THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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CHINA LITERATURE LIMITED
阅文集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND PURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTOR, ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO 2026 ADVERTISEMENT COOPERATION FRAMEWORK AGREEMENT, PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE TENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION, AND NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

The notice convening the Annual General Meeting to be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong at 2:30 p.m. on Tuesday, June 2, 2026 is set out on pages 92 to 99 of this circular.

A proxy form for use at the Annual General Meeting is enclosed with this circular. The proxy form can also be downloaded from websites of the Company and Hong Kong Exchanges and Clearing Limited. Shareholders are encouraged to exercise their rights to appoint the chairman of the Annual General Meeting as their proxy to vote on their behalf by returning the completed proxy form in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (or any adjournment or postponement thereof).

April 30, 2026

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Note: In the event of any discrepancy between the English and Chinese versions of this circular, the English version shall prevail.

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

"2024 IP Cooperation Framework Agreement"	an agreement entered into on August 10, 2023 between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation in the content adaptation of the Group's literary works, distribution of the works (including but not limited to literary works, audio works, comics, films, television series and animations) and/or licensing of the elements of these works
"2025 Advertisement Cooperation Framework Agreement"	an agreement entered into between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) on March 18, 2024 in relation to the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group
"2026 Advertisement Cooperation Framework Agreement"	an agreement entered into between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) on March 17, 2026 in relation to the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group
"2027 IP Cooperation Framework Agreement"	an agreement entered into on March 17, 2026 between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation in the content adaptation of the Group's literary works and comics, distribution of the works (including but not limited to literary works, audio works, comics, films, television series, animations and live-action and animated short dramas) and/or licensing of the elements of these works
"Advertisement Cooperation CCTs"	the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group
"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong at 2:30 p.m. on Tuesday, June 2, 2026, or any adjournment thereof and notice of which is set out pages 92 to 99 of this circular

"Articles of Association"	the articles of association of the Company adopted on October 18, 2017 and effective on November 8, 2017, and as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Development Team"	designated business development team of the Company comprising certain personnel responsible for overseeing its intellectual property operations
"Buy-back Mandate"	a general mandate proposed to be granted to the Directors at the Annual General Meeting to purchase Shares not exceeding 10% of the number of the issued Shares as at the date of passing of the relevant Shareholders' resolution granting the Buy-back Mandate
"Chairman"	the chairman of the Board
"Company"	China Literature Limited(阅文集团), an exempted company incorporated in the Cayman Islands with limited liability on April 22, 2013, whose shares are listed on the main board of the Stock Exchange with stock code 772
"Companies Act"	the Companies Act Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Existing Annual Cap(s)"	the existing annual caps for the years ending December 31, 2026 and 2027 for the transactions contemplated under the 2025 Advertisement Cooperation Framework Agreement

"General Mandate"	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with Shares not exceeding 20% of the number of issued Shares as at the date of passing of the relevant Shareholders' resolution granting the General Mandate
"Group"	the Company and its subsidiaries and consolidated affiliated entities from time to time
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	means the independent committee of the Board, comprising Ms. Yu Chor Woon Carol, Ms. Leung Sau Ting Miranda and Mr. Liu Junmin, being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029), and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for three years ending December 31, 2028), and the transactions contemplated thereunder
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029), and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028), and the transactions contemplated thereunder
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed there to under the Listing Rules

"IP Cooperation CCTs"	the cooperation in the content adaptation of the Company's literary works and comic works, distribution of the works (including but not limited to literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas) and/or licensing of the elements of these works (including but not limited to artistic elements, musical elements, textual elements and audio-visual elements)
"IP(s)"	intellectual property(ies)
"Latest Practicable Date"	April 24, 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company as amended from time to time
"Platforms of the Group"	the self-owned platforms and self-operated channels on Tencent products
"PRC" or "China"	the People's Republic of China
"Retained Tencent Group"	Tencent and its subsidiaries, excluding the Group
"RMB"	the lawful currency of the People's Republic of China
"Scripts IP(s)"	scripts and related IP adaptation rights
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
"Shanghai Yueting"	Yueting Information Technology (Shanghai) Co., Ltd.(閱霆信息技術(上海)有限公司)a company established in the PRC on May 27, 2008, and the indirectly wholly-owned subsidiary of the Company

"Share(s)"	ordinary share(s) of nominal value of US$0.0001 each in the capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
"Tencent"	Tencent Holdings Limited, the controlling Shareholder, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange with stock code 700
"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC on November 11, 1998 and a wholly-owned subsidiary of Tencent
"Tenth Amended and Restated Memorandum and Articles of Association"	the tenth amended and restated memorandum of association and articles of association of the Company incorporating and consolidating all the Proposed Amendments
"%"	per cent

CHINA LITERATURE LIMITED
阅文集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

Executive Directors:
Mr. Hou Xiaonan
Mr. Huang Yan

Non-executive Directors:
Mr. Pu Hai Tao
Mr. Cao Huayi
Mr. Xie Qinghua

Independent Non-executive Directors:
Ms. Yu Chor Woon Carol
Ms. Leung Sau Ting Miranda
Mr. Liu Junmin

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

Head office and principal place of business in China:
N3 Lujiazui Binjiang Center,
No. 5169 Binjiang Avenue,
Pudong New Area,
Shanghai
People's Republic of China

Principal place of business in Hong Kong:
Room 1503-04, ICBC Tower
3 Garden Road
Central Hong Kong

April 30, 2026

To the Shareholders

Dear Sir or Madam

PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND PURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTOR, ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO 2026 ADVERTISEMENT COOPERATION FRAMEWORK AGREEMENT, PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE TENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION, AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to give you the notice of the Annual General Meeting and the following proposals to be put forward at the Annual General Meeting: (a) granting of the General

Mandate to issue Shares and the Buy-back Mandate to purchase Shares; (b) the re-election of the retiring Director; (c) the election of independent non-executive Directors; (d) the renewal of the continuing connected transactions contemplated under the 2027 IP Cooperation Framework Agreement; (e) entering into the 2026 Advertisement Cooperation Framework Agreement; and (f) the proposed amendments to the Memorandum of Association and Articles of Association and the adoption of the Tenth Amended and Restated Memorandum and Articles of Association.

GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and discretion are given to the Directors to issue any new Shares when the Directors consider desirable for the Company to do so, approval is sought from the Shareholders at the Annual General Meeting, pursuant to the Listing Rules, for the grant of the General Mandate to the Directors to issue Shares. At the Annual General Meeting, an ordinary resolution numbered 7(A) will be proposed to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the Shareholders' resolution in relation to the General Mandate for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

As at the Latest Practicable Date, 1,021,476,227 Shares have been fully paid and issued. Subject to the passing of the ordinary resolution numbered 7(A) and on the basis that no further Shares are issued or purchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 204,295,245 Shares.

In addition, subject to a separate approval of the ordinary resolution numbered 7(C), the number of Shares purchased by the Company under ordinary resolution numbered 7(B) will also be added to extend the General Mandate as mentioned in ordinary resolution numbered 7(A) provided that such additional number of Shares shall represent up to 10% of the number of issued Shares as at the date of passing the Shareholders' resolutions in relation to the General Mandate and Buy-back Mandate.

As at the Latest Practicable Date, the Company has no immediate plan to issue any new Shares under the General Mandate.

BUY-BACK MANDATE TO PURCHASE SHARES

In addition, an ordinary resolution numbered 7(B) will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to purchase Shares representing up to 10% of the number of issued Shares as at the date of passing of the Shareholders' resolution in relation to the Buy-back Mandate for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

As at the Latest Practicable Date, there were 1,021,476,227 Shares in issue. Subject to the passing of the ordinary resolution numbered 7(B) and on the basis that no further Shares are issued or purchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to buy back a maximum of 102,147,622 Shares pursuant to the Buy-back Mandate.

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

Reference is made to the announcement of the Company dated December 4, 2025, the Board has approved a plan to exercise the general mandate to buy back no more than 102,208,922 Shares for no more than 12 months commencing from December 4, 2025, concrete details of which are not available as the future buy-back will be subject to the market conditions and the Board's further discretion. Save for the aforementioned plan and as at the Latest Practicable Date, the Company has no plan to repurchase any Shares under the Buy-back Mandate.

RE-ELECTION OF RETIRING DIRECTOR

In accordance with article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Cao Huayi ("**Mr. Cao**"), Ms. Yu Chor Woon Carol ("**Ms. Yu**") and Mr. Liu Junmin ("**Mr. Liu**") will retire by rotation at the Annual General Meeting. Mr. Cao, being eligible, will offer himself for re-election at the Annual General Meeting. Since Ms. Yu and Mr. Liu have each been serving as an independent non-executive Director for a period approaching nine years, though being eligible, they will not offer themselves for re-election at the Annual General Meeting.

Each of Ms. Yu and Mr. Liu has confirmed that he/she has no disagreement with the Board and that he/she is not aware of any matter relating to his/her ceasing to act as a Director that needs to be brought to the attention of the Shareholders.

Details of Mr. Cao who is subject to re-election at the Annual General Meeting are set out in Appendix II to this circular in accordance with the relevant requirements of the Listing Rules.

ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Reference is made to the announcement of the Company dated April 17, 2026 in relation to, inter alia, the proposed election of each of Mr. Kong Xiangjun ("**Mr. Kong**") and Mr. Mak Tze Leung ("**Mr. Mak**") as an independent non-executive Director.

The proposed election of each of Mr. Kong and Mr. Mak as an independent non-executive Director is subject to the passing of the relevant ordinary resolutions at the Annual General Meeting, and will take effect, if approved, from the conclusion of the Annual General Meeting.

Save as disclosed in this circular, each of Mr. Kong and Mr. Mak has confirmed that: (i) he has satisfied the independence requirements in relation to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules; (ii) he has no past or present financial or other interests in the business of the Company or its subsidiaries, nor was he connected with any core connected persons (as defined in the Listing Rules) of the Company; and (iii) there are no other factors which may affect his independence. The nomination committee of the Company ("**Nomination Committee**") has assessed and was satisfied with the independence of Mr. Kong and Mr. Mak.

Upon review of the composition of the Board in accordance with the Company's nomination policy and board diversity policy (which takes into factors such as, among other factors, age, cultural and educational background, professional qualifications, perspectives, skills, gender, knowledge, as well as industry and regional experience), and having assessed the background, experience and expertise of Mr. Kong and Mr. Mak, the Nomination Committee recommended that Mr. Kong and Mr. Mak be nominated and proposed for election as independent non-executive Directors.

In view of the extensive knowledge and invaluable experience of Mr. Kong and Mr. Mak, the Board has accepted the aforesaid nominations from the Nomination Committee and resolved to propose the elections of each of Mr. Kong and Mr. Mak as an independent non-executive Director by the Shareholders. It is expected that Mr. Kong and Mr. Mak will bring broader perspectives to the Board, provide new thoughts for the Company's overall strategic planning and business development, and the appointments of Mr. Kong and Mr. Mak serve the overall best interests of the Company and the Shareholders as a whole.

Details of Mr. Kong and Mr. Mak who are subject to election at the Annual General Meeting as required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO 2026 ADVERTISEMENT COOPERATION FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated March 17, 2026 in relation to the renewal of the 2024 IP Cooperation Framework Agreement and entering into the 2026 Advertisement Cooperation Framework Agreement.

Reference is made to the announcement of the Company dated August 10, 2023 and the circular of the Company dated November 20, 2023, in relation to, among other things, entering into the 2024 IP Cooperation Framework Agreement, which has a term of three years commencing from January 1, 2024 to December 31, 2026.

As the Group intends to continue carrying out the transactions under the 2024 IP Cooperation Framework Agreement in the ordinary and usual course of business of the Group, on March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2024 IP Cooperation Framework Agreement by entering into the 2027 IP Cooperation Framework Agreement for a term of three years commencing from January 1, 2027 to December 31, 2029, subject to the independent Shareholders' approval.

Reference is made to the announcement of the Company dated March 19, 2024 and the circular of the Company dated May 8, 2024, in relation to, among others, the entering into of the 2025 Advertisement Cooperation Framework Agreement, which will expire on December 31, 2027.

In view of the anticipated increase in cooperation regarding the placement of advertisements solicited by the Retained Tencent Group on the Platforms of the Group, the Board expects that the Existing Annual Caps under the 2025 Advertisement Cooperation Framework Agreement will be insufficient to meet the Group's business development needs. On March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to enter into the 2026 Advertisement Cooperation Framework Agreement, pursuant to which the parties agreed, among other things, to set the annual caps for the three years ending December 31, 2028, subject to the independent Shareholders' approval. Upon the 2026 Advertisement Cooperation Framework Agreement taking effect, the 2025 Advertisement Cooperation Framework Agreement will be automatically terminated and shall no longer be effective.

1. 2027 IP Cooperation Framework Agreement

The principal terms of the 2027 IP Cooperation Framework Agreement are set out as follows:

Date: March 17, 2026

Parties: (1) Shanghai Yueting (on behalf of the Group), and

(2) Tencent Computer (on behalf of the Retained Tencent Group)

Term: From January 1, 2027 to December 31, 2029

Subject matter: The Group agreed to the cooperation in the content adaptation of the Company's literary works and comic works, distribution of the works (including but not limited to literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas) and/or licensing of the elements of these works (including but not limited to artistic elements, musical elements, textual elements and audio-visual elements).

For the avoidance of doubt, such IP Cooperation CCTs shall exclude any transactions which involve the formation of a joint venture entity in any form or other form of joint arrangement in connection with or for the purpose of the adaptation of intellectual property rights to the Group's literary works.

Forms of cooperation: The parties shall cooperate on the following terms in respect of the IP Cooperation CCTs:

(1) licensing by the Group of the adaptation rights, adapting literary works and comics into live-action films and television series, games, audio works, comics, animations or live-action and animated short dramas;

(2) licensing by the Group of the information network transmission rights, broadcasting rights, projection rights, performance rights and distribution rights of works (including but not limited to literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas);

(3) licensing by the Group of the rights to use the elements of literary works, audio works, live-action films and television series, games, comics, animations and live-action and animated short dramas (including but not limited to artistic elements, musical elements, textual elements and audio-visual elements) to the Retained Tencent Group.

Fee arrangements: The parties shall cooperate on the following terms for the fee in respect of the IP Cooperation CCTs:

(1) fixed fee,

(2) revenue/profit sharing, or

(3) a mix of the above fee arrangements.

Payment and settlement terms: Payment and settlement terms under the 2027 IP Cooperation Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2027 IP Cooperation Framework Agreement.

Pricing Policy

To determine the fee arrangements of the IP Cooperation CCTs, the Board takes into account (i) the potential commercial value and the popularity of the relevant IP, (ii) forms of cooperation, and (iii) length and form of the adaptations. Having considered the above factors, the fee arrangements for the IP Cooperation CCTs are determined on an arm's length basis with reference to the specific circumstances of each cooperation and generally adopt (a) a fixed fee arrangement, (b) a revenue/profit sharing arrangement or (c) a mix of the above fee arrangements.

Revenue or profit sharing arrangements are generally adopted for certain adaptation projects, such as games and audio works, where the commercial value and long-term performance of the relevant IPs are closely linked to market reception and platform distribution capabilities. Fixed fee arrangements are generally adopted in accordance with the industry norm, usually for projects where production and distribution costs are relatively more predictable or market pricing benchmarks are available, such as the films, television series and animations distributed on the platforms not operated by the Group. The adoption of different fee arrangements is intended to provide the Company with the necessary commercial flexibility to accommodate changes in market conditions, industry practices and the commercial characteristics of different IPs and cooperation models.

(1) In respect of the adaptation of the Group's literary works and/or comics into audio works, games, films, television series, comics, animations and/or live-action and animated short dramas,

(i) various commercial factors such as the nature, popularity and commercial potential of the subject IPs, market practice for similar IPs and the prevailing market price and average revenue/profit sharing percentage in the industry;

(ii) whether the IP Cooperation CCTs may involve other third parties (such as downstream production and distribution partners and writers), which depends on the subject of the content adaptation and the value that the counterparties are able to bring to the cooperation; and

(iii) the range of ancillary rights to be agreed, such as co-investment rights and/or co-development rights in relation to products to be adapted from the literary works and/or comics among all or certain cooperating business partners.

Having regard to the above factors and based on prevailing market practice, in respect of adaptations of the Group's literary works and/or comics into audio works and games, revenue and/or profit-sharing arrangements are generally adopted. Given the unique characteristics of literary works and comics, including differences in content genre, audience base, popularity, commercial potential and adaptation scope, as well as the varying roles and contributions of the relevant cooperation parties, the applicable revenue and/or profit-sharing percentage is determined on a case-by-case basis and generally ranges from approximately 2% (for the Group): 98% (for the Retained Tencent Group) to 50% (for the Group): 50% (for the Retained Tencent Group), subject to the specific commercial terms agreed for each project. In respect of other forms of adaptation, including animations and live-action film and television series, transactions are generally structured on a fixed-fee basis, with reference to , among other things, the nature, popularity and commercial potential of the subject IPs, market practice for similar IPs and the prevailing market price in the industry.

(2) In respect of the licensing of the Scripts IPs,

(iv) fixed fee arrangements are generally adopted, with reference to the estimated commercial value of the Scripts IP-based and pertinent television series and films. Such estimated commercial value is assessed having regard to, among others: (a) various commercial factors such as advertising revenue, audiences, expected rating, popularity, distribution cycle, price per episode and market comparables, (b) maturity, completeness of the Scripts IPs and their end user market, (c) financial resources and capabilities of online video platforms, and (d) mode and potential of subsequent adaptation (including the range of ancillary rights to be adapted, distribution channels, involvement of third parties (such as downstream production and distribution partners) and potential cooperation between the Group and the Retained Tencent Group thereof).

(3) In respect of literary works, audio works and comics distributed on the platforms not operated by the Group,

(v) the prevailing market price and average revenue/profit sharing percentage in the industry, which generally ranges from 40% (the Group): 60% (the Retained Tencent Group) to 80% (the Group): 20% (the Retained Tencent Group), and various commercial factors, including the nature, popularity and commercial potential of the relevant literary works, audio works and comics, and the quantity and quality of the Retained Tencent Group's distribution platforms. The fixed licensing fees shall equal to or be more than the proportion of revenue/profit to be shared to the Group calculated by the above method.

(4) In respect of films, television series and animations distributed on the platforms not operated by the Group,

(vi) the fixed production fees and/or distribution fees with reference to the prevailing market prices in the industry, and various commercial factors, including the nature, popularity, quantity, quality and commercial potential of the films, television series and animations to be produced and distributed.

The Group will only enter into IP Cooperation CCTs when, from the Business Development Team's perspective, the commercial value of the subject IPs can be maximized and the relevant IP Cooperation CCTs are in the best interests of the Company and the Shareholders as a whole.

In respect of the licensing of Scripts IPs specifically, it is not directly comparable with those between the Group and other online video platforms as each Scripts IP is unique on its own. The Group will consider the historical commercial value of comparable television series and films sold by the Group to third parties under the traditional production model and compare against the licensing fees of the Scripts IPs, taking into account factors including but not limited to the theme, price per episode, popularity and targeted end users.

In respect of literary works, audio works and comics distributed on the platforms not operated by the Group specifically, although the Group does not have the power in determining the final price of literary works, audio works and comics distributed on the platforms not operated by the Group, the Group will adopt comparative pricing proposals conducted by the Business Development Team as to the pricing of such works when negotiating agreements for specific literary works, audio works and comics with the Retained Tencent Group, and such agreements will specify the price that the Retained Tencent Group will charge the end users for the literary works, audio works and comics. If the price charged by the Retained Tencent Group to its end users in such agreements is substantially lower than the price proposed by the Group, the Group has the discretion not to enter into such agreements with the Retained Tencent Group to ensure that the arrangement will not be detrimental to the interests of the Group.

The Business Development Team shall seek to solicit cooperation with at least two other Independent Third Parties to the extent practicable. If no comparable Independent Third Party is available, the Business Development Team is required to explain the reasonableness and necessity of cooperation with related parties and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The pricing terms under the 2027 IP Cooperation Framework Agreement will be no less favorable to the Company than in terms of cooperation available to Independent Third Parties (if applicable), and the fees shall be in line with or higher than market rates and in the best interests of the Company and the Shareholders as a whole.

Historical Amounts

The historical amounts of the revenue of the Company derived from the IP Cooperation CCTs for the three years ended December 31, 2025 and the three months ended March 31, 2026 are set out as follows:

	For the year ended December 31,			For the three months ended March 31,
	2023	**2024**	**2025**	**2026 (unaudited)**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Total fees paid by the Retained Tencent Group to the Group in respect of the IP Cooperation CCTs	1,394,994	1,490,128	1,347,885	251,027

The relatively low utilisation rates of the historical annual caps were mainly attributable to delays in the broadcast scheduling of certain film and television drama projects, which resulted in a reduced number of projects being launched during the relevant periods and, consequently, lower transaction amounts recognised. In addition, following adjustments to the Group's business development strategy, the Company completed the acquisition of Tencent Animation and Comics in 2024. As a result, transactions between the Group and Tencent Animation and Comics are no longer treated as connected transactions, which also contributed to the low utilisation of the relevant annual caps.

Proposed Annual Caps and Basis of Determination

The proposed annual cap for the revenue of the Company derived from the IP Cooperation CCTs under the 2027 IP Cooperation Framework Agreement for the three years ending December 31, 2029 are set out as follows:

	For the year ending December 31,		
	2027	**2028**	**2029**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total fees payable by the Retained Tencent Group to the Group in respect of the IP Cooperation CCTs	2,230,000	2,300,000	2,450,000

The above annual caps for the three years ending December 31, 2029 were determined taking into account the following factors.

(1) *Licensing of Scripts IPs:* New Classics Media licenses its Scripts IPs to online video platforms, based on which the online video platforms select production houses to produce the pertinent films and television series. Such business model enables New Classics Media to fully unlock its core competency in content planning and production, and to secure the buyers for the Scripts IPs and return generated from the licensing of the Scripts IPs at an earlier time compared with the traditional production model. This business model is also welcomed by online video platforms because, from the perspective of online video platforms, it aligns with their strategy for high-quality content by enabling them to secure high quality IPs and content in advance while maintaining production flexibility. With reference to the historical revenue generated under such business model and based on the current negotiations with various online video platforms, including the Retained Tencent Group, the potential licensing fees generated from such a business model and the annual increase are estimated, taking into account factors including, but not limited to, the historical and the estimated popularity and commercial value of the Scripts, length and form of the adaptations, estimated revenue to be generated from the adaptations of Scripts IPs and investment and production costs required for subsequent adaptation and monetization of the Scripts IPs. Taking into account the gradual recovery of market demand for live-action film and television content and New Classics Media's extensive portfolio of high-quality script resources, the Company considers that the licensing income derived from live-action film and television adaptations may demonstrate a gradual year-on-year increase, subject to market conditions and the commercial performance of the relevant projects.

(2) *Business strategy of cooperation with the Retained Tencent Group:* The Group cooperates with different departments of the Retained Tencent Group on the adaptation of the Group's literary works and comic works into games, films, television series, comics and/or animations. The Group intends to expand its IP operation capability, of which the Group licenses its IPs to industry-leading developers, including the Retained Tencent Group, for content adaptation. To facilitate IP licensing, the Group launched the "Copyright Assistant(版權助手)", which deep mines China Literature's library of millions of works and accurately matches titles to meet downstream adaptation needs, significantly accelerating the sourcing, screening, and development of high-quality IP assets. The Group is dedicated to building a deep and immersive IP universe. Apart from third-party partners across the industry, the Retained Tencent Group plays a significant role in adapting and distributing the Group's IP to maximize the commercial value of its content. The collaboration covers different segments, including comics, films, drama series, games and animations. In terms of films and television series, New Classics Media and the Retained Tencent Group have established a partnership on serial development of premium IP franchises. Based on the current negotiation, the parties expect to cooperate on two to four film projects and two to six television series projects per year during 2027, 2028 and 2029, with the estimated fees determined on an arm's length basis by reference to the nature and commercial potential of the relevant projects, and having regard to differences in scale and commercial arrangements among individual projects. In terms of games, based on the current negotiations, the Group and the Retained Tencent Group intend to cooperate in (a) one to five potential long-term continuous projects for the three years ending December 31, 2029, with the estimated fees ranging from RMB10 million to RMB100 million per project per year, and (b) five to twenty short-term collaboration projects per year during 2027, 2028 and 2029, with the estimated fees for each project ranging from RMB0.5 million to RMB20 million, depending on the nature, popularity and commercial potential of the games. In terms of the animations, based on the current negotiations, the Group and the Retained Tencent Group intend to cooperate in (a) ten to twenty distribution projects per year for the three years ending December 31, 2029, with the estimated fees ranging from RMB1 million to RMB150 million per project per season, and (b) five to eight potential new adaptation projects per year for the three years ending December 31, 2029, with the estimated fees ranging from RMB3 million to RMB15 million per project per season.

The year-on-year fluctuations of the proposed annual caps have been determined taking into account a number of factors, including, among others, (i) the historical performance of animation distribution cooperation with the Retained Tencent Group, under which revenue recorded a compound annual growth rate of over approximately 20% during the period from 2023 to 2025; (ii) the potential development of sequels or related products based on copyrights licensed in previous years, subject to the popularity and commercial potential of such copyrights; and (iii) the development of the animated short dramas market, which, driven by the application of AI technologies, is currently at an early stage with growth potential. Leveraging the synergy of such cooperation, the Company expects a corresponding increase in revenue generated from IP Cooperation CCTs.

(3) the Board has estimated the revenue to be derived from the IP Cooperation CCTs for the year ending December 31, 2027, 2028 and 2029 taking into account (i) the projected number of IP Cooperation CCTs for each of the three years ending December 31, 2027, 2028 and 2029 in light of the current negotiation with the Retained Tencent Group, (ii) the historical data of the revenue derived from the IP Cooperation CCTs for the three years ended December 31, 2025; and (iii) the Group's extensive and diversified portfolio of IP resources, which provides a stable pipeline of IPs with development and adaptation potential for future cooperation.

Reasons and Benefits for Entering into the 2027 IP Cooperation Framework Agreement

The Group generated revenues by monetizing the Group's vast literary content in various manners through its own platforms as well as other channels, including the Retained Tencent Group Channels, among others, copyright licensing for adaptation of the Group's literary works and comics into films, television series and web series, games, animations and live-action and animated short dramas. The Retained Tencent Group is a technology company headquartered in the PRC and is primarily engaged in communication, social, digital content, games, advertising, fintech and cloud services in the PRC with a vast user base. The Group's cooperation with the Retained Tencent Group will continue to maximize the commercial value of the works of the Group and further enhance the business growth of the Group. Notably, the Retained Tencent Group is also among the top operators of online video platforms in the PRC, and the cooperation with the Retained Tencent Group on the licensing of Scripts IPs would allow the Company to leverage the resources of the Retained Tencent Group to unleash the competency of the Group in content planning and production.

2. 2026 Advertisement Cooperation Framework Agreement

2.1 Background

On March 18, 2024, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) entered into the 2025 Advertisement Cooperation Framework Agreement.

In view of the anticipated increase in cooperation regarding the placement of advertisements solicited by the Retained Tencent Group on the Group's Platforms, the Board expects that the Existing Annual Caps under the 2025 Advertisement Cooperation Framework Agreement will be insufficient to meet the Group's business development needs.

On March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to enter into the 2026 Advertisement Cooperation Framework Agreement, pursuant to which the parties agreed, among other things, to set the annual caps for the three years ending December 31, 2028, subject to the independent Shareholders' approval. Upon the 2026 Advertisement Cooperation Framework Agreement taking effect, the 2025 Advertisement Cooperation Framework Agreement will be automatically terminated and shall no longer be effective.

Existing Annual Caps

As disclosed in the announcement of the Company dated March 19, 2024 in relation to, among others, the entering into of the 2025 Advertisement Cooperation Framework Agreement, the existing annual caps in respect of the transactions contemplated under the 2025 Advertisement Cooperation Framework Agreement for the three years ending 31 December 2027 are as follows:

	For the year ended December 31, 2025	**For the year ending December 31,**	
		2026	**2027**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of commissions payable by the Retained Tencent Group to the Group	400,000	470,000	550,000

Historical Transaction Amounts

The historical amounts for the aggregate amounts of commissions paid by the Retained Tencent Group to the Group under the Advertisement Cooperation CCTs for the three years ended December 31, 2025 and the three months ended March 31, 2026 are set out as follows:

	For the year ended December 31,			**For the three months ended March 31, 2026**
	2023	**2024**	**2025**	**(unaudited)**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of commissions paid by the Retained Tencent Group to the Group	334,213	246,549	381,274	128,085

From January 1, 2026 to the Latest Practicable Date, the aggregate amount of transactions under the Advertisement Cooperation CCTs has not exceeded the Existing Annual Cap for the year ending December 31, 2026.

2.2 Principal Terms of the 2026 Advertisement Cooperation Framework Agreement

The principal terms of the 2026 Advertisement Cooperation Framework Agreement are set out as follows:

Date: March 17, 2026

Parties:
(1) Shanghai Yueting (on behalf of the Group), and

(2) Tencent Computer (on behalf of the Retained Tencent Group)

Term: From the date of the independent Shareholders' approval to December 31, 2028

Subject matter: The Group agreed to place advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group.

Fee arrangements: The parties shall determine the fee arrangement under the 2026 Advertisement Cooperation Framework Agreement based on one of the following methods:

(1) fixed fee,

(2) revenue/profit sharing, or

(3) a mix of the above fee arrangements.

Payment and settlement terms: Payment and settlement terms under the 2026 Advertisement Cooperation Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2026 Advertisement Cooperation Framework Agreement.

Pricing Policy

In relation to the pricing mechanism under the 2026 Advertisement Cooperation Framework Agreement, the fee arrangements may take the form of: (i) fixed fee; (ii) revenue/profit sharing, or (iii) a mix of the above fee arrangements. Primarily, it is expected that revenue/profit sharing arrangements will be adopted as the principal pricing mechanism under the 2026 Advertisement Cooperation Framework Agreement. The commission fee payable and/or revenue/profit to be shared by the Retained Tencent Group to the Group, and/or a mixture of the above fee arrangements shall be determined after arm's length negotiation between the parties taking into account various commercial factors. The prescribed percentage for the revenue generated from the advertisement solicited by the Retained Tencent Group and placed on the Platforms of the Group shared by the Group will vary from platform to platform and shall be determined between the relevant parties on an arm's length basis from time to time. Generally, when determining the prescribed percentage for specific advertisement cooperation, the Group will take into account factors such as the coverage of advertisements solicited by the Retained Tencent Group, other services that may be required by the Group or the Retained Tencent Group, the total number of advertisements viewed by the users of the Platforms of the Group, which is estimated with reference to the scale and reading habits of the users of the Platforms of the Group in recent years and the overall assumed advertising fee rate for the advertisements to be placed on the Platforms of the Group, having regard to the prevailing business and revenue generation model in relation to free-to-read business. Fixed fee arrangements may also be adopted, where applicable, with reference to similar fee models adopted by other market participants, which are expected to provide greater flexibility for the Group's cooperation over the next three years. The fixed fees shall be applied and determined taking into account several factors, including among others, type of advertisement, the quotation of the advertisement provided by Independent Third Parties to the Group which is a fixed fee, and other relevant commercial considerations.

Accordingly, the pricing policy and revenue/profit sharing arrangements applicable under the 2026 Advertisement Cooperation Framework Agreement are set out below.

(a) Revenue sharing arrangement with the Retained Tencent Group

The revenue arising out of the cooperation under the 2026 Advertisement Cooperation Framework Agreement shall be split between the relevant parties and shall be determined in accordance with the following formula:

Net Proceeds of the Advertisement × prescribed revenue sharing percentage.

Net proceeds of the advertisement (the "**Net Proceeds of the Advertisement**") shall refer to the aggregate net amount of deposits generated from the advertisements which are solicited by the Retained Tencent Group being placed on the Platforms of the Group after deduction of the reasonable expenses (if any) incurred by the Retained Tencent Group. Generally, the amount to be shared by the Group for each of the underlying cooperation under the 2026 Advertisement Cooperation Framework Agreement shall not be less than the Net Proceeds of the Advertisement received pursuant to the relevant cooperation in the placing of advertisements which are solicited by the Retained Tencent Group on the channels × 70%.

(b) Advertising fee rate charged

The advertising fee rate for the advertisement placed on the Platforms of the Group has been determined with reference to the advertising fee rate charged by the existing industry players operating the business model of monetization of free works through advertisement, and will be charged on one or more of the following methods depending on the means of cooperation and the Platforms of the Group where the advertisements are placed:

- Cost-Per-Download: charged on the basis of actual download volumes of the products or services offered by the advertisers;

- Cost-Per-Mille: charged on the basis of the number of impressions (expressed in thousands) generated by online users; and/or

- Other fee arrangements agreed by the parties.

The Business Development Team shall seek to solicit cooperation with at least two other Independent Third Parties to the extent practicable. If no comparable Independent Third Party is available, the Business Development Team is required to explain the reasonableness and necessity of cooperation with related parties and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The pricing terms under the 2026 Advertisement Cooperation Framework Agreement will be no less favorable to the Company than terms of cooperation available to Independent Third Parties (if applicable), and the fees shall be in line with or higher than market rates and in the best interests of the Company and the Shareholders as a whole.

Proposed Annual Caps and Basis for Determination

The proposed annual caps for the aggregate amounts of commissions payable by the Retained Tencent Group to the Group under the Advertisement Cooperation CCTs for the three years ending December 31, 2028 are set out as follows:

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of commissions payable by the Retained Tencent Group to the Group	850,000	1,010,000	1,080,000

In determining the annual caps under the 2026 Advertisement Cooperation Framework Agreement, the Company has further taken into account (i) the historical amounts of commissions paid by the Retained Tencent Group to the Group for the year ended December 31, 2025, being RMB381.3 million; (ii) the introduction of new types of advertising arrangements with WeChat Mini Programs in 2025, which attributed to the rapid expansion in the scope of cooperation and the number of cooperation projects in the second half of 2025, and generated incremental commission income of over RMB150 million for the Group during 2025. Based on the Company's assessment, such new types of advertising arrangements remain at a growth stage and may achieve a substantial increase in transaction volume and commission during the period from 2026 to 2028, with the annual advertisement income is expected to more than double in 2026 when compared to 2025, followed by steady annual growth of approximately 10% to 15% in 2027 and 2028, subject to market conditions; (iii) the total number of advertisements viewed by the users of the Platforms of the Group, estimated with reference to the scale and reading habits of the users of the Platforms of the Group in recent years; (iv) the estimated growth of the overall advertising income for the advertisement to be placed on the Platforms of the Group, having regard to the expansion in existing and continuous cooperation (i.e. offering works and earning revenue through advertisements) under the prevailing revenue generation model, which now encompasses a greater number of platforms and extended types of works (expanding from literature only to literature, comics, live-action and animated short dramas), and the potential new cooperation under current negotiation to further expand the cooperation channels and types of works, which is expected to attract more advertisement cooperation; (v) the estimated online traffic generated by the Platforms of the Group based on the page views by the online users on the Platforms of the Group, which are in turn estimated by the Company taking into account factors such as user portfolio of the Platforms of the Group, the reading habits of the users on the Platforms of the Group, the number of advertisements to be placed on each works offered on the Platforms of the Group; (vi) the business plan under current negotiation to optimize the marketing strategy (including but not limited to the optimization of traffic exposure allocation) and plan to provide the estimated additional traffic exposure to the Retained Tencent Group, aiming to increase the user scale for free reading and therefore increase the total revenue to be generated from advertisement; and (vii) the ability of the Group to leverage on the large existing user base on the Platforms of the Group to reach a large audience and to expand the user base by promoting the free-to-read business.

Reasons for and Benefits of Entering into the 2026 Advertisement Cooperation Framework Agreement

The free-to-read business primarily attracts a large user base by offering content free of charge, which is subsequently monetised through the placement of advertisements. In recent years, the free-to-read business model is a useful addition to the content ecosystem and can earn revenue through advertisements. The Company has a broad and diversified content portfolio and considers it imperative to enter such a market segment to capture the growth potential of the market. As the Retained Tencent Group is one of the leading integrated service providers for online advertisement, and is able to provide diversified advertising resources, the Group intends to cooperate with the Retained Tencent Group on the advertisement and explore such business model. In light of the expansion of the cooperation between the Group and the Retained Tencent Group, the scope of cooperation is expected to be broadened to include additional cooperation projects and new types of advertising arrangements. Accordingly, the Group intends to enter into the 2026 Advertisement Cooperation Framework Agreement with the Retained Tencent Group, pursuant to which the Retained Tencent Group shall solicit online advertisements and place them on the Platforms of the Group and the Retained Tencent Group shall share its advertising revenue with the Group.

INTERNAL CONTROL MEASURES

The Company has established and will continue to follow the internal control measures to closely monitor continuing connected transactions and ensure compliance with the Listing Rules.

The Business Development Team will seek to solicit cooperation from at least two other Independent Third Parties to the extent practicable to ensure that the prices and terms with the connected persons are fair and reasonable and no less favorable than those with the Independent Third Parties. If no comparable Independent Third Party is available, the Business Development Team is required to explain the reasonableness and necessity of cooperation with related parties and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. In making the decision as to whether the Group will cooperate with the Retained Tencent Group, the Business Development Team will consider commercial factors, such as the potential of cooperation, the prevailing market price, and the prospects of the cooperation. The Business Development Team is required to comply with the pricing policies for the continuing connected transactions with the Retained Tencent Group as set out above, and the internal control team of the Company will regularly monitor compliance of such pricing policies.

The Company has established a standard procedure to examine cooperation and its underlying agreement by taking into account various commercial factors. Before entering into an agreement, the legal department of the Company (the "**Legal Department**") and the finance department of the Company (the "**Finance Department**") will conduct the feasibility study and separate review of the cooperation and consider the benefits and risks of such cooperation on a case-by-case basis. No common director, senior management, or staff of the Group and the Retained Tencent Group will be involved in the above internal approval process.

The Legal Department and the Finance Department monitor compliance with pricing policies and annual caps of the continuing connected transactions of the Company on a regular basis, in particular:

(i) entering into specific implementation agreements shall be subject to the appropriate approval of the general manager of the Business Development Team, the Finance Department, the Legal Department and management of our Group to ensure that the contracts are in line with the pricing policy and principal terms of connected transaction framework agreement;

(ii) the Finance Department keeps monitoring the amount of each transaction on an aggregate basis to see if it exceeds relevant annual caps. In addition, the Finance Department logs, computes and checks connected transaction amount in its account on a monthly basis, and keeps communicating with the Business Development Team and provides immediate warnings to the Business Development Team and the Legal Department when the aggregate transaction amount attains or exceeds 80% of the prescribed annual caps; and

(iii) the Company also gives reports to the independent non-executive Directors on a quarterly basis to provide them with the essential information on the latest connected transactions, including how the compliance of the pricing policies and annual caps is monitored as well as the utilisation of the prescribed annual caps specifically.

The Company's external auditor will perform procedures regarding the continuing connected transactions annually to confirm, among other things, whether the pricing policies have been adhered to and whether each of the annual caps has been complied with; and the independent non-executive Directors will perform an annual review and confirm in the annual report of the Company that the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in online literature business and intellectual property operation business. It incubates original IPs from its online literature platform, which are subsequently adapted into a variety of entertainment formats, including comics, animation, film, TV series, web series, short dramas, animated dramas, games and IP-related merchandise. Shanghai Yueting, an indirectly wholly-owned subsidiary of the Company, is principally engaged in the business of the development in computer hardware and software, the design and production of computer products, providing technical services and marketing planning services.

Tencent is principally engaged in the provision of communication, social, digital content, games, marketing, fintech and cloud services in the PRC. Tencent Computer is principally engaged in the provision of value-added services and marketing services in the PRC.

LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, Tencent is the controlling Shareholder, and Tencent Computer is a wholly-owned subsidiary of Tencent. Accordingly, Tencent Computer is a connected person of the Company and the transactions contemplated under each of (i) the 2027 IP Cooperation Framework Agreement; and (ii) the 2026 Advertisement Cooperation Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of (i) the proposed annual caps for the 2027 IP Cooperation Framework Agreement; and (ii) the proposed annual caps for the 2026 Advertisement Cooperation Framework Agreement exceeds 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular, which contains its recommendation to the Independent Shareholders in relation to the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028). Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 33 to 58 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028), and the principal factors and reasons taken into account in arriving at its recommendation.

OPINION FROM THE BOARD

The Directors (excluding the independent non-executive Directors whose view have been included in the section headed "Letter from the Independent Board Committee" of this circular) are of the view that the terms of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) are conducted in the ordinary and usual business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors have formed the Independent Board Committee for the purposes of advising the Independent Shareholders in respect of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) and whose views and recommendation have been included in the section headed "Letter from the Independent Board Committee" of this circular.

Mr. Pu Hai Tao, Mr. Hou Xiaonan and Mr. Xie Qinghua, all being Directors, have abstained from voting on the relevant Board resolutions approving each of the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement, and the transactions contemplated thereunder, due to their relationship with Tencent. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under each of the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement.

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

Reference is made to the announcement of the Company dated March 17, 2026. The Board proposes to (i) make certain amendments to the Memorandum and Articles of Association, for the purpose of aligning with the amendments to the Listing Rules in relation to the further expansion of the paperless listing regime (the "**Proposed Amendments**"); and (ii) adopt the Tenth Amended and Restated Memorandum and Articles of Association incorporating and consolidating the Proposed Amendments.

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

The Company has received a written confirmation from its Hong Kong legal advisers, confirming that the Proposed Amendments conform with the Listing Rules. The Company has also received a written confirmation from its Cayman Islands legal advisers, confirming that the Proposed Amendments are not inconsistent with the laws of the Cayman Islands.

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

The Proposed Amendments as well as the adoption of the Tenth Amended and Restated Memorandum and Articles of Association are subject to the Shareholders' approval by way of special resolution at the Annual General Meeting, and a special resolution numbered 10 will be proposed at the Annual General Meeting accordingly.

Shareholders are advised that the Memorandum and Articles of Association are written in English only and there is no official Chinese translation. The Chinese translation of the Memorandum and Articles of Association is provided for reference only. In case of any discrepancy or inconsistency, the English version shall prevail.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 92 to 99 of this circular is the notice of the Annual General Meeting at which, inter alia, resolutions will be proposed to Shareholders to consider and approve the granting of the General Mandate to issue Shares and the Buy-back Mandate to purchase Shares, the re-election of the retiring Director, the election of the independent non-executive Directors, the renewal of the continuing connected transactions contemplated under the 2027 IP Cooperation Framework Agreement, the 2026 Advertisement Cooperation Framework Agreement, and the Proposed Amendments and the adoption of the Tenth Amended and Restated Memorandum and Articles of Association.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://ir.yuewen.com). If you intend to appoint a proxy to attend the AGM, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Tencent and its associates, namely THL A13 Limited (directly holding 268,600,500 Shares, representing 26.295% of the issued Shares as at the Latest Practicable Date), Qinghai Lake Investment Limited (directly holding 230,705,634 Shares, representing 22.586% of the issued Shares as at the Latest Practicable Date), and Tencent Mobility Limited (directly holding 78,337,470 Shares, representing 7.669% of the issued Shares as at the Latest Practicable Date) are required under the Listing Rules to abstain from voting on the resolutions on approving (i) the 2027 IP Cooperation Framework Agreement, and (ii) the 2026 Advertisement Cooperation Framework Agreement at the Annual General Meeting. Save as disclosed above, the Board is not aware of any other Shareholder who has any material interest that is required under the Listing Rules to abstain from voting on the aforementioned resolutions.

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

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

RECOMMENDATION

The Directors (including independent non-executive Directors) consider that all the proposed resolutions are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend you to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029), and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution(s) in respect of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) and the transactions contemplated thereunder at the Annual General Meeting.

Yours faithfully
By order of the Board
CHINA LITERATURE LIMITED
Mr. Pu Hai Tao
Chairman of the Board and Non-executive Director

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement.

CHINA LITERATURE LIMITED
阅文集团
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 772)

April 30, 2026

To the Independent Shareholders

Dear Sirs or Madams,

THE 2027 IP COOPERATION FRAMEWORK AGREEMENT AND THE 2026 ADVERTISEMENT COOPERATION FRAMEWORK AGREEMENT

We refer to the circular dated April 30, 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms defined in this circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether (i) the 2027 IP Cooperation Framework Agreement and (ii) the 2026 Advertisement Cooperation Framework Agreement and the transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

After taking into account the advice of Somerley as set out in this circular, we consider that each of the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned. We further consider that the entering into (i) the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and (ii) the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) is in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholder as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the Annual General Meeting to approve (i) the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029) and (ii) the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028) and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee

Ms. YU Chor Woon Carol **Ms. LEUNG Sau Ting Miranda** **Mr. LIU Junmin**
Independent non-executive Directors

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

April 30, 2026

To: *the Independent Board Committee and*
the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO 2026 ADVERTISEMENT COOPERATION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the cooperation in the content adaptation of the Group's literary works and comic works, distribution of the works (including literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas) and/or licensing of the rights to use the elements of these works, including the proposed annual caps for the three years ending December 31, 2029, pursuant to the 2027 IP Cooperation Framework Agreement (i.e. the IP Cooperation CCTs) and (ii) the cooperation in placing advertisements solicited by the Retained Tencent Group on the Platforms of the Group, pursuant to the 2026 Advertisement Cooperation Framework Agreement (i.e. the Advertisement Cooperation CCTs, together with the IP Cooperation CCTs, the "**Continuing Connected Transactions**"), including the proposed annual caps for the three years ending December 31, 2028. Details of the Continuing Connected Transactions and the respective proposed annual caps are contained in the circular of the Company to the Shareholders dated April 30, 2026 (the "**Circular**"), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, Tencent is the controlling Shareholder, holding 577,643,604 Shares or approximately 56.55% of the issued Shares, and Tencent Computer is a wholly-owned subsidiary of Tencent. Accordingly, Tencent Computer is a connected person of the Company and the transactions contemplated under each of (i) the 2027 IP Cooperation Framework Agreement; and (ii) the 2026 Advertisement Cooperation Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of (i) the proposed annual caps for the 2027 IP Cooperation Framework Agreement; and (ii) the proposed annual caps for the 2026 Advertisement Cooperation Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

In view of Tencent's interests in the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement, Tencent and its associates are required under the Listing Rules to abstain from voting on the relevant resolutions to approve the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement at the Annual General Meeting.

The Independent Board Committee, comprising Ms. Yu Chor Woon Carol, Ms. Leung Sau Ting Miranda and Mr. Liu Junmin, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether (i) the 2027 IP Cooperation Framework Agreement and (ii) the 2026 Advertisement Cooperation Framework Agreement, and the respective transactions contemplated thereunder (including the respective proposed annual caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to certain continuing connected transactions, details of which were set out in the circular of the Company dated May 8, 2024. The past engagement was limited to providing independent advisory services to the independent board committee and the independent shareholders of the Company pursuant to the Listing Rules, for which we received normal professional fees from the Company. Notwithstanding the past engagement, as at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) the Group, the Retained Tencent Group and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that such information, facts and opinions were true, accurate and complete in all material aspects and will remain so up to the time of the Annual General Meeting. We have reviewed, among others, (i) the 2027 IP Cooperation Framework Agreement, (ii) the 2026 Advertisement Cooperation Framework Agreement, (iii) the annual reports of the Company for the year ended December 31, 2024 and 2025, and (iv) other relevant information contained in the Circular. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been omitted or withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business, affairs and financial position of the Group, the Retained Tencent Group and their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Continuing Connected Transactions (including the respective proposed annual caps), we have taken into account the principal factors and reasons set out below:

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in online literature business and intellectual property operation business. It incubates original IPs from its online literature platform, which are subsequently adapted into a variety of entertainment formats, including comics, animation, film, television series, web series, short dramas, animated dramas, games and IP-related merchandise. The Shares have been listed on the Stock Exchange since 2017 and the Company had a market capitalization of approximately HK$26.4 billion as at the Latest Practicable Date.

According to its 2025 annual report, the Group delivered positive results across its traditional formats, such as drama series and animation, and updated its IP operations by adopting new production models and technologies across its content library, expanding into the fast growing areas, such as short dramas and AI-animated dramas, achieving significant progress and laying the foundation for an "IP + AI" creation ecosystem. In 2025, there are several top-tier drama series, such as "A Record of a Mortal's Journey to Immortality (凡人修仙傳)" and "Flourished Peony (國色芳華)", which were adapted from the Group's IPs. In addition, "Guardians of the Dafeng (大奉打更人)" was produced from the Group's IPs and distributed on Tencent Video, achieving a high level of online viewership rankings among domestic drama series.

Revenues of the Group are generated from two segments: namely (i) online business segment, whose revenues are from online text, online advertising and game publishing as well as comics and audio books reading via the Platforms of the Group; and (ii) intellectual property operations and others segment, whose revenues are from, among others, production and distribution of television, web, and animated series; films; short dramas; AI-animated dramas; licensing of copyrights; operation of self-operated online games; and sales of IP merchandise products and physical books. In 2025, revenues from online business segment and intellectual property operations and others segment amounted to approximately RMB4.0 billion and RMB3.3 billion, respectively, representing approximately 54.9% and 45.1% of the Group's total revenues respectively.

Shanghai Yueting, an indirectly wholly-owned subsidiary of the Company, is principally engaged in the business of the development in computer hardware and software, the design and production of computer products, providing technical services and marketing planning services.

Tencent

Tencent is principally engaged in the provision of communication, social, digital content, games, marketing, fintech and cloud services in the PRC. According to Tencent's 2025 annual report, revenues from marketing services increased to approximately RMB145.0 billion in 2025, representing a growth of approximately 19.4% as compared to 2024, primarily driven by growth in pricing and ad impressions, which in turn partly benefitted from greater user engagement with products including Video Accounts and Weixin Search, and modest increases in ad load. It was also stated that advertising spending grew across most major industry categories during the year.

Tencent Computer, a wholly-owned subsidiary of Tencent, is principally engaged in the provision of value-added services and marketing services in the PRC.

Based on our discussions with the management of the Group, the Group has a number of business cooperation with the Retained Tencent Group, which are complementary and beneficial to each other.

(A) The 2027 IP Cooperation Framework Agreement

1. Background to and reasons for the IP Cooperation CCTs

According to its 2025 annual report, the Group's online reading content ecosystem continued to grow. There were approximately 400,000 new writers, generated over 800,000 new novels during the year 2025, collectively contributing approximately 42 billion characters on the Group's online reading platform. Additionally, the number of new titles with over 100,000 average subscriptions per chapter grew significantly, certain blockbuster titles surpassed 300,000 average subscriptions per chapter, reflecting a material leap in top-tier creative output.

The Group generated revenue by monetizing the Group's vast literary contents through its own platforms as well as other channels (including the Retained Tencent Group Channels) in various manners, including the adaptation of the Group's literary works and comic works into films, television series and web series, games, animations and live-action and animated short dramas. The Retained Tencent Group is primarily engaged in communication, social, digital content, games, advertising, fintech and cloud services in the PRC with a vast user base. The Group's cooperation with the Retained Tencent Group will continue to maximize the commercial value of the works of the Group and further enhance the business growth of the Group.

New Classics Media, a wholly-owned subsidiary of the Group principally engaged in the production and distribution of television series and movies, licenses to online video platforms (including the Retained Tencent Group) its Scripts IPs, based on which the online video platforms select production houses to produce the pertinent films and television series. As the Retained Tencent Group is among the top operators of online video platforms in the PRC, the cooperation with the Retained Tencent Group on the licensing of Scripts IPs would allow the Company to leverage the resources of the Retained Tencent Group to enhance the Group's competency in content planning and production.

The current cooperation between the two groups is governed by the 2024 IP Cooperation Framework Agreement which was approved by the then independent shareholders of the Company at the shareholders' meeting held on December 11, 2023. The 2024 IP Cooperation Framework Agreement will expire on December 31, 2026. As the Group intends to continue the cooperation with the Retained Tencent Group, and on March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) entered into the 2027 IP Cooperation Framework Agreement for a term of three years commencing from January 1, 2027 to December 31, 2029, subject to the independent Shareholders' approval.

As advised by the management of the Group, the transactions under the 2027 IP Cooperation Framework Agreement are non-exclusive in nature, such that the Group is entirely free to choose its partners and platforms, and has no obligation to engage the Retained Tencent Group to carry out the relevant transactions.

2. Principal terms of the 2027 IP Cooperation Framework Agreement

The principal terms of the 2027 IP Cooperation Framework Agreement are summarized below. For further details, please refer to the section headed "2027 IP Cooperation Framework Agreement" in the letter from the Board.

General

On March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) entered into the 2027 IP Cooperation Framework Agreement in relation to the cooperation in the content adaptation of the Group's literary works and comic works, distribution of the works (including literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas) and/or licensing of the rights to use the elements of these works (including artistic elements, musical elements, textual elements and audio-visual elements).

For the avoidance of doubt, the IP Cooperation CCTs shall exclude any transactions which involve the formation of a joint venture entity in any form or other form of joint arrangement in connection with, or for the purpose of, the adaptation of intellectual property rights to the Group's literary works. If such joint venture entity is a subsidiary of Tencent, any type of cooperation contemplated by the IP Cooperation CCTs with such joint venture entity will be subject to the proposed annual caps as further described below.

Forms of cooperation

Pursuant to the 2027 IP Cooperation Framework Agreement, the forms of cooperation include the licensing by the Group of the followings to the Retained Tencent Group:

(i) the adaptation rights, adapting literary works and comics into live-action films and television series, games, audio works, comics, animations or live-action and animated short dramas;

(ii) the information network transmission rights, broadcasting rights, projection rights, performance rights and distribution rights of works (including literary works, audio works, comics, live-action films and television series, animations and live-action and animated short dramas); and

(iii) the rights to use the elements of literary works, audio works, live-action films and television series, games, comics, animations and live-action and animated short dramas (including artistic elements, musical elements, textual elements and audio-visual elements).

In respect of literary works, audio works and comics distributed on the platforms that are not operated by the Group, the Group does not have the power to determine the final price of literary works, audio works and comics distributed on such platforms. Notwithstanding the above, the Business Development Team will adopt comparative pricing proposals when negotiating agreements for specific literary works, audio works and comics with the Retained Tencent Group, and such agreements will specify the price that the Retained Tencent Group will charge the end users. If the final price charged by the Retained Tencent Group to its end users in such agreements is substantially lower than the price proposed by the Group, the Group has the discretion not to enter into such agreements with the Retained Tencent Group to ensure that the arrangement will not be detrimental to the interests of the Group.

Fee arrangements and pricing policies

The fee arrangements relating to the IP Cooperation CCTs, which are the same as those of the 2024 IP Cooperation Framework Agreement, shall be as follows:

(i) fixed fee,

(ii) revenue/profit sharing, or

(iii) a mixture of (i) and (ii).

To determine the fee arrangements of the IP Cooperation CCTs, the Board takes into account (a) the potential commercial value and the popularity of the relevant IP, (b) forms of cooperation, and (c) length and form of the adaptations. As set out in the letter from the Board, revenue and/or profit sharing arrangements are generally adopted for certain adaptation projects, such as games and audio works, where the commercial value and long-term performance of the relevant IPs are closely linked to market reception and platform distribution capabilities. Fixed fee arrangements are generally adopted in accordance with the industry norm, usually for projects where production and distribution costs are relatively more predictable or market pricing benchmarks are available, such as films, television series and animations distributed on the platforms not operated by the Group.

As to the adaptation of the Group's literary works and/or comics into audio works, games, films, television series, comics, animations and/or live-action and animated short dramas, the pricing policies will be determined after taking into account (i) various commercial factors such as the nature, popularity and commercial potential of the subject IPs, market practice for similar IPs and the prevailing market price and average revenue/profit sharing percentage in the industry, (ii) whether the transactions may involve other third parties, such as downstream production and distribution partners and writers, and (iii) the range of ancillary rights to be agreed, such as co-investment rights and/or co-development rights. Based on the above and prevailing market practice, in respect of adaptations into audio works and games, revenue and/or profit-sharing arrangements are generally adopted. Depending on content genre, audience base, popularity, commercial potential and adaptation scope, as well as the varying roles and contributions of the relevant cooperation parties, the applicable revenue and/or profit-sharing percentage is determined on a case-by-case basis, generally ranges from approximately 2% to 50% (portion to be shared by the Group), subject to specific commercial terms agreed for each project. In respect of other forms of adaptation, including animations and live-action film and television series, transactions are generally structured on a fixed-fee basis, with reference to, among other things, the nature, popularity and commercial potential of the subject IPs, market practice for similar IPs and the prevailing market price in the industry.

As to the licensing of Scripts IPs, fixed fee arrangements are generally adopted. The pricing policies will be determined after taking into account the estimated commercial value of the Scripts IP-based and pertinent television series and films, which in turn depends on (i) various commercial factors such as advertising revenue, audiences, expected rating, popularity, distribution cycle, price per episode and market comparable, (ii) maturity and completeness of the Scripts IPs and their end user market, (iii) financial resources and capabilities of online video platforms, and (iv) mode and potential of subsequent adaptation, including the range of ancillary rights to be adapted, distribution channels, involvement of third parties (such as downstream production and distribution partners) and potential cooperation between the Group and the Retained Tencent Group thereof.

As to literary works, audio works and comics distributed on the platforms that are not operated by the Group, revenue and/or profit sharing arrangements are generally adopted. The pricing policies will be determined with reference to the prevailing market price and average revenue/profit sharing percentage in the industry, generally ranging from 40% to 80% (portion to be shared by the Group, being the owner of the relevant IP), and various commercial factors, including the nature, popularity and commercial potential of the relevant literary works, audio works and comics, and the quantity and quality of the Retained Tencent Group's distribution platforms. The fixed licensing fees shall equal to or be more than the proportion of revenue/profit to be shared to the Group calculated by the above method.

As to films, television series and animations distributed on the platforms that are not operated by the Group, fixed fee arrangements are generally adopted. The pricing policies will be determined with reference to the fixed production fees and/or distribution fees with reference to the prevailing market prices in the industry, and various commercial factors, including the nature, popularity, quantity, quality and commercial potential of the films, television series, and animations to be produced and distributed.

Term

Subject to the approval from the independent Shareholders at the Annual General Meeting, the 2027 IP Cooperation Framework Agreement has a term from January 1, 2027 to December 31, 2029.

Payment and settlement terms

Payment and settlement terms shall be specified in each of the implementation agreements to be entered into under the 2027 IP Cooperation Framework Agreement.

Our assessment of the terms of the IP Cooperation CCTs

We have discussed with the management of the Group the terms under the 2027 IP Cooperation Framework Agreement and also obtained and reviewed lists of the existing transactions under the 2024 IP Cooperation Framework Agreement. We note that in terms of fees, the distribution of the Group's animation and television series and the licensing of the Scripts IPs, in aggregate, represented approximately 70 to 80% of all IP Cooperation CCTs for the years 2024 and 2025. Our analysis below focuses on the above two types of cooperation.

We have obtained and reviewed 6 sample contracts between the Group and the Retained Tencent Group relating to the distribution of the Group's animations and television series and the licensing of the Scripts IPs, which were selected on a random basis from all such contracts executed during the period from January 1, 2024 to December 31, 2025. The management of the Group has confirmed to us that they have provided to us an exhaustive list of contracts for the above transactions and time period. Given the above, and the fact that distribution of the Group's animation and television series and the licensing of the Scripts IPs represented approximately 70% to 80% of all IP Cooperation CCTs for the years 2024 and 2025, we consider our sampling size and basis to be fair and reasonable. After reviewing the selected sample contracts, we note the following:

(i) the distribution of the Group's animations and television series generally followed the fixed fee arrangements, with an agreed fixed fee of up to approximately RMB150 million and RMB500 million, respectively, and the relevant value for each type of content adaptation varied significantly, which in turn depends on various commercial and other factors, as detailed in the above; and

(ii) the licensing of Scripts IPs followed a fixed fee model and with the licensing fees of up to approximately RMB300 million, depending on the attributes of the particular Scripts IPs.

The management of the Group informed us that for each of the distribution of the Group's animations and television series and the licensing of Scripts IPs, the relevant fees across different IPs, regardless of cooperation with the Retained Tencent Group or the Independent Third Parties, are not directly comparable due to the uniqueness of each individual IP. In the absence of direct comparables for the relevant cooperation arrangements between the Group and the Retained Tencent Group and the Independent Third Parties as mentioned above, we have obtained and reviewed the comparative pricing proposals of the above selected samples prepared by the Business Development Team. We note that either (i) the terms and price offered by the Retained Tencent Group are no less favorable than those provided by the Independent Third Parties, or (ii) the Retained Tencent Group is the only counterparty that has provided a formal pricing quotation.

As stated in the letter from the Board, the adoption of different fee arrangements is intended to provide the Company with the necessary commercial flexibility to accommodate changes in market conditions, industry practices and the commercial characteristics of different IPs and cooperation models. Generally, fixed fee model is adopted for the distribution of the Group's animations and television series and the licensing of the Scripts IPs. On the other hand, the revenue/profit sharing arrangement is to potentially allow the Group to share the potential upside, which however could only be known after the actual broadcast. Considering the different characteristics attached to different types of content and different types of cooperation as discussed above, and that specific industry norms are being taken into account when determining the specific fee arrangements, we consider such flexibility in fee arrangements retained by the Group to be reasonable.

Based on our discussions with the management of the Group and review of the historical transactions as mentioned above, the fee payments are usually settled on a milestone basis, which is in line with the pricing policies of the 2024 IP Cooperation Framework Agreement.

The fee arrangements for the IP Cooperation CCTs are summarized in the section above. We understand that the exact terms of the underlying transactions will only be agreed upon the entering into the implementation agreements. As confirmed by the management of the Group, for each of the IP Cooperation CCTs, the fee arrangements are consistent with the historical and prevailing commercial practices in relation to the relevant cooperation between the Group and the Retained Tencent Group and/or Independent Third Parties.

3. The IP Cooperation Caps

(a) Review of historical transactions

Set out below are the historical transaction amounts and the relevant annual caps in respect of the IP Cooperation CCTs for the three years ended December 31, 2023, 2024 and 2025, and for the three months ended March 31, 2026:

	For the year ended December 31,			**For the three months ended March 31,**
	2023	**2024**	**2025**	**2026**
				(unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total fees paid by the Retained Tencent Group to the Group	1,394,994 *(Note 1)*	1,490,128	1,347,885	251,027
Relevant annual caps	3,914,000 *(Note 2)*	2,156,000	2,382,000	2,695,000
Utilization rates	35.6%	69.1%	56.6%	9.3%

Notes:

(1) Represented the sum of the historical transaction amounts derived from the IP Cooperation CCTs under the 2021 Distribution Framework Agreement and the 2021 IP Cooperation Framework Agreement

(2) Represented the sum of the relevant annual caps under the 2021 Distribution Framework Agreement and the 2021 IP Cooperation Framework Agreement

As shown in the above table, the historical fee paid by the Retained Tencent Group to the Group in respect of the IP Cooperation CCTs ranged from approximately RMB1.3 billion to RMB1.5 billion between 2023 and 2025. The relevant caps in 2024 and 2025 were fairly utilized, with utilization rates of approximately 56.6% to 69.1% respectively. Based on our discussions with the management of the Group, the decrease of total fees paid to the Group in 2025 was mainly due to the generally lower aggregate transaction amounts of the Group's IPs being adapted and/or licensed recognized during the year. The total fees paid by the Retained Tencent Group to the Group in the first three months of 2026 was approximately RMB251.0 million, utilizing approximately 9.3% of the existing annual cap in 2026.

(b) Assessment of the IP Cooperation Caps

Set out below are the proposed annual caps for the revenue of the Company derived from the IP Cooperation CCTs under the 2027 IP Cooperation Framework Agreement (the "**IP Cooperation Cap(s)**") for the three years ending December 31, 2027, 2028 and 2029:

	For the year ending December 31,		
	2027	**2028**	**2029**
	RMB'000	*RMB'000*	*RMB'000*
Total fees payable by the Retained Tencent Group to the Group	2,230,000	2,300,000	2,450,000

The IP Cooperation Caps for the year 2027, 2028, 2029 represent decreases of approximately 17.3%, 14.7% and 9.1%, respectively, compared to the annual cap of RMB2,695 million for the year ending 2026 set under the 2024 IP Cooperation Framework Agreement. This lowering of the IP Cooperation Caps from 2027 to 2029 potentially allows for a better utilization rate while at the same time a room for continued increase in cooperation between the Group and the Retained Tencent Group taking into account the gradual recovery of market demand for live-action film and television content and New Classics Media's extensive portfolio of script resources.

As set out in the letter from the Board, the IP Cooperation Caps were determined after taking into account, among others, (i) the historical transactions of IP Cooperation CCTs, as discussed in the above sub-section, and (ii) the projected number of the Group's relevant IP cooperation with the Retained Tencent Group, the adaptation and licensing of the Group's literary works and comic works into other types of entertainment formats, including animations and television series, as well as the licensing of the Group's Scripts IPs, having regard to the current negotiation with the Retained Tencent Group, for the years 2027 to 2029 and future pipelines, as further discussed below.

In assessing the reasonableness of the IP Cooperation Caps, we have obtained and reviewed the underlying calculations relating to the projections, including the expected number of projects and the concentration of future amounts in distribution of animations and television series and Scripts IPs licensing, in the coming years, and have discussed with the Group the bases and assumptions underlying such projections. We note that the distribution of the Group's animations and television series and the licensing of the Scripts IPs, in aggregate, represent approximately 70% of the IP Cooperation Caps for each of the next three years. This is similar to their actual proportion of the IP Cooperation CCTs in 2024 and 2025 of approximately 70% to 80%, as discussed in the section above headed "2. Principal Terms of the 2027 IP Cooperation Framework Agreement".

In respect of the animations and television series distribution cooperation for the next three years, the Company has mainly taken into account the number of animations and television series projects, and the related estimated fees under the current negotiation with the Retained Tencent Group. As advised by the management of the Group, the Group and the Retained Tencent Group cooperated in the production and distribution of over ten animation projects and television series projects during the year 2025. In addition, there are ten to twenty animation projects per year and two to six television series projects per year under the current negotiations with the Retained Tencent Group for the years 2027 to 2029. The estimated fees depend on the nature and commercial potential of the animations or television series, and are expected to be referenced to similar types of projects in the past, according to the management of the Group. In this regard, we note that the Group's estimation of the IP Cooperation Caps is largely based on the historical transaction patterns with the Retained Tencent Group. Our review of sample contracts for certain IP Cooperation CCTs for the years 2024 and 2025, and the amount of fixed fee involved, were disclosed in the section above headed "2. Principal terms of the 2027 IP Cooperation Framework Agreement – Our assessment of the terms of the IP Cooperation CCTs".

As set out in the letter from the Board, New Classics Media and the Retained Tencent Group have established a partnership on serial development of premium IP franchises. The management of the Group further informed us that New Classics Media currently has ample and diverse reserves of Scripts IPs (either completed scripts or scripts under development) suitable for licensing and adaptation, part of which are intended to be licensed to online video platforms, including the Retained Tencent Group. In the future, the licensing of Scripts IPs to the Retained Tencent Group is expected to continue, with further expansion and scale-up contemplated for each of the years 2027, 2028 and 2029. The licensing fee of each particular Scripts IP is estimated, after taking into account, among others, the historical and the estimated popularity and commercial value of the Scripts IPs, length and form of the adaptations, estimated revenue to be generated from the adaptations of Scripts IPs and investment and production costs required for subsequent adaptation and monetization of the Scripts IPs.

As set out in the letter from the Board, the Group has an extensive and diversified portfolio of IP resources, which provides a stable pipeline of IPs with development and adaptation potential for future cooperation. We also note that over 800,000 new novels were added to the Group's online reading platform during the year 2025. To facilitate IP licensing, the Group launched the "Copyright Assistant", which deep mines the Group's library of millions of works and matches titles to meet downstream adaptation needs, accelerating the sourcing, screening and development of high-quality IP assets. It is expected that the Group will continue to license its IPs to industry-leading developers, including the Retained Tencent Group, for content adaptation and distribution. Given that the Retained Tencent Group and the Group have been cooperating with each other on the adaptation of the Group's literary works in other formats, such as animations and television series, we concur with the management's view that the synergetic cooperation between two groups will bring additional licensing fees to the Group in the near future.

Our general view

As discussed earlier, the Retained Tencent Group plays a significant role in adapting and distributing the Group's IP to maximize the commercial value of its content. There are a number of animations and television series adaptation and/or distribution projects, as well as Scripts IPs licensing under current negotiation with Retained Tencent Group. These suggested that future cooperation between the Group and the Retained Tencent Group are expected to continue. We consider it reasonable for the Company to use the above factors in determining the IP Cooperation Caps, and it is in the interests of the Group and the Shareholders to determine the IP Cooperation Caps in a way that can accommodate the potential growth of the Group's business. Provided that the IP Cooperation CCTs are subject to annual review by the independent non-executive Directors and auditors of the Company (as summarized below in the section below headed "REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS"), as required under the Listing Rules and other internal control procedures to safeguard the Group's interest (as summarized in the section below headed "INTERNAL CONTROL MEASURES"), the Group would have desirable flexibility in conducting its business if the IP Cooperation Caps are tailored to future business activities.

(B) The 2026 Advertisement Cooperation Framework Agreement

1. Background to and reasons for the Advertisement Cooperation CCTs

As discussed in earlier section, the Group's online reading content ecosystem has continued to grow steadily. During the year 2025, average monthly active users and paying users for the Group's self-owned platform products and self-operated channels on Tencent products were approximately 137.8 million and 9.0 million respectively. As set out in the letter from the Board, the free-to-read business model has been a useful addition to the Group's online reading content ecosystem. The Company considers it imperative to enter this market segment to capture the growth potential of the market. Given that the Retained Tencent Group is one of the leading integrated service providers for online advertisement, the Group has been cooperating with the Retained Tencent Group on the free-to-read business model.

As advised by the management of the Group, the Retained Tencent Group has a large in-house team responsible for its advertising business, and has established advertisement solicitation systems. The Group is a member of the Retained Tencent Group's advertisement solicitation systems, and it has been cooperating with the Retained Tencent Group to strategically select those advertisements that may appeal to its existing and potential online users for display on the Group's platforms.

The current advertisement solicitation by the Retained Tencent Group on the Group's platforms is governed by the 2025 Advertisement Cooperation Framework Agreement, which was approved by the Company's independent shareholders at the shareholders' meeting held on June 3, 2024. The 2025 Advertisement Cooperation Framework Agreement has a term of three years commencing from January 1, 2025 to December 31, 2027.

In light of the expansion of the cooperation between the Group and the Retained Tencent Group, the scope of cooperation is expected to be broadened to include additional cooperation projects and new types of advertising arrangements. As a result, the Board expects that the Existing Annual Caps under the 2025 Advertisement Cooperation Framework Agreement will be insufficient to meet the Group's business development needs. On March 17, 2026, Shanghai Yueting and Tencent Computer entered into the 2026 Advertisement Cooperation Framework Agreement to set the annual caps for the three years ending December 31, 2028, subject to the independent Shareholders' approval. Upon the 2026 Advertisement Cooperation Framework Agreement taking effect, the 2025 Advertisement Cooperation Framework Agreement will be automatically terminated and shall no longer be effective.

As advised by the management of the Group, the transactions under the 2026 Advertisement Cooperation Framework Agreement are non-exclusive in nature, such that the Group is entirely free to choose its partners and platforms, and has no obligation to engage the Retained Tencent Group to solicit advertisements.

2. Principal terms of the 2026 Advertisement Cooperation Framework Agreement

The principal terms of the 2026 Advertisement Cooperation Framework Agreement are summarized below. For further details, please refer to the section headed "2026 Advertisement Cooperation Framework Agreement" in the letter from the Board.

General

On March 17, 2026, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) entered into the 2026 Advertisement Cooperation Framework Agreement, pursuant to which the Group has agreed to place advertisements solicited by the Retained Tencent Group on the Platforms of the Group, and the Retained Tencent Group shall pay commissions to the Group in return.

Fee arrangements

The fee arrangements relating to the Advertisement Cooperation CCTs will be based on one of the following methods:

(i) fixed fee;

(ii) revenue/profit sharing; or

(iii) a mixture of (i) and (ii).

The above fee arrangements are the same as those of the 2025 Advertisement Cooperation Framework Agreement. As set out in the letter from the Board, it is expected that revenue/profit sharing arrangements will be adopted as the principal pricing mechanism under the 2026 Advertisement Cooperation Framework Agreement. The fixed fee arrangements may also be adopted, where applicable, with reference to similar fee models adopted by other market participants, which are expected to provide greater flexibility for the Group's cooperation over the next three years. The fixed fees shall be applied and determined taking into account several factors, including among others, type of advertisement, the quotation of the advertisement provided by Independent Third Parties to the Group which is a fixed fee, and other relevant commercial considerations.

Pricing Policy

The fee payable to the Group shall be determined after arms-length negotiation between the parties taking into account various commercial factors. The fixed commission fee and/or prescribed percentage for the revenue/profit generated from the advertisements solicited by the Retained Tencent Group and placed on the Platforms of the Group to be shared by the Group will vary from platform to platform and shall be determined between the relevant parties on an arms-length basis from time to time. Generally, when determining the fixed commission fee and/or the prescribed percentage for specific advertisement cooperation, the Group will take into account factors such as the coverage of advertisements solicited by the Retained Tencent Group, other services that may be required by the Group or the Retained Tencent Group, the total number of advertisements viewed by the users of the Platforms of the Group, which is estimated with reference to the scale and reading habits of the users of the Platforms of the Group in recent years and the overall assumed advertising fee rate for the advertisements to be placed on the Platforms of the Group, having regard to the prevailing business and revenue generation model in relation to free-to-read business.

Based on our discussions with the management, for revenue sharing/profit sharing arrangements, revenue to be generated from the 2026 Advertisement Cooperation Framework Agreement shall be split between the relevant parties, and determined in accordance with the following formula, which is the same as that under the 2025 Advertisement Cooperation Framework Agreement:

Net proceeds of the advertisement x prescribed revenue sharing percentage

Net proceeds of the advertisement shall refer to the aggregate net amount of deposits generated from the advertisements solicited by the Retained Tencent Group being placed on the Platforms of the Group after deduction of the reasonable expenses, such as handling charges and distribution channels expenses (if any) incurred by the Retained Tencent Group. The prescribed revenue sharing percentage shall be determined between the relevant parties on an arms-length basis from time to time, and the revenue sharing percentage to be shared by the Group will generally be 70% or more.

The advertising fee rate for the advertisement placed on the Platforms of the Group has been determined with reference to the advertising fee rate charged by the existing industry players operating the business model of monetization of free works through advertisement, and will be charged on one or more of the following methods: (i) cost-per-download (i.e. based on actual download volume); (ii) cost-per-mille (based on number of impressions generated by online users); and (iii) other fee arrangements agreed by the parties, depending on the means of cooperation and the Platforms of the Group where the advertisements are placed.

Term

Subject to the approval from the independent Shareholders at the Annual General Meeting, the 2026 Advertisement Cooperation Framework Agreement has a term from the date of the independent Shareholders' approval to December 31, 2028.

Upon the 2026 Advertisement Cooperation Framework Agreement taking effect, the 2025 Advertisement Cooperation Framework Agreement will be automatically terminated and shall no longer be effective.

Payment and settlement terms

Payment and settlement terms shall be specified in each of the implementation agreements to be entered into under the 2026 Advertisement Cooperation Framework Agreement.

Our assessment of the terms of the Advertisement Cooperation CCTs

We have discussed with the management of the Group the terms of the 2026 Advertisement Cooperation Framework Agreement. We have also reviewed lists of existing transactions under the 2025 Advertisement Cooperation Framework Agreement and 2 sample contracts (the "**Advertisement Cooperation Samples**"), which were selected on a random basis from all contracts executed during the period from January 1, 2024 to December 31, 2025. The management of the Group has confirmed to us that they have provided us an exhaustive list of contracts for the above transactions and time period. On the basis of the selected sample contracts, we note that: (i) the sampled Advertisement Cooperation CCTs followed the revenue sharing arrangement, and the relevant revenue sharing percentages shared by the Group were not less than 70%; and (ii) the fee payments of the Advertisement Cooperation CCTs were settled on a monthly or quarterly basis.

In order to substantiate the above pricing and payment terms of the Advertisement Cooperation CCTs being no less favorable to the Group than those offered by Independent Third Parties, we have reviewed 2 similar advertisement cooperation arrangements between the Group and Independent Third Parties (the "**Comparable Transactions**"), selected on a random basis from the transaction lists covering the period from January 1, 2024 to December 31, 2025. We note that (i) the Comparable Transactions followed the revenue sharing arrangement, and the relevant revenue shared by the Group were 70% or less. The revenue sharing percentages of not less than 70% under the selected Advertisement Cooperation Samples were higher than those of the Comparable Transactions; and (ii) the fee payments under the Comparable Transactions were settled on a monthly basis, which is generally in line with those under the selected Advertisement Cooperation Samples.

We understand that the exact terms will only be agreed upon the entering into the implementation agreements. As confirmed by the management of the Group, the fee arrangements under the Advertisement Cooperation CCTs shall be consistent with the prevailing commercial practices between the Group and the Retained Tencent Group and/or Independent Third Parties.

3. The Advertising Cooperation Caps

(a) Review of historical transactions

Set out below are the historical transaction amounts and the relevant annual caps in respect of the Advertisement Cooperation CCTs for the three years ended December 31, 2023, 2024 and 2025, and for the three months ended March 31, 2026:

	For the year ended December 31,			**For the three months ended March 31,**
	2023	**2024**	**2025**	**2026**
				(unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amounts of commissions paid by the Retained Tencent Group to the Group	334,213	246,549	381,274	128,085
Relevant annual caps	2,026,729	2,690,060	400,000	470,000
Utilization rates	16.5%	9.2%	95.3%	27.3%

The aggregate amount of commission fees in respect of the Advertisement Cooperation CCTs were between approximately RMB247 million and RMB381 million in the past three years. While the commission fees paid by the Retained Tencent Group decreased in 2024, there was an approximately 54.6% increase in 2025. As advised by the management of the Group, this was mainly attributable to the rapid growth of additional cooperation projects and new types of advertising arrangements in the second half of 2025, which brought incremental commission income of over RMB150 million to the Group. We note that the relevant annual cap in 2025 was almost fully utilized. The aggregate amount of commission fees paid by the Retained Tencent Group to the Group in the first three months of 2026 was approximately RMB128 million, utilizing approximately 27.3% of the existing annual cap in 2026.

(b) Assessment of the Advertisement Cooperation Caps

Set out below are the Existing Annual Caps for the two years ending December 31, 2027 and the proposed revised annual caps for the commissions payables by the Retained Tencent Group to the Group under the 2026 Advertisement Cooperation Framework Agreement (the "**Advertisement Cooperation Cap(s)**") for the three years ending December 31, 2026, 2027 and 2028:

	For the year ending December 31,		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amounts of commissions payable by the Retained Tencent Group to the Group			
– Existing Annual Caps	470,000	550,000	N/A
– Proposed revised annual caps	850,000	1,010,000	1,080,000

As set out in the letter from the Board, the Advertisement Cooperation Caps were determined after taking into account: (i) the historical amounts of commissions payable by the Retained Tencent Group, in particular that based on the revenue to be shared by the Group for each of the underlying Advertisement Cooperation CCTs shall generally not be less than 70% of the net proceeds generated from the relevant advertisement, (ii) the rapid expansion in the scope of cooperation and the number of cooperation projects attributable to the introduction of new types of advertising arrangements in the second half of 2025, (iii) the expected advertisements viewed by users of the Platforms of the Group, (iv) the estimated growth of advertising income from the Platforms of the Group, (v) the estimated online traffic generated by the Platforms of the Group, (vi) the business plan under current negotiation to optimize the market strategy and plan to provide the estimated additional traffic exposure to the Retained Tencent Group, and (vii) the Group's ability to leverage its user base on its platforms. In assessing the reasonableness of the Advertisement Cooperation Caps, we have obtained the underlying calculations relating to the projections in the coming years, and have discussed with the management of the Group the bases and assumptions underlying such projections.

As mentioned in the sub-section above, the Group and the Retained Tencent Group included additional cooperation projects and new types of advertising arrangements with WeChat Mini Programs during 2025, in particular the growth accelerated rapidly in the second half of 2025. Such new types of advertising arrangements generated incremental commission income of over RMB150 million for the Group in 2025. The management of the Group estimates that it will continue to grow and is expected to constitute approximately 60% to 70% of the Advertisement Cooperation Caps from 2026 to 2028, while the existing types of advertising arrangements will stabilize and gradually improve during the same period. We have obtained and reviewed the underlying data from the management of the Group, and note that the commission fees from these new projects and advertising arrangements in the second half of 2025 increased by over 400% compared with that in the first half of 2025, and accounted for close to half of the commission fees generated from the Advertisement Cooperation CCTs in 2025. Benefitting from the new projects and advertising arrangements, the monthly average commission fees showed an upward trend between July 2025 and December 2025, with the monthly commission fee in December 2025 increased by roughly 1.5 times compared with that of July 2025. On the basis of the above, the management of the Group expects that such growth momentum will continue in 2026 and the annual advertisement income from these new projects and arrangements is expected to more than double in 2026 when compared to 2025, followed by steady annual growth of approximately 10% to 15% in 2027 and 2028. The remaining components of the Advertisement Cooperation Caps for the three years ending December 31, 2028, representing the existing types of advertising arrangements with the Retained Tencent Group, have been calculated largely based on the amount of historical commissions on advertisements relating to existing types of work on the Platforms of the Group, with room for further improvements going forward, taking into the two groups' future initiatives to strengthen the existing cooperation.

Based on our independent search, we observe that China's advertising industry maintained a steady and positive trend in 2025. According to the Report on the Development Index of China's Advertising Industry (2025) published by State Administration for Market Regulation in June 2025, the index shows that China's advertising industry has maintained a growth momentum, with the China Advertising Industry Development Index reaching approximately 128.4 points, representing a year-on-year increase of approximately 8.0%. Based on the same source, in the first quarter of 2025, the 881 leading enterprises and public institutions' advertising business revenue increased by approximately 11.3% year-on-year. Based on the above, we concur with the management of the Group that upward revision of the Advertisement Cooperation Caps is reasonable, taking into account in particular the new growth momentum from additional cooperation projects and new types of advertising arrangements, and the overall development of the China's advertising industry as discussed above.

Our general view

As discussed earlier, the Retained Tencent Group is one of the leading integrated service providers for online advertisement. The two groups have been cooperating on the Platforms of the Group to generate additional advertising commission fees under the free-to-read business model in recent years. This business model has been particularly driven by the expansion of cooperation projects and the launch of new advertising arrangements in 2025, in particular the rapid growth observed in the second half of 2025, which substantially boosted the advertisement commission fees growth during the period, leading to the Existing Annual Cap in 2025 almost fully utilized.

Management of the Group expects that the growth momentum is expected to continue in 2026 and the next two years. It should be noted that a number of factors are beyond the Group and the Retained Tencent Group's control, such as the number of users on the Platforms of the Group and the number of advertisements viewed by the users, which may affect the revenue generated from the advertisement placed. Accordingly, these factors make it difficult for the management of the Group to accurately estimate the future transaction value with a high level of certainty. In our opinion, it is therefore in the interests of the Company and the Shareholders to determine the Advertisement Cooperation Caps in a way that can accommodate the potential growth of the Group's business, and therefore additional revenue stream to the Group. Provided that the Advertisement Cooperation CCTs are subject to annual review by the independent non-executive Directors and auditors of the Company (as summarized in the section below headed "REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS")), as required under the Listing Rules and other internal control procedures to safeguard the Group's interest (as summarized in the section above headed "INTERNAL CONTROL MEASURES"), the Group would have desirable flexibility in conducting its business if the Advertisement Cooperation Caps are tailored to future business activities. In assessing the fairness and reasonableness of the Advertisement Cooperation Caps, we have discussed with the management of the Group the factors taken into account as stated earlier in this section. We consider it reasonable for the Company to use the above factors in determining the Advertisement Cooperation Caps.

INTERNAL CONTROL MEASURES

In order to protect the interests of the Independent Shareholders, the Company has established, and will continue to follow, the internal control procedures to ensure that the Continuing Connected Transactions are conducted, and the underlying transaction agreements are entered into, pursuant to the terms of the relevant framework agreements, as well as in compliance with the Listing Rules.

The Business Development Team will seek to solicit cooperation with at least two other Independent Third Parties, to the extent practicable, to ensure that the prices and terms with the connected persons are fair and reasonable and no less favorable than those with the Independent Third Parties. If no comparable Independent Third Party is available, the Business Development Team is required to explain the reasonableness and necessity of cooperation with related parties and why such cooperation is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing.

In deciding whether the Group should cooperate with the Retained Tencent Group in relation to the Continuing Connected Transactions, the Business Development Team will consider various commercial factors, including the potential of the cooperation, the prevailing market price and the prospects of the cooperation. The Business Development Team is required to comply with the pricing policies for the Continuing Connected Transactions with the Retained Tencent Group as set out above, and the internal control team of the Company will regularly monitor compliance of such pricing policies.

Before entering into any implementation agreement, the legal department of the Company (the "**Legal Department**") and the finance department of the Company (the "**Finance Department**") will conduct the feasibility study and separate review of the cooperation and consider the benefits and risks of such cooperation on a case-by-case basis. As set out in the letter from the Board, no common director, senior management, or staff of the Group and the Retained Tencent Group will be involved in the above internal approval process. The entering into any specific implementation agreement shall be subject to the appropriate approval from the general manager of the Business Development Team, the Finance Department, the Legal Department and the management of the Group to ensure that the agreements are in line with the pricing policies and principal terms of the relevant framework agreement. The Group will only enter into the relevant IP Cooperation CCTs when, from the Business Development Team's perspective, the commercial value of the subject IPs can be maximized and the relevant IP Cooperation CCTs are in the best interests of the Company and the Shareholders as a whole. In respect of the Advertisement Cooperation CCTs, the pricing terms will be no less favorable to the Company than terms of cooperation available to Independent Third Parties (if applicable), and the fees shall be in line with or higher than market rates and in the best interests of the Company and the Shareholders as a whole.

In addition, as part of the Company's standard procedures, the Finance Department keeps monitoring the aggregate transaction amount of the Continuing Connected Transactions and the utilization of the relevant annual caps, and will provide immediate warnings to the Business Development Team and the Legal Department when the aggregate transaction amount attains or exceeds 80% of the relevant annual caps. The Company will also provide reports regarding the Continuing Connected Transactions to the independent non-executive Directors on a quarterly basis, including how the compliance of the relevant pricing policies and the utilization of the relevant annual caps.

We have reviewed the relevant internal control policies relating to the Continuing Connected Transactions, and have received confirmation from the management of the Group that they have been, and will continue to be followed, to ensure the transaction terms with the Retained Tencent Group are no less favorable than those offered by Independent Third Parties to the Group. In our view, the above internal control procedures are important for the conduct of the Continuing Connected Transactions, since exact terms will only be agreed upon the entering into the specific implementation agreements. In these circumstances, we concur that the solicitation of cooperation with other Independent Third Parties, and comparison of the terms with those offered by the Retained Tencent Group, will help ensure that the Continuing Connected Transactions pursuant to the relevant framework agreement are on no less favorable terms to the Group. Also, the internal controls performed by the Legal Department and the Finance Department on a regular basis will help ensuring compliance of pricing policies of the Continuing Connected Transactions and the relevant annual caps. In addition, the independent non-executive Directors and auditors of the Company will review the relevant framework agreements each year, details of which are set out in the section below headed "REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS".

REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

(a) the independent non-executive Directors must review the Continuing Connected Transactions every year and confirm in the Company's annual report whether the Continuing Connected Transactions have been entered into:

  (i) in the ordinary and usual course of business of the Group;

  (ii) on normal commercial terms or better; and

  (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) the Company must engage its auditors to report on the Continuing Connected Transactions every year. The Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and

(iv) have exceeded the respective proposed annual caps;

(c) the Company must allow, and ensure that the counterparties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and

(d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements and conditions attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the respective proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions (including the respective proposed annual caps), and given the Company's internal safeguards in place, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and assist in safeguarding the interests of the Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider the Continuing Connected Transactions (including the respective proposed annual caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the Annual General Meeting to approve the 2027 IP Cooperation Framework Agreement and the 2026 Advertisement Cooperation Framework Agreement (including the respective proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and as a responsible officer of Somerley, which is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over fifteen years of experience in the corporate finance industry.

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

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,021,476,227 Shares of nominal value of US$0.0001 each which have been fully paid. Subject to the passing of the ordinary resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Directors would be allowed to repurchase a maximum of 102,147,622 Shares which represent 10% of the total number of issued Shares as at the date of passing the relevant resolution for granting the Buy-back Mandate, during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF BUY-BACKS

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

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

Save as disclosed in the announcement of the Company dated December 4, 2025 and as of the Latest Practicable Date, the Directors have no present intention to buy back any Shares and would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company, pursuant to the proposed resolution and in accordance with the Listing Rules and the Companies Act. The Directors believe that if the Buy-back Mandate is exercised in full, it may not have a material adverse impact on the working capital and gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

GENERAL

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

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

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

The Company and the Directors are of the view that neither the explanatory statement contained in this Appendix I nor the proposed Buy-back Mandate has any unusual features.

The Company intends to cancel all the repurchased Shares following the settlement of any such repurchase.

TAKEOVERS CODE

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

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Tencent is deemed to be interested in 577,643,604 Shares through its controlled corporations under the SFO, representing approximately 56.55% of the issued Shares. 230,705,634 Shares, 268,600,500 Shares, and 78,337,470 Shares are held by Qinghai Lake Investment Limited, THL A13 Limited and Tencent Mobility Limited, all being direct/indirect wholly-owned subsidiaries of Tencent Holdings Limited, respectively. In the event that the Directors should exercise in full the Buy-back Mandate, such interests will be increased to approximately 62.83% of the issued Shares.

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

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

As at the Latest Practicable Date, Tencent is deemed to be interested in 577,643,604 Shares through its controlled corporations under the SFO, representing approximately 56.55% of the issued Shares. Mr. Hou Xiaonan is deemed to be interested in 5,081,750 Shares under the SFO, representing approximately 0.50% of the issued Shares. Mr. Huang Yan is deemed to be interested in 3,202,569 Shares under the SFO, representing approximately 0.31% of the issued Shares. Mr. Cao Huayi is deemed to be interested in 38,829,293 Shares through its controlled corporations under the SFO, representing approximately 3.80% of the issued Shares. On the basis that no further Shares are issued or purchased after the Latest Practicable Date, the Shares counted towards to the public represent 38.84% of the issued Shares as at the Latest Practicable Date, and 32.04% of the issued Shares assuming the Directors exercise in full the power to buy back Shares in accordance with the Buy-back Mandate.

SHARE BUY-BACK MADE BY THE COMPANY

The Company has not purchased any of the Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the past twelve months up to the Latest Practicable Date were as follows:

Month	Highest prices *HKD*	Lowest prices *HKD*
2025		
April	27.00	22.40
May	29.25	24.10
June	31.70	25.15
July	33.05	28.75
August	46.88	29.40
September	44.06	38.42
October	45.50	35.38
November	45.34	33.30
December	38.20	31.70
2026		
January	40.50	32.50
February	44.68	31.50
March	31.52	24.80
April (up to the Latest Practicable Date)	27.88	25.38

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

Mr. Cao Huayi

Aged 61, is a non-executive Director appointed on May 17, 2019, and also holds directorship in certain subsidiaries of the Company, and currently serves as the senior vice president of the Company. He is the founding shareholder of New Classics Media Corporation. He has been the chairman of the board of directors of New Classics Media Corporation since 2007 and has served as the general manager of New Classics Media Corporation since 2013. Before the establishment of New Classics Media Corporation, Mr. Cao Huayi successively served as the general manager of Zhongsheng Chunqiu Film and Television Culture (Beijing) Co., Ltd.(中聖春秋影視文化(北京)有限公司)and the manager of Beijing Jiying Culture Company(北京集英文化公司). From 1986 to 1995, Mr. Cao served as a literary editor of Beijing Huayi Publishing House(北京華藝出版社). He graduated from the Department of Journalism at Fudan University and received a bachelor's degree of arts from Fudan University.

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

- New Classics Media Holdings Limited as a director;
- New Classics Media Hong Kong Limited as a director;
- New Classics International Media Limited as a director;
- New Classics Media Corporation as the chairman of the board of directors and a manager;
- New Classics (Tianjin) Media Technology Co., Ltd. as the chairman of the board of directors;
- New Classics Media Corporation Beijing Branch as a principal;
- New Classics Media Corporation Zhejiang Dongyang Branch as a principal;
- New Classics Television Entertainment Investment Co. Ltd. as a director;
- New Classics Movie (Zhejiang) Co. Ltd. as a director;
- Delighting Media (Tianjin) Culture Agency Co., Ltd. as an executive director;

- Inner Mongolia Xinyoulingxi Film and Television Culture Co., Ltd. as an executive director;
- New Classics Era Film and Television Culture Co., Ltd. as an executive director;
- New Classics (Beijing) Film and Television Culture Co., Ltd. as a director;
- New Classics Television (Yunnan) Culture Media Co., Ltd. as an executive director;
- New Classics (Shanghai) Film and Television Co., Ltd. as an executive director;
- Chun Shui Tang Co., Ltd. as a director;
- Sunrise Image (Hainan) Film and Television Co., Ltd. as an executive director; and
- Jiuge (Hainan) Culture Media Co., Ltd. as the chairman of the board of directors.

Mr. Cao Huayi has served as a non-executive Director since May 17, 2019. The appointment letter entered into between the Company and Mr. Cao has a term of three years commencing from May 23, 2025, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Cao, as a non-executive Director, is not entitled to any director's fee, but he is entitled to salaries and wages of RMB2,400,000 per annum in respect of his other duties and responsibilities within the Group, together with a discretionary bonus subject to his performance.

As at the Latest Practicable Date, Mr. Cao Huayi was interested in 38,829,293 Shares, representing approximately 3.80% of the issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Cao Huayi does not (i) hold any other position with the Company or any other member of the Group, or any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) have any other relationship with any Director, senior management, substantial or controlling Shareholder; or (iii) have any other interest in Shares within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Hong Kong Law).

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

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

Mr. Kong Xiangjun

Mr. Kong, aged 60, currently serves as a chair professor, doctoral supervisor in KoGuan School of Law, Shanghai Jiao Tong University. Mr. Kong is also the dean of the Institute of Intellectual Property and Competition Law, Shanghai Jiao Tong University. Mr. Kong has been recognized with numerous honors, including being named as one of the "50 Most Influential Intellectual Property Persons in the World", "National Top Ten Outstanding Young Jurists"（全國十大杰出青年法學家）, "Outstanding Chinese Scholars in Humanities and Social Sciences"（中國杰出人文社會科學家）, "The First National Court Trial Business Expert"（首屆全國法院審判業務專家）, "the Cultural Masters and the Four First-Batch Talents"（文化名家暨「四個一批」人才）by the Publicity Department of the Communist Party of China, and "China Intellectual Property Annual Influential Person" (in 2018)（2018年度中國知識產權影響力人物）, among other honors. He also holds several concurrent roles, including the vice president of Shanghai Comprehensive Law-Based Governance Society, and the president of the Research Society on Network Governance and Data Information Law of Shanghai Law Society. Mr. Kong successively served as a court clerk and an assistant judge of Shandong Province Heze Area Intermediate People's Court (currently known as Shandong Province Heze City Intermediate People's Court) from August 1986 to August 1989, and as a postdoctoral researcher at Renmin University of China from August 1994 to September 1996. He then successively served as an officer and the deputy director of the Anti-monopoly Division of the State Administration for Industry and Commerce (currently known as State Administration for Market Regulation) from September 1996 to February 2001. From February 2001 to September 2016, Mr. Kong successively served as a judge, deputy chief judge, chief judge, member of the Judicial Committee, and deputy secretary of the Party Group and deputy chief judge of the First Circuit Court of the Supreme People's Court. From January 2014 to January 2015, he also served on secondment as deputy secretary of the Political and Legal Committee of the Sichuan Provincial Party Committee, and deputy director of the Office for Law-Based Governance of the Sichuan Provincial Party Committee. Mr. Kong received his bachelor of law from East China Institute of Political Science and Law (currently known as East China University of Political Science and Law) in June 1986, his master of law from China University of Political Science and Law in June 1991, and his doctor of law from China University of Political Science and Law in June 1994.

Subject to election by the Shareholders at the AGM, Mr. Kong is expected to enter into an appointment letter with the Company for a term commencing from the effective date of his appointment and expiring on May 9, 2029, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Subject to Shareholders' approval of the authorization to the Board to fix the Directors' remuneration, Mr. Kong will be entitled to receive a director's fee of HKD600,000 per year under his appointment letter, and will be entitled to receive a discretionary bonus from the Company as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

As at the Latest Practicable Date, Mr. Kong has confirmed that he does not have any interests in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

Mr. Mak Tze Leung

Mr. Mak, aged 58, has been serving as an independent non-executive director of WeChat Pay Hong Kong Limited, a wholly-owned subsidiary of Tencent Holdings Limited (stock code: 700), the controlling shareholder of the Company, since October 2023. Prior to that, Mr. Mak had worked in PricewaterhouseCoopers Hong Kong since August 1991 and retired as a partner in December 2022. Mr. Mak is also a member of Association of Hong Kong Accounting Advisors, an honorary adviser of Accounting and Financial Reporting Council of Hong Kong, and a member of its Inspection Committee, and a member of the Departmental Advisory Committee for the Department of Accountancy of City University of Hong Kong. From June 2016 to April 2026, Mr. Mak served as an accounting advisor of the Ministry of Finance of the People's Republic of China. Mr. Mak previously served as the chairman of Association of Chartered Certified Accountants, Hong Kong. Mr. Mak is a member of Association of Chartered Certified Accountants (ACCA), Hong Kong Institute of Certified Public Accountants (HKICPA), The Institute of Chartered Accountants in England and Wales (ICAEW), The Chartered Governance Institute (CGI), and The Hong Kong Chartered Governance Institute (HKCGI). Mr. Mak received his bachelor of arts degree with first class honours in accountancy from City University of Hong Kong in 1991.

Subject to election by the Shareholders at the AGM, Mr. Mak is expected to enter into an appointment letter with the Company for a term commencing from the effective date of his appointment and expiring on May 9, 2029, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Subject to Shareholders' approval of the authorization to the Board to fix the Directors' remuneration, Mr. Mak will be entitled to receive a director's fee of HKD600,000 per year under his appointment letter, and will be entitled to receive a discretionary bonus from the Company as determined by the Board with reference to his responsibility, workload, time devoted, contribution to the Group, salaries paid by the comparable companies and prevailing market conditions.

As at the Latest Practicable Date, Mr. Mak has confirmed that he does not have any interests in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, each of Mr. Kong and Mr. Mak (i) does not hold any other positions with the Company or any other members of the Group, or any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) does not have any other relationship with any Directors, senior management, substantial or controlling shareholders of the Company; and (iii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

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

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

Set out below is a summary of the Proposed Amendments:

Currently in force			Proposed to be amended as		
No.	**Articles of Association**		**No.**	**Articles of Association**	
2.2	In these Articles, unless there be something in the subject or context inconsistent therewith:			In these Articles, unless there be something in the subject or context inconsistent therewith:	
	…	…		…	…
				(Newly added)	
				"Communication Facilities"	**shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communications, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other and all members' rights to speak and vote at the meeting are maintained.**
				…	…
	"Corporate **Communication**"	has the same meaning as in the Listing Rules.		"Corporate **Communication(s)**"	has the same meaning as in the Listing Rules.
	…	…		…	…
	"HK Code on Takeovers and Mergers"	shall mean the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time.		***(proposed to be removed)***	
	…	…		…	…
				(Newly added)	
				"Meeting Location(s)"	**shall have the meaning prescribed to it under Article 12.5.**
				…	…

Currently in force		Proposed to be amended as	
"ordinary resolution"	shall mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles and **includes** an ordinary resolution passed pursuant to Article **13.11**.	"ordinary resolution"	shall mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles and **shall include** an ordinary resolution passed pursuant to Article **13.12**.
		(Newly added) **"Person"**	**shall mean any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.**
		"Present"	**shall mean, in respect of any Person, such Person's presence at a general meeting of members, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with these Articles), being:** **(a) physically present at the meeting; or** **(b) in the case of any meeting at which Communication Facilities are permitted and utilised (either solely or otherwise) in accordance with these Articles, connected by means of the use of such Communication Facilities.**

Currently in force		Proposed to be amended as	
	... ...		... ...
	"transfer office" shall mean the place where the principal register is situate for the time being.		***(proposed to be removed)***
3.7	Subject to the Companies Act, or any other law or so far as not prohibited by any law or the Listing Rules and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the members, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.	3.7	Subject to the Companies Act, or any other law or so far as not prohibited by any law or the Listing Rules and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the members, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise **acquired rateably or in any other manner as between the holders of shares or warrants** of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

Currently in force		Proposed to be amended as	
4.11	**Every person whose name is entered as** a member **in the register** shall be entitled to **receive, within any relevant time limit as prescribed in the Companies Act or as the Exchange may from time to time determine, whichever is shorter, and subject to payment of any fees which may be payable pursuant to Article 7.8, after allotment or lodgement of transfer, or within such other period as the conditions of issue shall provide, one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question**, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.	4.11	A member shall **only** be entitled to **a share certificate if the Board resolves that share certificates be issued**, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.
4.15	If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, not exceeding such amount as may from time to time be permitted under the Listing Rules (or such lesser sum as the Board may from time to time require) and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board **think** fit and, where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation.	4.15	If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, not exceeding such amount as may from time to time be permitted under the Listing Rules (or such lesser sum as the Board may from time to time require) and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board **thinks** fit and, where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation.
6.9	No member shall be entitled to receive any dividend or bonus or to be **present** and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.	6.9	No member shall be entitled to receive any dividend or bonus or to be **Present** and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

Currently in force		Proposed to be amended as	
7.1	Transfers of shares may be effected by an instrument of transfer in the usual common form or in **any standard form of transfer as prescribed by the Exchange or** such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.	7.1	Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.
7.6	The Board may also decline to register any transfer of any shares unless: (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; ...	7.6	The Board may also decline to register any transfer of any shares unless: (a) the instrument of transfer is lodged with the Company accompanied by the certificate **(if any)** for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; ...
7.8	Upon every transfer of shares, the certificate held by the transferor shall be given up to be cancelled and shall forthwith be cancelled accordingly and a new certificate shall be issued, on payment by the transferee of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require, to the transferee in respect of the shares transferred to him and, if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him, on payment by the transferor of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require. The Company shall also retain the instrument(s) of transfer.	7.8	Upon every transfer of shares, the certificate **(if any)** held by the transferor shall be given up to be cancelled and shall forthwith be cancelled accordingly and a new certificate shall**, subject to the Board resolving to issue share certificates pursuant to Article 4.11,** be issued, on payment by the transferee of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require, to the transferee in respect of the shares transferred to him and, if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall**, subject to the Board resolving to issue share certificates pursuant to Article 4.11,** be issued to him, on payment by the transferor of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require. The Company shall also retain the instrument(s) of transfer.

Currently in force		Proposed to be amended as	
12.1	The Company shall hold a general meeting as its annual general meeting **in** each financial year **(provided that** such annual general meeting **must** be held within six months after the end of **each** financial year of the Company). The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and **place** as the Board shall **appoint**.	12.1	The Company shall hold a general meeting as its annual general meeting **for** each financial year **and** such annual general meeting **shall** be held within six months **(or such other period as may be permitted by the Listing Rules or the Exchange)** after the end of **such** financial year of the Company. The annual general meeting shall be specified as such in the notices calling it and shall be held at such **date**, time and **physical venue(s) and/or with such Communication Facilities** as the Board shall **determine**.
12.3	The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office **specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office** specifying the objects of the meeting and the resolutions to be added to the meeting agenda and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.	12.3	The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members **holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be** deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office **of the Company**, specifying the objects of the meeting and the resolutions to be added to the meeting agenda and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Currently in force		Proposed to be amended as	
		12.4	*(Newly added)* **The Board may make Communication Facilities available for a specific general meeting or all general meetings of the Company to enable members and other participants to attend and virtually participate and cast votes at such general meetings by means of such Communication Facilities. Without limiting the generality of the foregoing, the Board may in its absolute discretion decide that the Company will hold a general meeting:** **(a) at one or more physical venue in any part of the world;** **(b) by using Communication Facilities; or** **(c) both at one or more physical venue and by using Communication Facilities.**
12.4	An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, **place,** and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.	12.5	An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, **either or both of the physical venue of the meeting and the Communication Facilities to be used (including a virtual place) (the "Meeting Location(s)"),** and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.
12.5	Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in Article **12.4**, it shall be deemed to have been duly called if it is so agreed: (a) in the case of a meeting called as an annual general meeting, by all the members entitled to **attend** and vote thereat or their proxies; and …	12.6	Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in Article **12.5**, it shall be deemed to have been duly called if it is so agreed: (a) in the case of a meeting called as an annual general meeting, by all the members entitled to **be Present** and vote thereat or their proxies; and …

Currently in force		Proposed to be amended as	
		12.8	*(Newly added)* **The notice of any general meeting (including a postponed or reconvened meeting held pursuant to Article 12.13) at which Communication Facilities will be utilised (either solely or otherwise) shall specify the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise such Communication Facilities for the purpose of attending, participating and voting at such meeting.**
12.9	If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and **place** specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and **place** in accordance with Article **12.11**.	12.11	If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and **Meeting Location(s)** specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and **Meeting Location(s)** in accordance with Article **12.13**.

Currently in force		Proposed to be amended as	
12.11	Where a general meeting is postponed in accordance with Article **12.9** or Article **12.10**: ... (b) the Board shall fix the date, time and **place** for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting **by one of** the **means** specified in Article 30.1; and such notice shall specify the date, time and **place** at which the postponed meeting will be reconvened, and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and ...	12.13	Where a general meeting is postponed in accordance with Article **12.11** or Article **12.12**: ... (b) the Board shall fix the date, time and **Meeting Location(s)** for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting **in** the **manner** specified in Article 30.1; and such notice shall specify the date, time and **Meeting Location(s)** at which the postponed meeting will be reconvened, and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and ...
13.2	For all purposes the quorum for a general meeting shall be two members **present in person (or in the case of a corporation, by its duly authorised representative) or by proxy** provided always that if the Company has only one member of record the quorum shall be that one member **present in person or by proxy**. No business (except the appointment of a Chairperson) shall be transacted at any general meeting unless the requisite quorum shall be **present** at the commencement of the business.	13.2	For all purposes the quorum for a general meeting shall be two members **Present** provided always that if the Company has only one member of record the quorum shall be that one member **Present**. No business (except the appointment of a Chairperson) shall be transacted at any general meeting unless the requisite quorum shall be **Present** at the commencement of the business.
13.3	If within 15 minutes from the time appointed for the meeting a quorum is not **present**, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and **place** as shall be decided by the Board, and if at such adjourned meeting a quorum is not **present** within 15 minutes from the time appointed for holding the meeting, the member or members **present in person (or in the case of a corporation, by its duly authorised representative) or by proxy** shall be a quorum and may transact the business for which the meeting was called.	13.3	If within 15 minutes from the time appointed for the meeting a quorum is not **Present**, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and **Meeting Location(s)** as shall be decided by the Board, and if at such adjourned meeting a quorum is not **Present** within 15 minutes from the time appointed for holding the meeting, the member or members **Present** shall be a quorum and may transact the business for which the meeting was called.

Currently in force		Proposed to be amended as	
13.4	The **chairman** of the board of Directors shall take the chair at every general meeting, or, if there be no such **chairman** or, if at any general meeting such **chairman** shall not be **present** within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors **present** shall choose another Director as Chairperson, and if no Director be **present**, or if all the Directors **present** decline to take the chair, or if the Chairperson chosen shall retire from the chair, then the members **present (whether in person or represented by proxy or duly authorised representative)** shall choose one of their own number to be Chairperson. **The Board may, at its absolute discretion, arrange for all or any of the Directors to attend and participate at any general meeting by means of a telephone or tele-conferencing or any other telecommunications facility by means of which all persons participating in the general meeting are capable of hearing and speaking to each other ("Communication Facilities"), and any Director who attends by means of Communication Facilities shall be deemed to be present at that meeting for all purposes under this Article. In particular, and without limiting the generality of the foregoing, any Director who is the chairman of the board of Directors, or has been chosen to act as the Chairperson of a general meeting in accordance with this Article, shall be entitled to attend and participate at any general meeting by means of Communication Facilities, and to act as the Chairperson of such meeting, in which event the following provisions shall apply:**	13.4	The **chairperson** of the board of Directors shall take the chair at every general meeting, or, if there be no such **chairperson** or, if at any general meeting such **chairperson** shall not be **Present** within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors **Present** shall choose another Director as Chairperson, and if no Director be **Present**, or if all the Directors **Present** decline to take the chair, or if the Chairperson chosen shall retire from the chair, then the members **Present** shall choose one of their own number to be Chairperson.

Currently in force		Proposed to be amended as	
	(a) **The** Chairperson shall be deemed to be **present in person** at that meeting. (b) **If** the Communication Facilities are interrupted or fail for any reason to enable the Chairperson to hear and **speak with** all other **persons** participating **in** the **general** meeting, the **other** Directors **present** at the meeting shall choose another Director to act as Chairperson for the remainder of the meeting, provided that**:** (i) **if** no other Director is **present** at the meeting, or **if** all the Directors **present** decline to take the chair, the meeting shall be automatically adjourned to the same day in the next week and at such time and **place** as shall be decided by the Board**; and** **(ii) the Chairperson for the remainder of the meeting may, at his discretion and without the consent of the general meeting, adjourn the meeting to the same day in the next week and at such time and place as shall be decided by the Board.** In the case of any adjournment pursuant to **either sub-clauses (b)(i) or (b)(ii) above**, all business conducted at the meeting up to the time of such adjournment shall be valid. **For the avoidance of doubt, no member shall be entitled to act as Chairperson at any general meeting by means of Communication Facilities**.	13.5	**The Chairperson shall be entitled to attend and participate at such general meeting by means of Communication Facilities, and to act as the Chairperson, in which event:** (a) **the** Chairperson shall be deemed to be **Present** at that meeting. (b) **if** the Communication Facilities are interrupted or fail for any reason to enable the Chairperson to hear and **be heard by** all other **Persons attending and** participating **at** the meeting, **then** the Directors **Present** at the meeting shall choose another Director **Present** to act as Chairperson for the remainder of the meeting; provided that (i) no other Director is **Present** at the meeting, or **(ii)** all the Directors **Present** decline to take the chair, the meeting shall be automatically adjourned to the same day in the next week and at such time and **Meeting Location(s)** as shall be decided by the Board. In the case of any adjournment **of meeting** pursuant to **this paragraph (b)**, all business conducted at the meeting up to the time of such adjournment shall be valid.

Currently in force		Proposed to be amended as	
13.5	The Chairperson may, with the consent of any general meeting at which a quorum is **present**, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the **place**, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.	13.6	The Chairperson may, with the consent of any general meeting at which a quorum is **Present**, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the **Meeting Location(s)**, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
13.7	A poll shall (subject as provided in Article **13.8**) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was taken as the Chairperson directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken.	13.8	A poll shall (subject as provided in Article **13.9**) be taken in such manner (including the use of ballot or voting papers or tickets **or by electronic voting**) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was taken as the Chairperson directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken.
14.1	Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting **(a) every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have** the right to speak, (b) on a show of hands, **every member present in such manner shall have one vote, and (c) on a poll every member present in such manner shall have** one vote for each share registered in his name in the register. On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll.	14.1	Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting**, every member Present shall have (a)** the right to speak, (b) **one vote** on a show of hands, **and (c)** one vote for each share registered in his name in the register **on a poll**. On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll.

Currently in force		Proposed to be amended as	
14.4	Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be **present** at any meeting **personally or by proxy**, that one of the said persons so **present** being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.	14.4	Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be **Present** at any meeting, that one of the said persons so **Present** being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
14.6	Save as expressly provided in these Articles or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be **present** or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.	14.6	Save as expressly provided in these Articles or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be **Present** or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.
14.8	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member. A member may appoint any number of proxies to attend in his stead at any one general meeting **(or at any one class meeting)**.	14.8	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member. A member may appoint any number of proxies to attend in his stead at any one general meeting.

Currently in force		Proposed to be amended as	
14.10	The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairperson of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited **upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company**. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.	14.10	The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place **or in such other manner (including by electronic means)** as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairperson of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
14.13	A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article 14.10, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.	14.13	A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place **or in such other manner** as is referred to in Article 14.10, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

Currently in force		Proposed to be amended as	
14.14	Any corporation which is a member may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member and where a corporation is so represented, it shall be treated as being **present** at any meeting in person.	14.14	Any corporation which is a member may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member and where a corporation is so represented, it shall be treated as being **Present** at any meeting in person.
14.15	If a recognised clearing house (or its nominee(s)) is a member it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in these Articles.	14.15	If a recognised clearing house (or its nominee(s)) is a member it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member holding the number and class of shares specified in such authorisation, including **the right to speak and**, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in these Articles.

Currently in force		Proposed to be amended as	
16.9	An alternate Director shall **(except when absent from Hong Kong),** be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative and he need not use all his votes or cast all the votes he uses in the same way. If his appointor is for the time being **absent from Hong Kong or otherwise** not available or unable to act (as to which a certificate by the alternate shall in the absence of actual notice to the contrary to other Directors be conclusive), his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the provisions of this Article shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.	16.9	An alternate Director shall be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative and he need not use all his votes or cast all the votes he uses in the same way. If his appointor is for the time being not available or unable to act (as to which a certificate by the alternate shall in the absence of actual notice to the contrary to other Directors be conclusive), his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the provisions of this Article shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.
20.4	The Board may elect a **Chairperson of its meetings** and determine the period for which he is to hold office; but if no such **Chairperson** is elected, or if at any meeting **the Chairperson** is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairperson of the meeting.	20.4	The Board may elect a **chairperson of the Board** and determine the period for which he is to hold office**. The chairperson of the Board shall take the chair at every meeting of the Board,** but if no such **chairperson** is elected, or if at any meeting **such chairperson** is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairperson of the meeting.
20.10	Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the **chairman** of the meeting or by the **chairman** of the succeeding meeting.	20.10	Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the **Chairperson** of the meeting or by the **Chairperson** of the succeeding meeting.

Currently in force		Proposed to be amended as	
24.11	The Board may on any occasion determine that rights of election and the allotment of shares under Article 24.7 shall not be made available or made to any members with registered addresses in any territory where: (a) the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful in the absence of a registration statement or other special formalities; or (b) the costs, expenses or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer are, in the Board's opinion, out of proportion to the benefits of the Company.	24.11	The Board may on any occasion determine that rights of election and the allotment of shares under Article 24.7 shall not be made available or made to any members with registered addresses in any territory where: (a) the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful in the absence of a registration statement or other special formalities; or (b) the costs, expenses or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer are, in the Board's opinion, out of proportion to the benefits of the Company, **and in any such case the provisions aforesaid shall be read and construed subject to such determination.**
24.23	Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.	24.23	Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by **wire transfer to the holder or by** cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.
24.24	The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.	24.24	The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending **wire transfers or** cheques for dividend entitlements or dividend warrants after the first occasion on which such a **wire transfer,** cheque or warrant is returned undelivered.

Currently in force		Proposed to be amended as	
28.6	To the extent permitted by and subject to due compliance with these Articles, the Companies Act and all applicable rules and regulations, including, without limitation, the rules of the Exchange, **and to obtaining all necessary consents, if any, required thereunder,** the requirements of Article 28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the Companies Act, a summary financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the Companies Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's report thereon may, if he so requires, by notice in writing served on the Company, demand that the Company sends to him, in addition to the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.	28.6	To the extent permitted by and subject to due compliance with these Articles, the Companies Act and all applicable rules and regulations, including, without limitation, the rules of the Exchange, the requirements of Article 28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the Companies Act, a summary financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the Companies Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's report thereon may, if he so requires, by notice in writing served on the Company, demand that the Company sends to him, in addition to the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.
29.2	The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution. No person may be appointed as the, or an, Auditor, unless he is independent of the Company.	29.2	The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution**, provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board**. No person may be appointed as the, or an, Auditor, unless he is independent of the Company. **The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.**

Currently in force		Proposed to be amended as	
30.4	Any notice or document, including any Corporate Communication: ... (d) served by being placed on the Company's Website and the Exchange's website shall be deemed to be served at **such** time as may be prescribed by the Listing Rules; and ...	30.4	Any notice or document, including any Corporate Communication: ... (d) served by being placed on the Company's Website and the Exchange's website shall be deemed to be served at **the time the notice or document first appears on the Company's Website and the Exchange's website, or at such later** time as may be prescribed by the Listing Rules; and ...
		30.9	***(Newly added)*** **The Company shall not be required to send Corporate Communications in hard copy form or in electronic form to a member who has not notified in writing to the Company an address for receiving Corporate Communications in hard copy form or in electronic form, as applicable.**

Note 1: The adjustments to the numbering and references to the numbering of articles above due to provisions added into or removed from the amended Articles of Association are not separately reflected in the tables above.

Note 2: The tenth amended and restated memorandum of association and articles of association of the Company is prepared in English with no official Chinese version. Chinese translation is for reference only. In the event of any inconsistency, the English version shall prevail.

1. 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 Company. 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.

2. SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 1,021,476,227 Shares of nominal value of US$0.0001 each which have been fully paid.

3. EXPERT AND CONSENTS

The following are the qualification of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Somerley	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Somerley:

(a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated April 30, 2026, and references to its name, in the form and context in which it appears.

(b) neither had any shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.

(c) did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since December 31, 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest published audited annual financial statements of the Company were made up.

5. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, each of the executive Directors, Mr. Hou Xiaonan and Mr. Huang Yan, has entered into a service contract with the Company for a term of three years commencing from May 10, 2023 and June 30, 2023, respectively, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the service contract.

As at the Latest Practicable Date, each of the non-executive Directors, Mr. Pu Hai Tao, Mr. Xie Qinghua, and Mr. Cao Huayi, has entered into an appointment letter with the Company for a term of three years commencing from October 9, 2024, May 22, 2023 and May 23, 2025, respectively, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

As at the Latest Practicable Date, each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from June 30, 2023, respectively, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules were as follows:

Interests of Directors and Chief Executives of the Company

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company[1] (%)
Mr. Hou Xiaonan	Beneficial owner	5,081,750 [2]	Long position	0.50
Mr. Huang Yan	Beneficial owner	3,202,569 [3]	Long position	0.31
Mr. Cao Huayi	Interest in controlled corporations	38,653,342 [4]	Long position	3.78
	Beneficial owner	175,951 [4]	Long position	0.02

Interests of Directors and Chief Executives in associated corporations of the Company

Name	Name of Associated Corporations	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in Associated Corporations[8] (%)
Mr. Pu Hai Tao	Tencent Holdings Limited	Beneficial owner	47,296 [5]	0.00
Mr. Hou Xiaonan	Tencent Holdings Limited	Beneficial owner	138,550	0.00
Mr. Huang Yan	Tencent Holdings Limited	Beneficial owner	13,500	0.00
Mr. Xie Qinghua	Tencent Holdings Limited	Beneficial owner	140,976 [6]	0.00
Mr. Cao Huayi	Tencent Holdings Limited	Interest in controlled corporations	300,000 [7]	0.00
	Tencent Holdings Limited	Beneficial owner	21,800	0.00

Notes:

(1) The calculation is based on the total number of 1,021,476,227 Shares in issue as of the Latest Practicable Date.

(2) As at the Latest Practicable Date, these interests comprised (i) 163,948 Shares, (ii) 750,000 underlying Shares in respect of the RSUs granted to Mr. Hou Xiaonan under 2020 Restricted Share Unit Scheme of the Company, and (iii) 4,167,802 underlying Shares in respect of the Options granted to Mr. Hou Xiaonan under the 2021 Share Option Plan.

(3) As at the Latest Practicable Date, these interests comprised (i) 253,286 Shares, (ii) 92,120 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2014 RSU Scheme of the Company, (iii) 386,532 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2020 Restricted Share Unit Scheme of the Company, and (iv) 2,470,631 underlying Shares in respect of the Options granted to Mr. Huang Yan under the 2021 Share Option Plan.

(4) As at the Latest Practicable Date, (i) Mr. Cao Huayi was interested in 100% and 43.63% of C-Hero Limited and X-Poem Limited respectively and was therefore deemed to be interested in the 34,802,614 Shares and 3,850,728 Shares interested in by C-Hero Limited and X-Poem Limited pursuant to the share purchase agreement, respectively, and (ii) 175,951 underlying Shares in respect of the RSUs granted to Mr. Cao Huayi under 2020 Restricted Share Unit Scheme of the Company.

(5) As at the Latest Practicable Date, these interests comprised (i) 2,529 shares of Tencent and (ii) 44,767 shares underlying Tencent in respect of the awarded shares granted to Mr. Pu Hai Tao (being an employee of Tencent) under share award schemes of Tencent. Tencent is the controlling shareholder of the Company and thus is an associated corporation of the Company.

(6) As at the Latest Practicable Date, these interests comprised (i) 33,288 shares of Tencent and (ii) 107,688 shares underlying Tencent in respect of the awarded shares granted to Mr. Xie Qinghua (being an employee of Tencent) under share award schemes of Tencent. Tencent is the controlling shareholder of the Company and thus is an associated corporation of the Company.

(7) As at the Latest Practicable Date, Mr. Cao Huayi was interested in 100% of C-Hero Limited and was therefore deemed to be interested in the 300,000 shares of Tencent in C-Hero Limited.

(8) The calculation is based on the total number of 9,125,597,636 shares of Tencent in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Save as disclosed herein, none of the Directors, directly or indirectly, has had any interest in any assets which had since December 31, 2025 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, there was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors or proposed directors was materially interested and which was significant in relation to the businesses of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, proposed directors and any of their associate(s) had interest in a business which competes or may compete with the business of the Group, or may have any conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. DOCUMENTS ON DISPLAY

Copy of the 2027 IP Cooperation Framework and the 2026 Advertisement Cooperation Framework Agreement will be published at the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://ir.yuewen.com/) for 14 days from the date of this circular.

CHINA LITERATURE LIMITED
阅文集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the "**Annual General Meeting**") of China Literature Limited (the "**Company**") will be held at Niccolo Room, Level 25, The Murray, Hong Kong, a Niccolo Hotel, 22 Cotton Tree Drive, Central, Hong Kong at 2:30 p.m. on Tuesday, June 2, 2026 (or due to any reduced gathering restrictions imposed by law, the Directors may, in their absolute discretion in accordance with the Company's articles of association, change the place of the Annual General Meeting at the same time and on the same date by way of an announcement without the need to give a new notice of Annual General Meeting) for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions.

Unless otherwise specified, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated April 30, 2026 (the "**Circular**").

Ordinary Resolutions

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the Directors and the auditors of the Company for the year ended December 31, 2025.

2. To re-elect Mr. Cao Huayi as a non-executive Director.

3. To elect Mr. Kong Xiangjun as an independent non-executive Director;

4. To elect Mr. Mak Tze Leung as an independent non-executive Director;

5. To authorise the Board to fix the remuneration of the Directors.

6. To re-appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration for the year ending December 31, 2026.

7. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

(A) "**That**:

(i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

(ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;

(iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to paragraph (i) of this resolution, otherwise than pursuant to:

(1) any Rights Issue (as defined hereinafter);

(2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors of the Company, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;

(3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or

(4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of:

(a) 20% of the number of issued Shares as at the date of passing this resolution; and

(b) (if the Board is so authorised by resolution numbered 7(C)) the aggregate number of shares of the Company purchased by the Company subsequent to the passing of resolution numbered 7(B) (up to a maximum equivalent to 10% of the number of issued Shares as at the date of passing resolution numbered 7(B)),

and the approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

(1) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

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

(c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and

(2) "Rights Issue" means an offer of shares of the Company or an issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company)."

(B) "**That**:

(i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or on any other stock exchange on which the shares of the Company may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), be and is hereby generally and unconditionally approved;

(ii) the aggregate number of the shares to be bought back pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the number of issued Shares as at the date of passing of this resolution, and the said approval shall be limited accordingly;

(iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of the Company;

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

(3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution."

(C) "**That** conditional upon the resolutions numbered 7(A) and 7(B) set out in this notice being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and/or otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 7(A) set out in this notice be and is hereby extended by the addition to the number of the issued Shares which may be allotted or agreed conditional or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the number of the issued Shares bought back by the Company under the authority granted pursuant to resolution numbered 7(B) set out in this notice, provided that such extended amount shall represent up to 10% of the number of issued Shares as at the date of passing of the said resolutions."

8. To consider and, if thought fit, pass with or without modification the following as an ordinary resolution:

"**That**:

(A) the 2027 IP Cooperation Framework Agreement and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated April 30, 2026, be and are hereby approved, ratified and confirmed;

(B) the proposed annual caps for the continuing connected transactions contemplated under the 2027 IP Cooperation Framework Agreement as set out in the circular of the Company dated April 30, 2026 be and are hereby approved, ratified and confirmed; and

(C) any one executive Director be and is hereby authorized for and on behalf of the Company to execute, and where required, to affix the common seal of the Company to, any documents, instruments or agreements, and to do any acts and things deemed by him or her to be necessary, expedient or appropriate in order to give effect to and implement the transactions contemplated under the 2027 IP Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2029)."

9. To consider and, if thought fit, pass with or without modification the following as an ordinary resolution:

"**That**:

(A) the 2026 Advertisement Cooperation Framework Agreement and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated April 30, 2026, be and are hereby approved, ratified and confirmed;

(B) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Advertisement Cooperation Framework Agreement as set out in the circular of the Company dated April 30, 2026 be and are hereby approved, ratified and confirmed; and

(C) any one executive Director be and is hereby authorized for and on behalf of the Company to execute, and where required, to affix the common seal of the Company to, any documents, instruments or agreements, and to do any acts and things deemed by him or her to be necessary, expedient or appropriate in order to give effect to and implement the transactions contemplated under the 2026 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2028)."

Special Resolution

10. "**That**:

(a) the proposed amendments to the existing amended and restated memorandum of association and articles of association of the Company (the "**Proposed Amendments**"), the details of which are set out in Appendix III to the circular of the Company dated April 30, 2026 be and are hereby approved;

(b) the tenth amended and restated memorandum of association and articles of association of the Company (the "**Tenth Amended and Restated Memorandum and Articles of Association**"), which contains all the Proposed Amendments and a copy of which has been produced to this meeting and marked "A" and initialled by the chairman of the meeting, be and is hereby approved and adopted in substitution for and to the exclusion of the existing amended and restated memorandum of association and articles of association of the Company with immediate effect; and

(c) any director or company secretary of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Tenth Amended and Restated Memorandum and Articles of Association, including without limitation, attending to the necessary filings with the Registrar of Companies in Hong Kong and the Cayman Islands."

By order of the Board
CHINA LITERATURE LIMITED
Mr. Pu Hai Tao
Chairman of the Board and Non-executive Director

Hong Kong, April 30, 2026

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

Principal place of business in Hong Kong:
Room 1503-04, ICBC Tower
3 Garden Road
Central
Hong Kong

Head office and principal place of business in China:
N3 Lujiazui Binjiang Center,
No. 5169 Binjiang Avenue,
Pudong New Area,
Shanghai
People's Republic of China

Notes:

(i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.

(ii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(iii) In order to be valid, the completed form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be).

(iv) The register of members of the Company will be closed from Thursday, May 28, 2026 to Tuesday, June 2, 2026, both days inclusive, in order to determine the eligibility of shareholders to vote at the above meeting, during which period no share transfers will be registered. The record date for determining the entitlement of shareholders to attend and vote at the Annual General Meeting is Tuesday, June 2, 2026. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, May 27, 2026.

(v) In respect of resolutions numbered 2, 3 and 4 above, details of the directors of the Company proposed for re-election and election are set out in Appendix II to the Circular.

(vi) In respect of the resolution numbered 7(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company referred therein. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.

(vii) In respect of resolution numbered 7(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to purchase shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its own shares, as required by the Listing Rules, is set out in Appendix I to the Circular.

(viii) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.