 June 2023 to Wednesday, 28 June 2023, both days inclusive, the register of members of the Company will be closed for the purpose of ascertaining Shareholders' entitlement to attend and vote at the Annual General Meeting. In order to be eligible for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 21 June 2023.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment or postponement thereof. Completion and return of

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the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned or postponed meetings thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to the requirements of the Listing Rules, all votes to be taken at the Annual General Meeting will be by poll.

DOCUMENT ON DISPLAY

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ryholdings.com>) for a period of not less than 14 days before the date of the Annual General Meeting and will be made available for inspection at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of Annual General Meeting, including, among others, (a) the granting of the Repurchase Mandate and the Issue Mandate; (b) the proposed appointment of non-executive Director; (c) the proposed re-election of the re-electing Directors; and (d) the proposed termination of the Existing Share Option Scheme and proposed adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By order of the Board of
China Ruyi Holdings Limited
Ke Liming
Chairman

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the Annual General Meeting for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$200,092,950.90 divided into 10,004,647,545 Shares.

Subject to the passing of the resolution for the Repurchase Mandate and on the basis that no Shares will be issued or repurchased prior to the Annual General Meeting, the Company is entitled under the Repurchase Mandate to repurchase a maximum of 1,000,464,754 Shares.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the interest of the Company and its Shareholders as a whole which enables the Company to repurchase Shares on the Stock Exchange as and when required. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the earnings per Share.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules and the applicable laws and regulations of Bermuda and Hong Kong. The law of Bermuda provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits of the Company or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2022 (being the latest published audited accounts) in the event that the power to repurchase Shares pursuant to the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Price per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2022		
June	3.22	2.07
July	2.90	2.25
August	2.32	1.96
September	2.10	1.62
October	1.84	1.22
November	1.90	1.23
December	2.06	1.66
2023		
January	2.35	1.92
February	2.22	1.81
March	2.19	1.82
April	2.15	1.81
May (up to the Latest Practicable Date)	1.96	1.67

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of Shares pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, have any present intention to sell Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders at the Annual General Meeting.

6. CORE CONNECTED PERSONS

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, nor have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

7. EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to the Directors, the following person and entities were the Substantial Shareholders (as defined under the Listing Rules) of the Company:

Substantial Shareholder	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Ke Liming <i>(Note 1)</i>	1,893,101,943	18.92%
Tencent Holdings Limited <i>(Note 2)</i>	2,045,734,565	20.45%

Notes:

1. The 1,893,101,943 Shares were held through Pumpkin Films Limited, an entity which was wholly-owned by Mr. Ke Liming.
2. The 2,045,734,565 Shares were held through Water Lily Investment Limited, an indirect wholly-owned subsidiary of Tencent Holdings Limited.

Assuming that none of the Substantial Shareholders dispose or purchase or exercise any rights to subscribe for any Shares, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the approximate percentage shareholdings of each of the Substantial Shareholder before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Mr. Ke Liming	18.92%	21.02%
Tencent Holdings Limited	20.45%	22.72%

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate to such an extent which will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

8. SHARE REPURCHASES MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries had repurchased any Shares (whether on the Stock Exchange or otherwise) in the last six months preceding the Latest Practicable Date.

APPENDIX II DETAILS OF THE DIRECTORS TO BE APPOINTED AND RE-ELECTED

The biographical details of the Directors proposed to be appointed and re-elected at the Annual General Meeting are set out as follows:

NON-EXECUTIVE DIRECTOR

Mr. Yang Ming, aged 40, joined Tencent Holdings Limited (“**Tencent**”) in July 2006 and has been in charge of a number of Tencent’s key businesses. He has led the game of “League of Legends” growing rapidly from a nascent game to a nationwide electronic sports game, and has led the team of “Dungeons & Warriors” game to win several major business breakthrough awards. Currently, Mr. Yang is the person in charge of the domestic distribution line at Tencent Interactive Entertainment Group. Mr. Yang obtained a master’s degree in management from Wuhan University.

As at the Latest Practicable Date, Mr. Yang was directly interested in 1,080,000 shares of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David, aged 59, has over 26 years of experience in corporate finance and was formerly a partner of one of the big four accounting firms. Mr. Chau was a key member who found their corporate finance division and held the position as their Head of Merger and Acquisition and Corporate Advisory. Mr. Chau is a member of the Institute of Chartered Accountants in England and Wales (“**ICAEW**”), and was granted the Corporate Finance Qualification of ICAEW. He is also a member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a Senior Fellow and a director of the Hong Kong Securities and Investment Institute; he is the chairman of China Strategy Committee and the Ex-Chairman of Corporate Outreach Committee. Mr. Chau is a member of Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital (“**PYNEH**”) and a trustee of the PYNEH Charitable Trust.

Mr. Chau is currently an independent non-executive director and audit committee chairman of BC Technology Group Limited (Stock Code: 863), China Evergrande Group (Stock Code: 3333), China Evergrande New Energy Vehicle Group Limited (Stock Code: 708), the Company (Stock Code: 136), IDG Energy Investment Group Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314) and Man Wah Holdings Limited (Stock Code: 1999). All the aforesaid companies are listed on the Hong Kong Stock Exchange.

Professor Shi Zhuomin, aged 51, has obtained a doctoral degree in management from Sun Yat-sen University and a postdoctoral degree from Hitotsubashi University in Japan and is a visiting scholar under the China-US Fulbright Program. Professor Shi studied at and visited The Chinese University of Hong Kong, Harvard Business School and the University of Missouri and visited various countries and regions including the United States, Japan, Germany, Brazil and Hong Kong for academic exchange. She also held lectures on “Marketing Practice in China” and “Chinese Luxury Consumption” for students from Europe, the United States and Japan studying in China and held lectures on “Understanding Chinese Consumers” at certain universities in the United States. Professor Shi currently focuses on the research of consumption behaviour and

psychology, cross-cultural consumption behaviour comparison research and international marketing. Professor Shi is currently a professor and doctoral supervisor in the management school at Sun Yat-sen University. She is also a council member of China Marketing Association of University, a provincial investigation and consulting expert of Guangdong Province and an external academic advisor of the MScMIB program of Lingnan University in Hong Kong.

OTHER

Upon Shareholders' approval at the Annual General Meeting, Mr. Yang Ming will enter into a letter of appointment with the Company, pursuant to which Mr. Yang Ming agrees to act as a non-executive Director for a term of three years commencing from 28 June 2023 and is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Yang does not receive any remuneration or director's fee for his position of non-executive Director.

Each of Mr. Chau Shing Yim, David and Professor Shi Zhuomin has entered into a letter of appointment with the Company, all for a term of three years and is subject to retirement by rotation and re-election in accordance with the Bye-laws. The remuneration (excluding any additional service compensation and discretionary bonus) of each of the above re-electing independent non-executive Directors is RMB300,000 per year. The remuneration of each Director was determined by the Board with reference to the prevailing market conditions and the prospective roles and responsibilities of such Director in the Company.

Save as disclosed above (as applicable), as at the Latest Practicable Date, each of Mr. Yang Ming, Mr. Chau Shing Yim, David and Professor Shi Zhuomin:

- (a) has not held any other directorships in any other listed public companies in the last three years and does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company;
- (b) does not have any interests in shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO;
- (c) does not hold any other position in the Company or any of its subsidiaries; and
- (d) has no other information which needs to be disclosed pursuant to Rule 13.51(2) subparagraphs (h) to (v) of the Listing Rules or any other matters which need to be brought to the attention of the Shareholders in relation to his/her appointment or re-election as a Director.

APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the Annual General Meeting, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE AND DURATION

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

The New Share Option Scheme shall be valid and effective until the Termination Date, after which period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

2. CONDITIONS PRECEDENT

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal, in the Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the New Share Option Scheme and any other share scheme of the Company; and
- (b) the passing of the necessary ordinary resolution(s) at a general meeting of the Company approving (i) the adoption of the New Share Option Scheme; and (ii) authorising the Board to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme.

3. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of the New Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the persons who will be offered Options under the New Share Option Scheme, and the number of Shares and the subscription price of the Shares, in relation to such Options; (iii) subject to section 23 and 25, make such appropriate and equitable adjustments to the terms of Options granted under the New Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Option Scheme.

Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise of the Options and the delivery of Shares thereafter to third party professional service providers as it thinks fit.

4. ELIGIBLE PARTICIPANTS AND ELIGIBILITY

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the Remuneration Committee considers, in their sole discretion, to have contributed or will contribute to the Group. The eligibility of each of the Eligible Participants shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. Generally:

- (a) with respect to Employee Participants, the Board will consider, among others, (i) the performance; (ii) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of employment or office with the Group; and (iv) the contribution or potential contribution to the development and growth of the Group;
- (b) with respect to Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group;
- (c) with respect to Service Providers who are suppliers of products or services, including suppliers, artistes, advisors, consultants, agents or other professional firms with expertise in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games and other business activity(ies) that may be carried out by the Group from time to time, the Board will consider, among others, (i) the nature, scope and frequency of products and/or services supplied; (ii) the reliability and quality of products and/or services supplied; and (iii) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost and the contract value; and
- (d) with respect to Service Providers who are business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time that collaborate with the Group on continuing or discrete projects, the Board will consider, among others, (i) the nature and scope of the collaborating projects; (ii) their knowledge, expertise, know-how and network in the industry; and (iii) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration and the contract value.

5. GRANT AND ACCEPTANCE OF OPTIONS

Subject to and in accordance with the provisions of the New Share Option Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to section 9 below, determine at the subscription price pursuant to section 8 below, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board determines at the time of the grant of an Option specifying the number of Shares and the Option Period and requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme.

An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant's personal representative) for a period of thirty (30) days from the date of offer. During such thirty (30) day period, an Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 as consideration for the grant thereof, is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

6. VESTING PERIOD

Save for the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

The Vesting Period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:

- (a) an Employee Participant who is a Director or a Senior Manager, the Remuneration Committee may, or

APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

(b) an Employee Participant who is not a Director or a Senior Manager, the Board may, in its absolute discretion, determine a vesting period shorter than twelve (12) months in the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to a participant whose employment is terminated due to death or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

7. EXERCISE OF OPTIONS

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised.

Each of such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given.

Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company’s auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her personal representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her personal representative(s)) a share certificate for the Shares so allotted.

8. SUBSCRIPTION PRICE

The subscription price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board in its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a Business Day;

APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

- (b) the average closing price of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the offer date; and
- (c) the nominal or par value of the Share on the offer date.

Where a relevant Option is to be granted under section 10 or section 11, for the purposes of the paragraph (a) and paragraph (b) above, the date of the meeting of the Board or the Remuneration Committee (as the case may be) at which the grant was proposed shall be taken to be the offer date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

Subject to the approval of the Shareholders in general meeting as detailed below:

- (a) the total number of shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other schemes of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”); and
- (b) within the Scheme Mandate Limit, the total number of shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted to the Service Providers under any other schemes of the Company shall not in aggregate exceed 5% of the Shares in issue as at the Adoption Date (the “**Service Provider Sub-limit**”).

Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sub-Limit.

If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit and the Service Provider Sub-Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

Without prejudice to the above, the Company may refresh the Scheme Mandate Limit and the Service Provider Sub-Limit subject to prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, after three years from the date of Shareholders' approval for the last refreshment (or the adoption of the New Share Option Scheme). Any "refreshment" within any three year period must be approved by Shareholders of the Company subject to the following provisions:

- (a) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The above requirements do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit and the Service Provider Sub-Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

The Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed Scheme mandate. A circular in accordance with the requirements of the Listing Rules shall be sent to the Shareholders containing the number of Options and awards that were already granted under the existing Scheme Mandate Limit, and the reason for the "refreshment".

The Company may seek separate approval of the Shareholders in a general meeting of the Company for granting Options exceeding the Scheme Mandate Limit or the Service Provider Sub-Limit provided that the Options in excess of the Scheme Mandate Limit or the Service Provider Sub-Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this paragraph, the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the subscription price.

10. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES

Any grant of Options to a Director, a chief executive of the Company or Substantial Shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where any grant of an Option to an independent non-executive Director or a Substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of Option must be approved by the Shareholders in a general meeting of the Company, with such person, his or her associates and all core connected persons of the Company abstaining from voting in favour of the relevant resolution.

A circular containing the following information shall be sent to the Shareholders:

- (a) details of the number and terms of the Options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price of such Options;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

Any change in the terms of options (including an Option) or awards granted to an Eligible Participant who is a Director, chief executive of the Company or Substantial Shareholder, or any of their respective associates must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).

11. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of an Option to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. A circular shall be sent to the Shareholders disclosing the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant during the twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of the Option to be granted to such Eligible Participant must be fixed before the general meeting of the Company, and the date of the meeting of the Board for proposing such grant should be taken as the offer date for the purpose of calculating the subscription price.

12. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the Option Period, provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the offer date with respect to the relevant Option.

The Board may, in its absolute discretion, specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised. There is also no clawback mechanism specified under the New Share Option Scheme to recover or withhold the remuneration (which may include any Options granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

13. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Grant of Options may not be made to any Eligible Participant:

- (a) after inside information (having the meaning defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the Listing Rules;

- (b) during the period commencing from one (1) month immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules)and ending on the date of the results announcements (or during any period of delay in publishing results announcements); and
- (c) who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

14. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

15. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

In the event that the Grantee ceases to be an Eligible Participant by reason of termination of his or her service or employment with any member of the Group, any Related Entity or any Service Provider on any one or more of the following grounds:

- (a) that the Grantee has been guilty of serious misconduct;
- (b) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group, any Related Entity or any Service Provider (if so determined by the Board);
- (c) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally; or
- (d) on any other ground as determined by the Board that would warrant the termination of the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with any member of the Group,

before exercising the Option in full, the Grantee's Option (to the extent not already exercised) shall forthwith lapse and shall not be exercisable on the date of cessation, or such longer period as the Board may determine, and any Option exercised (if any) but the Shares of which have not been allotted shall be deemed not to have so exercised and the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option shall be returned, to the extent permissible by laws.

In the event that the Grantee, by reason of the Grantee's employment with any member of the Group, ceases to be an Eligible Participant by reason of retirement as an employee in accordance with the Grantee's contract of employment (all evidenced to the satisfaction of the Board), or the termination of the Grantee's employment with the Company provided that none of the events which would be a ground for termination of the Grantee's employment or directorship set out in the paragraph above arises, before exercising the Option in full, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within ninety (90) days following the date of such cessation, or such longer period as the Board may determine and such Option to the extent not so exercised shall lapse and determine at the end of the abovementioned period.

16. RIGHTS ON DEATH

In the event that the Grantee ceases to be an Eligible Participant by reason of the person's death before exercising the Option in full (provided that none of the events which would be a ground for termination of the person's employment or directorship under section 15 arises), the Grantee's personal representative may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within six (6) months following the date of death, or such longer period as the Board may determine and such Option to the extent not so exercised shall lapse and determine at the end of the abovementioned period.

17. RIGHTS ON INJURY, DISABILITY, ILL-HEALTH

In the event that the Grantee, by reason of the Grantee's employment with any member of the Group, ceases to be an Eligible Participant by reason of injury, disability, ill-health before exercising the Option in full, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within ninety (90) days following the date of such cessation, or such longer period as the Board may determine and such Option to the extent not so exercised shall lapse and determine at the end of the abovementioned period.

18. RIGHTS ON CESSATION FOR OTHER REASONS

In the event that the Grantee ceases to be an Eligible Participant for any reason other than the reasons specified in section 15 to section 17 above, the Grantee's Option (to the extent not already exercised) shall lapse and shall not be exercisable on the date of cessation provided that in each case, the Board may, in its absolute discretion, decide that such Option or any part thereof shall not so lapse or determine such conditions or limitations to which the exercise of such Option will be subject. The date of cessation as aforesaid shall be (i) if the Grantee is an employee of the Group or any Related Entity, the last day on which he/she is actually at work with the relevant member of the Group or any Related Entity whether salary is paid in lieu of notice or not; or (ii) if the Grantee is not an employee of the Company or any subsidiary of the Company or any Related Entity, the date on which his/her relationship with the Group which has constituted him/her an Eligible Participant ceases.

19. RIGHTS ON A GENERAL OFFER

If a general or partial offer, whether by way of take-over offer, share buyback offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror, the Company shall use its reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders;

If such general or partial offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his or her Option were granted, be entitled to exercise the Option (to the extent vested and not already exercised, lapsed or cancelled) to its full extent or to the extent specified in the Grantee's notice to the Company at any time within thirty (30) days after the date on which such general or partial offer becomes or is declared unconditional, or in the case of a scheme of arrangement, at any time not later than 12:00 noon on the day which is two (2) Business Days immediately prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme of arrangement, as the case may be.

20. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all the Grantees (containing an extract of the provisions of this paragraph) and thereupon, each Grantee or his or her personal representative shall be entitled to exercise all or any of his or her Options (to the extent vested and not already exercised, lapsed or cancelled) by giving notice in writing to the Company in accordance with the terms of the New Share Option Scheme.

Such notice shall be received by the Company no later than two (2) Business Days prior to the proposed general meeting, accompanied by a payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.

Upon receipt, the Company shall as soon as possible and, in any event, no later than 3:00 p.m. on the Business Day (Hong Kong time) immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee or his or her personal representative credited as fully paid and register the Grantee or his or her personal representative (as the case may be) as holder thereof.

21. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

In the event that a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all the Grantees on the same date as it gives notice of the meeting to the Shareholders or its creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent vested and not already exercised, lapsed or cancelled) shall become exercisable in whole or in part on such notification date until the earlier of (i) sixty (60) days after that date or (ii) at any time not later than 12:00 noon two (2) Business Days (Hong Kong time) prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “**Suspension Date**”).

Any Grantee or his or her personal representative may by notice in writing to the Company in accordance with the terms of the New Share Option Scheme, accompanied by a payment of the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, exercise the relevant Options.

Upon receipt, the Company shall as soon as possible and, in any event, no later than 3:00 p.m. on the Business Day (Hong Kong time) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her personal representative which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee or his or her personal representative (as the case may be) as holder thereof.

With effect from the Suspension Date, the rights of all the Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all the Options shall, to the extent that they have not been exercised, lapse and shall be terminated.

22. CANCELLATION OF OPTIONS

Any Option granted may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Board. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the New Share Option Scheme with the available limit approved by the Shareholders as set out in section 9 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

23. ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), then, in any such case (other than in the case of capitalisation issue) the Company shall instruct the auditors or independent financial adviser to certify in writing, the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the New Share Option Scheme or any Options relates (insofar as it is/they are unexercised); and/or
- (b) the subscription prices of any unexercised Options,

and an adjustment as so certified by the auditors or the independent financial adviser shall be made, provided that:

- (i) any such adjustment shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal or par value;
- (iii) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had the person exercised all the Options held by him immediately prior to such event (as interpreted in accordance with FAQ No. 072–2020 or any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time);
- (iv) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- (v) in respect of any such adjustments, the auditors or the independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 17.03(13) of the Listing Rules, FAQ 072–2020, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to this section shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

24. RANKING OF SHARES

The Options do not carry any right to vote at any general meeting of the Company, or any right to dividend or transfer or any other rights, including those arising on the liquidation of the Company. Shares allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws and will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the relevant Shares.

25. ALTERATION

The New Share Option Scheme may be altered in any respect by a resolution of the Board provided that:

- (a) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the Shareholders in a general meeting of the Company;
- (b) any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) (except any changes which take effect automatically under the terms of the New Share Option Scheme);
- (c) any change to the authority of the Directors or the administrator of the New Share Option Scheme to alter the terms of the New Share Option Scheme must be approved by the Shareholders in a general meeting of the Company;
- (d) the amended terms of the New Share Option Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules; and

- (e) no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the memorandum of association of the Company and the Bye-laws for a variation of the rights attached to the Shares.

26. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of section 14;
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in section 15 to section 21; and
- (d) the date of the commencement of the winding-up of the Company.

27. TERMINATION

The Company by an ordinary resolution in a general meeting of the Company may at any time terminate the operation of the New Share Option Scheme. In such event, no further Options will be offered but in all other respects, the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and the Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

28. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

NOTICE OF ANNUAL GENERAL MEETING



儒意控股
RUYI HOLDINGS

China Ruyi Holdings Limited

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**Meeting**”) of China Ruyi Holdings Limited (the “**Company**”) will be held at 2:30 p.m. on Wednesday, 28 June 2023 at 15th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements and the reports of the directors of the Company and of the auditors of the Company for the year ended 31 December 2022.
2. (a) To appoint Mr. Yang Ming as a non-executive director of the Company;
(b) To re-elect Mr. Chau Shing Yim, David as an independent non-executive director of the Company; and
(c) To re-elect Professor Shi Zhuomin as an independent non-executive director of the Company.
3. To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the directors of the Company.
4. To re-appoint Messrs. PricewaterhouseCoopers as auditors and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

AS ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

5. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, options, warrants

NOTICE OF ANNUAL GENERAL MEETING

or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

- (b) the approval given in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the bye-laws (the “**Bye-laws**”) of the Company from time to time,

shall not in total exceed 20% of the total number of Shares in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means the allotment, issue or grant of Shares or options, warrants, other securities or similar rights to subscribe for Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors 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 any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

6. “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Buy-backs, subject to and in accordance with all applicable laws and regulations and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of the Shares which may be repurchased by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the total number of Shares in issue, at the date of the passing of this resolution, and the approval granted under paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. **“THAT** conditional upon the passing of resolutions 5 and 6, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional Shares of the Company pursuant to resolution 5 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto the number of Shares representing the aggregate number of Shares of the Company repurchased by the Company under the authority granted pursuant to resolution 6 as set out in the notice convening the meeting of which this resolution forms part, provided that such amount shall not exceed 10% of the total number of Shares in issue at the date of the passing of this resolution.”
8. **“THAT:**
- (a) the new share option scheme (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) (the **“New Share Option Scheme”**) be and is hereby approved and adopted subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the share options which may be granted under the New Share Option Scheme;
 - (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations:
 - (i) grant options to subscribe for the Shares in accordance with the rules of the New Share Option Scheme;
 - (ii) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the New Share Option Scheme;
 - (iii) administer the New Share Option Scheme;
 - (iv) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment; and
 - (v) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the New Share Option Scheme; and
 - (c) the Company’s existing share option scheme adopted on 31 October 2013 (the **“Existing Share Option Scheme”**) be and is hereby terminated upon the New Share Option Scheme becoming unconditional and effective such that thereafter no further options shall be offered under the Existing Share Option Scheme (without

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prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”

9. “**THAT** conditional upon the passing of resolution 8, the Scheme Mandate Limit (as defined in the New Share Option Scheme) of 10% of the total number of shares of the Company in issue as at the date of passing of this resolution be and is hereby approved and adopted.”
10. “**THAT** conditional upon the passing of resolution 8, the Service Provider Sub-limit (as defined in the New Share Option Scheme, and which includes grants to Service Providers under any other share schemes of the Company) of 5% of the total number of shares of the Company in issue as at the date of passing of this resolution be and is hereby approved and adopted.”

Yours faithfully,
By order of the Board of
China Ruyi Holdings Limited
Ke Liming
Chairman

Hong Kong, 5 June 2023

Notes:

- (1) Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed herewith.
- (3) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be lodged at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned or postponed meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Annual General Meeting or at any adjourned or postponed meeting (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the Annual General Meeting, either in personal or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Annual General Meeting personally or by proxy, the vote of that person whose name stands first on the register of members in respect of such share shall be accepted to the exclusion of the votes of the other joint holder(s).

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- (6) For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 June 2023.
- (7) As at the date hereof, the executive directors of the Company are Mr. Ke Liming, Ms. Chen Xi, Mr. Wan Chao and Mr. Zhang Qiang, and the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin.