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

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Reference is made to the annual report of the Company for the year ended December 31, 2019 (the "**2019 Annual Report**") published on April 27, 2020. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the 2019 Annual Report.

In addition to the information provided in the 2019 Annual Report, the Board would like to provide further information in relation to the use of net proceeds during the year ended December 31, 2019 as follows:

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized during the year ended December 31, 2019	Amount of net proceeds utilized up to December 31, 2019	Balance of net proceeds unutilized as at December 31, 2019	Intended timetable for use of the unutilized net proceeds
		(RMB in millions)			
(i) Expanding the Group's online reading business and sales and marketing activities	1,843.4	669.7	1,015.1	828.3	By/before December 31, 2020
(ii) Expanding the Group's involvement in the development of derivative entertainment products adapted from its online literary titles	1,843.4	1,150.6	1,351.5	491.9	By/before December 31, 2020
(iii) Funding our potential investments, acquisitions and strategic alliances	1,843.4	109.4	1,843.4	–	Not applicable

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized during the year ended December 31, 2019	Amount of net proceeds utilized up to December 31, 2019	Balance of net proceeds unutilized as at December 31, 2019	Intended timetable for use of the unutilized net proceeds
			(RMB in millions)		
(iv) Working capital and general corporate purposes	614.5	614.5	614.5	–	Not applicable
Total	6,144.7	2,544.2	4,824.5	1,320.2	

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

Hong Kong, August 31, 2020

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