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CHINA LITERATURE LIMITED

阅文集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On March 18, 2024, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2022 Advertisement Cooperation Framework Agreement and the 2022 Online Platform Cooperation Framework Agreement by entering into (i) the 2025 Advertisement Cooperation Framework Agreement in relation to the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group, and (ii) the 2025 Online Platform Cooperation Framework Agreement in relation to the cooperation in the distribution of the authorized works (including but not limited to literature works, audio works and mini drama works) of the Group through the Retained Tencent Group Channels.

LISTING RULES IMPLICATIONS

As of the date of this announcement, 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 2025 Advertisement Cooperation Framework Agreement, and (ii) the 2025 Online Platform 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 the annual caps for the 2025 Online Platform Cooperation Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the 2025 Advertisement Cooperation Framework Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders on the terms of the 2025 Advertisement Cooperation Framework Agreement.

A circular containing, among other things, (i) details of the transactions contemplated under the 2025 Advertisement Cooperation Framework Agreement, (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders, and (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and independent Shareholders will be despatched to Shareholders. As the Company requires additional time to prepare and finalize certain information for inclusion in the circular, it will despatch the circular to Shareholders on or before May 12, 2024.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated August 16, 2021 and the circular of the Company dated November 5, 2021 in relation to, among other things, the entering into the 2022 Advertisement Cooperation Framework Agreement and the 2022 Online Platform Cooperation Framework Agreement, both of which will expire on December 31, 2024.

As the Group intends to continue carrying out the transactions under each of (i) the 2022 Advertisement Cooperation Framework Agreement and (ii) the 2022 Online Platform Cooperation Framework Agreement in the ordinary and usual course of business of the Group, on March 18, 2024, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2022 Advertisement Cooperation Framework Agreement and the 2022 Online Platform Cooperation Framework Agreement by entering into (i) the 2025 Advertisement Cooperation Framework Agreement in relation to the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group, and (ii) the 2025 Online Platform Cooperation Framework Agreement in relation to the cooperation in the distribution of the authorized works (including but not limited to literature works, audio works and mini drama works) of the Group through the Retained Tencent Group Channels.

1. 2025 Advertisement Cooperation Framework Agreement

Principal terms of the 2025 Advertisement Cooperation Framework Agreement are set out as follows:

Date: March 18, 2024

Parties: (1) Shanghai Yueting (on behalf of the Group), and
(2) Tencent Computer (on behalf of the Retained Tencent Group)

Term: From January 1, 2025 to December 31, 2027

- 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 2025 Advertisement Cooperation Framework Agreement based on one of the following methods:
- fixed fees
 - revenue sharing/profit sharing
 - mixture of the above two
- Payment and settlement terms:** Payment and settlement terms under the 2025 Advertisement Cooperation Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2025 Advertisement Cooperation Framework Agreement.

Pricing Policy

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 which are solicited by the Retained Tencent Group being 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 arms-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.

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 2025 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.

Historical 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, 2023 are set out as follows:

	For the year ending December 31,		
	2021	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Aggregate amounts of commissions paid by the Retained Tencent Group to the Group	701,300	498,000	334,213

Proposed Annual Caps and Basis of 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, 2027 are set out as follows:

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

The above proposed annual caps have been determined taking into account the following factors:

(a) Revenue sharing arrangement with the Retained Tencent Group

The revenue arising out of the cooperation under the 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. The amount to be shared by the Group for each of the underlying cooperation under the 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 fees arrangements agreed by the parties.

(c) Online traffic generated by the Platforms of the Group

The Company estimated the 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 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.

In determining the annual caps under the 2025 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, 2023, being RMB334 million; (ii) the estimated annual growth of over 10% for the three years ending December 31, 2027, with the reference to the scale of China's Internet advertising market with the year-to-year growth rate of 12.9% for the year ended December 31, 2023 according to the statistics published by iResearch, the leading provider of online audience measurement and consumer insights in China; (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 fee rate for the advertisement to be placed on the Platforms of the Group, having regard to the existing and continuous cooperation (i.e. offering literature works and earning revenue through advertisements) under the prevailing revenue generation model and the potential new cooperation under current negotiation to expand the types of works beyond literature (such as audio works and/or mini drama works), which is expected to attract more advertisement cooperation; (v) 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 (vi) 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 and Benefits for Entering into the 2025 Advertisement Cooperation Framework Agreement

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 considers it imperative to enter such 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, the Group intends to cooperate with the Retained Tencent Group on the advertisement and explore such business model. Accordingly, the Group intends to enter into the 2025 Advertisement Cooperation Framework Agreement with the Retained Tencent Group, pursuant to which the Retained Tencent Group shall solicit online advertisement and place on the Platforms of the Group and the Retained Tencent Group shall share its advertising revenue with the Group.

2. 2025 Online Platform Cooperation Framework Agreement

Principal terms of the 2025 Online Platform Cooperation Framework Agreement are set out as follows:

Date: March 18, 2024

Parties: (1) Shanghai Yueting (on behalf of the Group), and
(2) Tencent Computer (on behalf of the Retained Tencent Group)

Term: From January 1, 2025 to December 31, 2027

Subject matter: The Retained Tencent Group shall provide the end users of the Retained Tencent Group Channels with access to the Group's authorized works (including but not limited to literature works, audio works and mini drama works) so that they can preview the works or enjoy free or paid online services. The Group shall determine the operation and pricing strategies relating to the authorized works or provided content. The Retained Tencent Group shall provide all necessary assistance and shall not distribute the works of the Group through other channels. The Group shall have access to the data of back-end technology channels of the relevant Retained Tencent Group Channels to the extent permitted by laws and regulations. Details of cooperation such as the scope of the authorized works (including but not limited to literature works, audio works and mini drama works) and Retained Tencent Group Platforms, the form of cooperation and authorization of the Group's works and the allocation of responsibilities shall be agreed by the parties separately.

The Group shall license the information network transmission rights of its authorized works (including but not limited to literature works, audio works and mini drama works) to the Retained Tencent Group.

Fee arrangements: The parties shall determine the fee arrangement under the 2025 Online Platform Cooperation Framework Agreement based on one of the following methods:

- fixed amount of distribution fees
- revenue sharing/profit sharing
- mixture of the above two

Payment and settlement terms: Payment and settlement terms under the 2025 Online Platform Cooperation Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2025 Online Platform Cooperation Framework Agreement.

Pricing Policy

The fixed distribution fees, the percentage of revenue or profit to be shared by the Group to the Retained Tencent 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, including the quantity and quality of the Retained Tencent Group's distribution channels, the coverage of content products by the Group, the frequency of content update by the Group, and other services that may be required by 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 2025 Online Platform 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 lower than market rates and in the best interests of the Company and the Shareholders as a whole.

Historical Amounts

The historical amounts for the aggregate amounts paid by the Group to the Retained Tencent Group under the Online Platform Cooperation CCTs for the three years ended December 31, 2023 are set out as follows:

	For the year ending December 31,		
	2021	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Aggregate amounts paid by the Group to the Retained Tencent Group under the cooperation	138,372	153,500	89,890

Annual Caps and Basis of Determination

The annual caps for the aggregate amounts payable by the Group to the Retained Tencent Group under the 2025 Online Platform Framework Agreement for the three years ending December 31, 2027 are set out as follows:

	For the year ending December 31,		
	2025	2026	2027
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Aggregate amounts payable by the Group to the Retained Tencent Group under the cooperation	110,000	130,000	150,000

The above annual caps for the three years ending December 31, 2027 were determined with reference to (i) the scale, nature, popularity and commercial potential of the authorized works (including but not limited to literature works, audio works and mini drama works) of the Group; (ii) the historical amounts of the fee payable by the Group to the Retained Tencent Group in the three years ended December 31, 2023, and the estimated increase in the number of monthly active users of the Retained Tencent Group, which will in turn drive the growth of the revenue generated from the online platform cooperation; (iii) the potential annual growth in the distribution of literature works, rates of which are over 10% in 2026 and 2027, respectively, with the reference to the revenue scale of China's digital reading market with the year-to-year growth rate of 11.5% for the year ended December 31, 2022 according to the statistics of 2022 China Digital Reading Report published by the Ninth Annual Digital Reading Conference; (iv) the estimated annual growth of around 10% of the amount of the fee payable by the Group to the Retained Tencent Group for the three years ending December 31, 2027 due to the potential new cooperation in relation to audio works and mini drama works in the future; and (v) the estimated growth of the diverse demands of the users brought about by a wide range of the Retained Tencent Group Channels and the intention of the Group to continually further develop its work distribution.

Reasons and Benefits for Entering into the 2025 Online Platform Cooperation Framework Agreement

The Group distributes the works to users through the Group's own platforms as well as the Group's channels on Tencent's distribution channels. The Retained Tencent Group is a leading technology company headquartered in the PRC, which is primarily engaged in communication, social, digital content, games, advertising, fintech and cloud services and has a vast user base. The cooperation between the Group and the Retained Tencent Group in utilizing Tencent's channels to distribute the Group's works will enable the Group to leverage the popularity of the Retained Tencent Group Channels among users, enhance the popularity of the Group's works, and allow the Group to reach more potential users, and further enhance the business growth of the Group.

INTERNAL CONTROL MEASURES

The Group's Business Development Team will seek to solicit cooperation with other Independent Third Parties to the extent commercially practicable, and will compare the commercial terms offered by the Independent Third Parties with those offered by the Retained Tencent Group in respect of all the continuing connected transactions of the Group respectively entered into with the Retained Tencent Group.

In making the decision as to whether the Group will cooperate with the Retained Tencent Group, the Business Development Team will also consider other commercial factors, such as the potential of the intellectual properties, the prevailing market pricing, the prospects of the intellectual property cooperation, with a view to maximizing the commercial value of the relevant intellectual properties. 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 the compliance of such pricing policies.

Furthermore, regardless of the party the Group may cooperate with (whether it is the Retained Tencent Group or any Independent Third Party), 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, legal affairs department and finance department of the Company 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.

OPINION FROM THE BOARD

The Directors (including the independent Non-Executive Directors) are of the view that the terms of the 2025 Online Platform Cooperation Framework Agreement (including the annual caps for the three years ending December 31, 2027) 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 Directors (excluding the independent Non-Executive Directors whose view will be disclosed in the circular) are of the view that the terms of the 2025 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2027) 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 purpose of advising the independent Shareholders in respect of the 2025 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2027) and their views and recommendation will be included in the circular to be dispatched by the Company.

Mr. James Gordon Mitchell, Mr. Hou Xiaonan and Mr. Xie Qinghua, all being Directors, have abstained from voting on the relevant Board resolutions approving each of (i) the 2025 Advertisement Cooperation Framework Agreement, and (ii) the 2025 Online Platform 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 (i) the 2025 Advertisement Cooperation Framework Agreement, and (ii) the 2025 Online Platform Cooperation Framework Agreement.

INFORMATION ON THE PARTIES

The Group is principally engaged in online literature business intellectual property (“IP”) operation business. It incubates original IPs from its online literature platform, which are subsequently adapted on a range of digital entertainment mediums, including comics, animation, film, TV series, web series and games. Shanghai Yueting is an indirectly wholly-owned subsidiary of the Company which 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 the marketing planning services.

Tencent and its subsidiaries are principally engaged in the provision of communication, social networks, digital content, games, online advertising, fintech and business services primarily in the PRC. Tencent Computer is principally engaged in the provision of value-added services and online advertising in the PRC.

LISTING RULES IMPLICATIONS

As of the date of this announcement, 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 2025 Advertisement Cooperation Framework Agreement, and (ii) the 2025 Online Platform 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 the annual caps for the 2025 Online Platform Cooperation Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the 2025 Advertisement Cooperation Framework Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the transactions contemplated under the 2025 Advertisement Cooperation Framework Agreement, (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders, and (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and independent Shareholders will be despatched to Shareholders. As the Company requires additional time to prepare and finalize certain information for inclusion in the circular, it will despatch the circular to Shareholders on or before May 12, 2024.

DEFINITIONS

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

“Advertisement Cooperation CCTs”	the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group
“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

“Company”	China Literature Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board (stock code: 772)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the 2025 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2027)
“Independent Board Committee”	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 2025 Advertisement Cooperation Framework Agreement (including the proposed annual caps for the three years ending December 31, 2027)
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

“Online Platform Cooperation CCTs”	the cooperation in the distribution of the authorized works of the Group
“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
“Retained Tencent Group Channels”	the Group’s channels on the Retained Tencent Group’s channels
“RMB”	Renminbi, the lawful currency of the PRC
“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, and the indirectly wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“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
“Tencent”	Tencent Holdings Limited, 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 (stock code: 700), and the controlling Shareholder
“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 and a wholly-owned subsidiary of Tencent
“2022 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 August 16, 2021 in relation to the cooperation in placing advertisements which are solicited by the Retained Tencent Group on the Platforms of the Group

“2022 Online Platform 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 August 16, 2021 in relation to the cooperation in the distribution of the authorized literary works and audio works of the Group through the Retained Tencent Group Channels
“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
“2025 Online Platform 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 the distribution of the authorized works (including but not limited to literature works, audio works and mini drama works) of the Group through the Retained Tencent Group Channels
“%”	percent

**Note:* For ease of reference, the names of the PRC established companies or entities have been included in this announcement in both Chinese and English languages, and in the event of any inconsistency, the Chinese version shall prevail.

By order of the Board
CHINA LITERATURE LIMITED
Mr. James Gordon Mitchell

Chairman of the Board and Non-Executive Director

Hong Kong, March 19, 2024

As at the date of this announcement, the Board comprises Mr. Hou Xiaonan and Mr. Huang Yan as Executive Directors; Mr. James Gordon Mitchell, Mr. Cao Huayi and Mr. Xie Qinghua as Non-Executive Directors; Ms. Yu Chor Woon Carol, Ms. Leung Sau Ting Miranda and Mr. Liu Junmin as independent Non-Executive directors.