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阅文集团

CHINA LITERATURE LIMITED

阅文集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 772)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The board of directors of China Literature Limited hereby announces the unaudited consolidated results of the Group for the six months ended June 30, 2025. The Audit Committee, together with management and the Auditor, has reviewed the unaudited interim results of the Group for the six months ended June 30, 2025.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		Year-
	2025	2024	over-year
	RMB'000	RMB'000	(%)
	(Unaudited)	(Unaudited)	
Revenues	3,190,584	4,190,933	(23.9%)
Gross profit	1,612,384	2,083,230	(22.6%)
Operating profit	875,799	454,449	92.7%
Profit before income tax	999,044	602,996	65.7%
Profit for the period	849,565	503,932	68.6%
Profit attributable to equity holders of the Company	849,755	504,303	68.5%
Non-IFRS profit attributable to equity holders of the Company	507,807	702,061	(27.7%)

BUSINESS REVIEW AND OUTLOOK

During the first half of 2025, China's IP industry saw rapid growth and major transformations occurred throughout the ecosystem. The changes can be summarized across three key areas:

- Premium IP continues to increase in value. The traditional model of incubating high-quality TV series and film content based on literary IP remains robust and is consistently producing top-tier works with widespread influence and commercial success.
- The rapid emergence of short dramas is reshaping content consumption, driving higher conversion efficiency and creating powerful new monetization opportunities for the massive library of mid- and long-tail IP. This has significantly accelerated the unlocking of IP value and driven diversification in digital content consumption.
- Physical and scenario-based IP merchandise such as trendy toys, collectible cards, and goods continue to grow in popularity. This shows how IP is becoming deeply embedded into consumers' daily lives, serving as a key medium for emotional connection, companionship, and social identity – essentially functioning like a social currency.

Together, these trends highlight the rapid evolution of China's IP industry over the first half of 2025. As the industry pivots, our exceptional IP innovation capabilities and expansive IP library ideally position us to capitalize on the moment. Furthermore, we see an opportunity to play a leading role in the evolution of China's IP ecosystem and unlock new growth potential.

IP Creation

Our online reading content ecosystem continues to thrive. In the first half of 2025, our online reading platform added approximately 200,000 writers and 410,000 literary works, collectively contributing approximately 20 billion Chinese characters. High-quality writers and literary works on our platform are growing steadily, with the number of newly signed works generating over RMB1 million in revenue increasing by 63% year-over-year during the first half of the year. Additionally, the number of newly signed writers with over 10,000 average subscribers per chapter rose by 45% year-over-year. The vibrancy of our content ecosystem is reflected in community engagement metrics: the number of works receiving over 10,000 monthly votes during the first half of the year increased by 20% year-over-year, and those surpassing 1 million monthly votes surged by 200% year-over-year.

As a result of these initiatives, revenue from our online business grew by 2.3% year-over-year to RMB1.99 billion and MPU increased by 4.5% year-over-year to 9.2 million.

IP Visualization

Our IPs continue to perform strongly across premium TV series, animation, and comic segments, as well as the rapidly growing short drama segment. This enables us to build a distinct competitive edge.

In the premium TV segment, several top-tier series adapted from our IPs premiered in the first half of the year, including “Flourished Peony (國色芳華),” “Si Jin (似錦),” “The Glory (雁回時),” and “I am Nobody (異人之下之決戰！碧游村),” which all consecutively ranked first in popularity during their respective broadcasting periods. According to Enlightent data, six out of the top 10 long-form dramas by cumulative views across all platforms in the first half of 2025 were adapted from our IPs. During the summer season in July, our self-produced premium drama series “The Narcotic Operation (掃毒風暴)” debuted on Tencent Video, achieving a popularity index of over 28,000 and earning favorable reviews from multiple mainstream media outlets. We have several additional premium drama projects planned for release in the second half of the year.

In the animation segment, we released new series from our classic animation franchises such as “Battle Through the Heavens (斗破蒼穹),” “Stellar Transformations (星辰變),” and “Martial Universe (武動乾坤).” They all achieved top rankings on platform popularity charts during their respective broadcasting runs. Notably, the annual series “Battle Through the Heavens (斗破蒼穹)” topped Tencent Video’s paid content chart in the first half of this year. According to Enlightent data, eight out of the top 10 animation series by cumulative views across all platforms in the first half of 2025 were adapted from our IPs.

In the comics segment, we maintained market leadership through our premium IPs while expanding our content ecosystem with high-quality new titles. Established IPs like “The Outcast (一人之下)” and “The Fox Spirit Matchmaker (狐妖小紅娘)” continued to thrive, highlighting their enduring influence. Meanwhile, standout new titles adapted from our IP performed strongly. Notably, “Dao of the Bizarre Immortal (道詭異仙)” broke into the top 20 paid bestsellers list within two months of release, setting an industry record for the fastest ascent by a new title. Another adaptation, “Martial Evolution: Start by Awakening the King of Monsters (高武進化：從覺醒怪獸之王開始)” also topped new release charts for four consecutive months since debuting in April, reflecting strong market appeal and long-term growth potential.

In the short drama segment, we achieved robust growth in the first half of 2025, with a significant increase in the success rate of blockbuster productions. This success is underpinned by our rich IP library, strong creator partnerships, and deep engagement across the IP industry chain. According to Enlightent data, we produced two out of the top 10 short dramas by viewership across all platforms in June 2025. One title generated record-breaking revenue of over RMB80 million, ranking second on Enlightent’s viewership charts with over 3 billion views this year. Another title topped Enlightent’s weekly charts during its broadcasting run, surpassing 1 billion views in its first month of release. In March, we further upgraded our short drama business by opening more than 2,000 online literature IPs for high-quality adaptation. We released an initial batch of 300 IPs and invited screenwriters and producers across the industry to collaborate. Going forward, we remain committed to our “IP-centric, quality-driven” strategy, strengthening our competitive edge while driving the high-quality development of the short drama industry.

IP Commercialization and Monetization

In the first half of 2025, physical and scenario-based IP merchandise products such as trendy toys, collectible cards, and goods saw rapid growth, highlighting a major shift in mass cultural consumption habits. We responded by capitalizing on this trend, and as a result, our IP merchandise business achieved major breakthroughs.

Our IP merchandise business generated GMV of RMB480 million in the first half of the year, nearly matching last year’s full-year total of RMB500 million. This rapid growth was driven by our continued dedication to product development, channel development, user engagement, and licensing expansion.

- **Product Development:** We made significant progress advancing rapidly across the entire value chain for product development, including original artwork, design, and craftsmanship. This enabled us to accelerate new product launches to 3-4 times the previous year’s pace while simultaneously enhancing product quality.
- **Channel Development:** Our online live-streaming rooms and offline stores have expanded steadily. During the 618 shopping festival, our Tmall flagship store ranked first on Taobao’s “Trending Goods Store Dark Horse List.” We now partner with nearly 10,000 online and offline distributors. Additionally, we are offering our channel development capabilities to empower others.
- **User Engagement:** We strengthened connections with fans and generated strong social media engagement by hosting themed events around our premium IPs, including “The King’s Avatar (全職高手),” “Lord of the Mysteries (詭秘之主),” and “Dao of the Bizarre Immortal (道詭異仙),” and seamlessly integrating them with new product launches.
- **Licensing Expansion:** We partnered with 230 brands to further expand the influence of our IPs.

In the gaming segment, we continue to license premium IPs to our partners. The flagship title “Douluo Continent: Soul Hunting World (斗羅大陸獵魂世界)” generated immense enthusiasm from gamers upon its launch in July this year. Additionally, several licensed adaptations, including “The Hidden Ones (異人之下)” and “Lord of the Mysteries (詭秘之主),” have obtained publication licenses and are expected to release in the near future.

Exploration in New Technologies

We have been actively embracing and integrating AI across our business.

In the first half of the year, we introduced the industry’s first AI-powered knowledge base for online literature, “Smart Pen Tongjian (妙筆通鑒),” built upon our existing AI tools available on the “Writer Assistant (作家助手)” creation platform. This feature enables full-text comprehension and Q&A for works spanning tens of millions of words, offering valuable support for writing, plot development, and inspiration for long-form content creation. Since its launch, interactions between writers and AI have increased by 40%, driving daily active users of “Writer Assistant (作家助手)” up by over 40% year-over-year, with weekly AI usage approaching 70%.

Our AI translation models have significantly accelerated the global spread of Chinese literary works. In the first half of 2025, revenue from AI-translated titles on our international reading platform, WebNovel, increased by 38% year-over-year, accounting for over 35% of total novel revenue on WebNovel. As of June 30, 2025, WebNovel offered overseas users over 10,000 Chinese translated works and approximately 770,000 locally created originals. The number of AI-translated titles reached 7,200, representing 70% of all Chinese translations.

We are also actively exploring AI applications across multiple content formats including animation, comics, video, audiobooks, radio dramas, and digital avatars, with the aim to unlock the vast potential of transforming mid- and long-tail text IPs into more multimedia formats.

Outlook

The year 2025 will be a pivotal period for fostering strong growth momentum. The rapid rise of short dramas, the breakout popularity of trendy toys, and the spreading influence of cultural goods are driving new types of content and consumption patterns into the mainstream at an unprecedented pace. This evolution not only highlights the vibrancy of the cultural consumption market but also reaffirms the fundamental core principle: major breakthroughs in growth are driven by the creative transformation and contextual development of premium IP.

With this historic opportunity in front of us, we will capitalize on our vast IP library, extensive experience, and established cross-industry synergies we have cultivated over multiple years to reshape the industry landscape and drive its development. Looking ahead, we remain committed to becoming the key driving force and lead architect of China’s evolving IP ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues	3,190,584	4,190,933
Cost of revenues	<u>(1,578,200)</u>	<u>(2,107,703)</u>
Gross profit	1,612,384	2,083,230
Interest income	81,856	90,582
Other gains/(losses), net	582,499	(3,724)
Selling and marketing expenses	(922,398)	(1,158,882)
General and administrative expenses	(484,739)	(544,789)
Net reversal of/(provision for) impairment losses on financial assets	<u>6,197</u>	<u>(11,968)</u>
Operating profit	875,799	454,449
Finance costs, net	(4,005)	(2,099)
Share of net profit of associates and joint ventures	<u>127,250</u>	<u>150,646</u>
Profit before income tax	999,044	602,996
Income tax expense	<u>(149,479)</u>	<u>(99,064)</u>
Profit for the period	<u>849,565</u>	<u>503,932</u>
Attributable to:		
Equity holders of the Company	849,755	504,303
Non-controlling interests	<u>(190)</u>	<u>(371)</u>
	<u>849,565</u>	<u>503,932</u>
Non-IFRS profit for the period	<u>507,617</u>	<u>701,690</u>
Attributable to:		
Equity holders of the Company	507,807	702,061
Non-controlling interests	<u>(190)</u>	<u>(371)</u>
	<u>507,617</u>	<u>701,690</u>

Revenues. Revenues decreased by 23.9% year-over-year to RMB3,190.6 million for the six months ended June 30, 2025, mainly due to uneven release schedules for our TV series and films within this year. The following table sets forth our revenues by segment for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,			
	2025		2024	
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>%</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>%</i>
Online business⁽¹⁾				
On our self-owned platform products	1,746,026	54.7	1,694,169	40.4
On our channels on Tencent products	97,147	3.0	130,659	3.1
On third-party platforms	142,186	4.5	115,549	2.8
Subtotal	1,985,359	62.2	1,940,377	46.3
Intellectual property operations and others⁽²⁾				
Intellectual property operations	1,137,504	35.7	2,202,827	52.6
Others	67,721	2.1	47,729	1.1
Subtotal	1,205,225	37.8	2,250,556	53.7
Total revenues	3,190,584	100.0	4,190,933	100.0

Notes:

- (1) Revenues from online business primarily reflect revenues from online paid reading, online advertising and distribution of third-party online games on our platform.
 - (2) Revenues from intellectual property operations and others primarily reflect revenues from production and distribution of TV, web and animated series, films, licensing of copyrights, operation of self-operated online games, distribution of short dramas, sales of IP merchandise products and sales of physical books.
- Revenues from online business increased by 2.3% year-over-year to RMB1,985.4 million for the six months ended June 30, 2025, accounting for 62.2% of total revenues.

Revenues from online business on our self-owned platform products increased by 3.1% year-over-year to RMB1,746.0 million for the six months ended June 30, 2025, mainly due to our focus on improving core product operations and continuous production of high-quality content.

Revenues from online business on our channels on Tencent products decreased by 25.6% year-over-year to RMB97.1 million for the six months ended June 30, 2025, primarily due to a decline in advertising revenues associated with the continuous refinement of content distribution practices on Tencent channels and prioritization of distribution through core pay-to-read products.

Revenues from online business on third-party platforms increased by 23.1% year-over-year to RMB142.2 million for the six months ended June 30, 2025, reflecting the increasing value of our high-quality content to our partners.

The following table summarizes our key operating data for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,	
	2025	2024
Average MAUs on our self-owned platform products and self-operated channels on Tencent products (average of MAUs for each calendar month)	141.3 million	176.0 million
Average MPUs on our self-owned platform products and self-operated channels on Tencent products (average of MPUs for each calendar month)	9.2 million	8.8 million
Monthly average revenue per paying user (“ARPU”) ⁽¹⁾	RMB31.3	RMB31.7

Note:

- (1) Monthly ARPU is calculated as online reading revenues on our self-owned platform products and self-operated channels on Tencent products divided by average MPUs during the period, then divided by the number of months during the period.
- For the six months ended June 30, 2025, average MAUs on our self-owned platform products and self-operated channels on Tencent products were 141.3 million, a decrease of 19.7% year-over-year from 176.0 million. Specifically, MAUs on our self-owned platform products declined by 2.5% year-over-year from 105.3 million to 102.7 million, but remained largely stable compared with 102.3 million for the six months ended December 31, 2024. MAUs on our self-operated channels on Tencent products decreased by 45.5% year-over-year from 70.7 million to 38.5 million, primarily due to our ongoing optimization of operational efficiency by concentrating more content distribution through our core pay-to-read products which resulted in a decline in active users on free-to-read channels.
 - Average MPUs on our self-owned platform products and self-operated channels on Tencent products increased by 4.5% year-over-year to 9.2 million for the six months ended June 30, 2025, primarily driven by the launch of additional membership content on our self-owned platforms since the second half of last year.

- Monthly ARPU for our pay-to-read business decreased by 1.3% year-over-year to RMB31.3 for the six months ended June 30, 2025, mainly due to a mix effect from lower ARPU contributions from newly acquired membership users.
- Revenues from intellectual property operations and others decreased by 46.4% year-over-year to RMB1,205.2 million for the six months ended June 30, 2025.

Revenues from intellectual property operations decreased by 48.4% year-over-year to RMB1,137.5 million for the six months ended June 30, 2025. The decrease was mainly attributable to the absence of new TV series or film releases from New Classics Media in the first half of the year, reflecting the inherent development cycles and scheduling of TV series and film projects. As a result, New Classics Media did not contribute meaningful revenue for the six months ended June 30, 2025, compared with RMB1,050.3 million for the six months ended June 30, 2024. Several of our new businesses have been developing rapidly, particularly our IP merchandise business, which generated strong growth with GMV increasing to RMB480 million in the first half of the year, nearly reaching the full-year total of RMB500 million in 2024.

Revenues from others increased by 41.9% year-over-year to RMB67.7 million for the six months ended June 30, 2025. These revenues were generated primarily by sales of physical books.

Cost of revenues. Cost of revenues decreased by 25.1% year-over-year to RMB1,578.2 million for the six months ended June 30, 2025. The decrease was primarily due to the absence of new TV series or film releases in the first half of the year, which resulted in no corresponding production costs being recognized during the period.

The following table sets forth our cost of revenues by amount and as a percentage of total revenues for the periods indicated:

Cost of Revenue

	Six months ended June 30,			
	2025		2024	
	<i>RMB'000</i>	<i>% of</i>	<i>RMB'000</i>	<i>% of</i>
	<i>(Unaudited)</i>	<i>revenues</i>	<i>(Unaudited)</i>	<i>revenues</i>
Content costs	788,901	24.7%	856,281	20.4%
Platform distribution costs	325,443	10.2%	366,778	8.8%
Production costs of TV, web and animated series, films and short dramas	194,958	6.1%	627,382	15.0%
Amortization of intangible assets	38,670	1.2%	62,916	1.5%
Cost of inventories	89,955	2.8%	49,508	1.2%
Others	140,273	4.5%	144,838	3.4%
Total	1,578,200	49.5%	2,107,703	50.3%

Gross profit and gross margin. As a result of the foregoing, gross profit decreased by 22.6% year-over-year to RMB1,612.4 million for the six months ended June 30, 2025. Gross margin was 50.5% for the six months ended June 30, 2025, compared with 49.7% for the six months ended June 30, 2024.

Interest income. We recorded interest income of RMB81.9 million for the six months ended June 30, 2025, compared with RMB90.6 million for the six months ended June 30, 2024.

Other gains/(losses), net. We recorded net other gains of RMB582.5 million for the six months ended June 30, 2025, compared with net other losses of RMB3.7 million for the six months ended June 30, 2024. The net other gains for the six months ended June 30, 2025 were primarily attributable to net gains on deemed disposal of our investee company.

Selling and marketing expenses. Selling and marketing expenses decreased by 20.4% year-over-year to RMB922.4 million for the six months ended June 30, 2025, mainly due to a decrease in marketing and promotional expenses associated with TV series and films.

General and administrative expenses. General and administrative expenses decreased by 11.0% year-over-year to RMB484.7 million for the six months ended June 30, 2025, primarily due to lower employee-related expenses.

Net reversal of/(provision for) impairment losses on financial assets. Impairment losses on financial assets reflect the provision for doubtful receivables. For the six months ended June 30, 2025, the reversal of doubtful receivables was RMB6.2 million on a net basis, mainly due to the recovery of previously impaired receivables related to IP operations.

Operating profit. As a result of the foregoing, operating profit increased by 92.7% year-over-year to RMB875.8 million for the six months ended June 30, 2025.

Finance costs, net. Finance costs increased to RMB4.0 million for the six months ended June 30, 2025 from RMB2.1 million for the six months ended June 30, 2024, primarily due to foreign exchange fluctuations.

Share of net profit of associates and joint ventures. Share of net profit of associates and joint ventures was RMB127.3 million for the six months ended June 30, 2025, compared with RMB150.6 million for the six months ended June 30, 2024.

Income tax expense. Income tax expense increased from RMB99.1 million for the six months ended June 30, 2024 to RMB149.5 million for the six months ended June 30, 2025, primarily driven by the increase in taxable income.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 68.5% year-over-year from RMB504.3 million for the six months ended June 30, 2024 to RMB849.8 million for the six months ended June 30, 2025. On a non-IFRS basis, profit attributable to equity holders of the Company was RMB507.8 million for the six months ended June 30, 2025, compared with RMB702.1 million for the six months ended June 30, 2024. The decrease was primarily attributable to uneven release schedules for TV series and films of New Classics Media within this year. Excluding the impact of New Classics Media, our non-IFRS profit attributable to equity holders of the Company increased by 35.7% year-over-year from RMB401.7 million for the six months ended June 30, 2024 to RMB545.3 million for the six months ended June 30, 2025.

Segment Information:

The following table sets forth a breakdown of our revenues, cost of revenues, gross profit and gross profit margin by segment for the six months ended June 30, 2025 and 2024:

	Six months ended June 30, 2025		
	Online business <i>RMB'000</i> <i>(Unaudited)</i>	Intellectual property operations and others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Segment revenues	1,985,359	1,205,225	3,190,584
Cost of revenues	995,885	582,315	1,578,200
Gross profit	989,474	622,910	1,612,384
Gross margin	49.8%	51.7%	50.5%
	Six months ended June 30, 2024		
	Online business <i>RMB'000</i> <i>(Unaudited)</i>	Intellectual property operations and others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Segment revenues	1,940,377	2,250,556	4,190,933
Cost of revenues	965,951	1,141,752	2,107,703
Gross profit	974,426	1,108,804	2,083,230
Gross margin	50.2%	49.3%	49.7%

OTHER FINANCIAL INFORMATION

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
EBITDA ⁽¹⁾	318,231	501,518
Adjusted EBITDA ⁽²⁾	386,856	587,619
Adjusted EBITDA margin ⁽³⁾	12.1%	14.0%
Interest expense	3,570	4,624
Net cash ⁽⁴⁾	9,572,967	9,208,076
Capital expenditures ⁽⁵⁾	54,871	49,824

Notes:

- (1) EBITDA consists of operating profit for the period less interest income and other gains/(losses), net and plus depreciation of property, plant and equipment as well as right-of-use assets, and amortization of intangible assets.
- (2) Adjusted EBITDA is calculated as EBITDA for the period plus share-based compensation expense and expenditures related to acquisition.
- (3) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues.
- (4) Net cash is calculated as cash and cash equivalents, plus term deposits and others, less total borrowings.
- (5) Capital expenditures consist of expenditures for intangible assets and property, plant and equipment.

The following table reconciles our operating profit to our EBITDA and adjusted EBITDA for the periods presented:

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating profit	875,799	454,449
Adjustments:		
Interest income	(81,856)	(90,582)
Other (gains)/losses, net	(582,499)	3,724
Depreciation of property, plant and equipment	18,798	17,817
Depreciation of right-of-use assets	34,215	36,166
Amortization of intangible assets	53,774	79,944
	<u>318,231</u>	<u>501,518</u>
EBITDA	318,231	501,518
Adjustments:		
Share-based compensation	65,916	55,440
Expenditures related to acquisition	2,709	30,661
	<u>68,625</u>	<u>86,101</u>
Adjusted EBITDA	386,856	587,619

Non-IFRS Financial Measures:

To supplement the consolidated financial statements of our Group prepared in accordance with IFRS, certain non-IFRS financial measures, namely non-IFRS operating profit, non-IFRS operating margin, non-IFRS profit for the period, non-IFRS net margin, non-IFRS profit attributable to equity holders of the Company, non-IFRS basic EPS and non-IFRS diluted EPS as additional financial measures, have been presented in this interim results announcement for the convenience of readers. These unaudited non-IFRS financial measures should be considered in addition to, and not as a substitute for, measures of our Group's financial performance prepared in accordance with IFRS. These non-IFRS financial measures may be defined differently from similar terms used by other companies. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's material associates based on available published financials of the relevant material associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

Our management believes that the presentation of these non-IFRS financial measures, when shown in conjunction with the corresponding IFRS measures, provides useful information to investors and management regarding the financial and business trends relating to the Company's financial condition and results of operations. Our management also believes that the non-IFRS financial measures are useful in evaluating our Group's operating performances. From time to time, there may be other items that our Company may include or exclude in reviewing its financial results.

The following tables set forth the reconciliations of our Group's non-IFRS financial measures for the six months ended June 30, 2025 and 2024 to the nearest measures prepared in accordance with IFRS:

Non-IFRS Financial Measures

Unaudited six months ended June 30, 2025						
	As reported	Adjustments			Tax effect	Non-IFRS
		Share-based compensation	Net (gains) from investments and acquisitions ⁽¹⁾ <i>(RMB' 000, unless specified)</i>	Amortization of intangible assets ⁽²⁾		
Operating profit	875,799	65,916	(502,534)	9,500	–	448,681
Profit for the period	849,565	65,916	(502,534)	9,500	85,170	507,617
Profit attributable to equity holders of the Company	849,755	65,916	(502,534)	9,500	85,170	507,807
EPS (RMB per share)						
– basic	0.84					0.50
– diluted	0.83					0.50
Operating margin	27.4%					14.1%
Net margin	26.6%					15.9%
Unaudited six months ended June 30, 2024						
	As reported	Adjustments			Tax effect	Non-IFRS
		Share-based compensation	Net losses from investments and acquisitions ⁽¹⁾ <i>(RMB' 000, unless specified)</i>	Amortization of intangible assets ⁽²⁾		
Operating profit	454,449	55,440	104,746	9,539	–	624,174
Profit for the period	503,932	55,440	104,746	9,539	28,033	701,690
Profit attributable to equity holders of the Company	504,303	55,440	104,746	9,539	28,033	702,061
EPS (RMB per share)						
– basic	0.50					0.69
– diluted	0.49					0.69
Operating margin	10.8%					14.9%
Net margin	12.0%					16.7%

Notes:

- (1) This item mainly includes gains on disposal and deemed disposal, impairment provision and fair value changes arising from our investee companies, the fair value changes of consideration liabilities related to the acquisition of NCM, and the compensation costs for certain employees and former owners related to acquisitions.
- (2) Represents amortization of intangible assets and TV series and film rights resulting from acquisitions.

Capital Structure

The Company maintained a healthy and sound financial position during the period. Total assets increased from RMB22,945.4 million as of December 31, 2024 to RMB23,203.0 million as of June 30, 2025, while our total liabilities decreased from RMB4,569.3 million as of December 31, 2024 to RMB4,043.2 million as of June 30, 2025. The liabilities-to-assets ratio decreased from 19.9% as of December 31, 2024 to 17.4% as of June 30, 2025.

As of June 30, 2025, the current ratio (the ratio of total current assets to total current liabilities) was 292.7%, compared with 265.2% as of December 31, 2024.

As of June 30, 2025, our Group had no pledged trade receivables.

Liquidity and Financial Resources

Our Group funds our cash requirements principally from capital contributions from shareholders, and cash generated from our operations. As of June 30, 2025, our Group had net cash of RMB9,573.0 million, compared with RMB9,935.7 million as of December 31, 2024. The decrease in net cash in the first half of 2025 was mainly due to payments for repurchase of shares by the Company, working capital variation and capital expenditures. For the six months ended June 30, 2025, our Group had free cash outflow of RMB166.2 million. This was a result of net cash outflow used in operating activities of RMB72.5 million, payments for lease liabilities of RMB38.8 million and payments for capital expenditures of RMB54.9 million. Our bank balances and term deposits are primarily in RMB, USD and HKD. Our Group monitors capital on the basis of gearing ratio, which is calculated as debt divided by total equity. As of June 30, 2025:

- Our gearing ratio was nil.
- Our total borrowing was nil.
- Our unutilized banking facility was RMB1,570 million.

As of June 30, 2025 and December 31, 2024, our Group had no significant contingent liabilities.

As of June 30, 2025 and December 31, 2024, our Group had not used any financial instruments for hedging purposes.

Capital Expenditures and Long-term Investments

Our Group's capital expenditures were primarily expenditures for intangible assets, such as content and software copyrights, and for property, plant and equipment. Our capital expenditures and long-term investments for the six months ended June 30, 2025 totalled RMB60.5 million, compared with RMB115.9 million for the six months ended June 30, 2024, representing a year-over-year decrease of RMB55.4 million, primarily due to lower long-term investments in the first half of 2025. Our long-term investments were made in accordance with our general strategy of investing in or acquiring businesses that are complementary to our main business. We plan to fund our planned capital expenditures and long-term investments using cash flow generated from our operations.

Foreign Exchange Risk Management

The Group operates internationally and is exposed to foreign exchange risk arising from exposure to various currencies, primarily RMB, HKD and USD. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of our Group's entities. Our Group manages foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, or forward foreign exchange contracts, when necessary. We did not hedge against foreign currency movements during the six months ended June 30, 2025 and 2024.

Employees

As of June 30, 2025, we had approximately 1,730 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Suzhou and various other cities in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. As a part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As required under the PRC regulations, we participate in a housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments. We also purchase commercial health and accident insurance for our employees. Bonuses are generally discretionary and are based in part on the overall performance of our business. We have granted and plan to continue granting share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

No Material Changes

Since the publication of our audited financial statements for the year ended December 31, 2024 on March 18, 2025, there have been no material changes to our business.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

		Six months ended June 30,	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues	<i>5</i>	3,190,584	4,190,933
Cost of revenues	<i>6</i>	(1,578,200)	(2,107,703)
Gross profit		1,612,384	2,083,230
Interest income		81,856	90,582
Other gains/(losses), net	<i>7</i>	582,499	(3,724)
Selling and marketing expenses	<i>6</i>	(922,398)	(1,158,882)
General and administrative expenses	<i>6</i>	(484,739)	(544,789)
Net reversal of/(provision for) impairment losses on financial assets		6,197	(11,968)
Operating profit		875,799	454,449
Finance costs, net		(4,005)	(2,099)
Share of net profit of associates and joint ventures	<i>12</i>	127,250	150,646
Profit before income tax		999,044	602,996
Income tax expense	<i>8</i>	(149,479)	(99,064)
Profit for the period		849,565	503,932
Other comprehensive income, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of other comprehensive income/(loss) of an associate		205	(185)
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		(1,280)	–
Currency translation differences		49,861	(18,972)
<i>Items that will not be reclassified to profit or loss</i>			
Net gains from changes in fair value of financial assets at fair value through other comprehensive income		24,447	1,400
Currency translation differences		(55,123)	47,943
		18,110	30,186
Total comprehensive income for the period		867,675	534,118

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2025

		Six months ended June 30,	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to:			
– Equity holders of the Company		849,755	504,303
– Non-controlling interests		(190)	(371)
		<u>849,565</u>	<u>503,932</u>
Total comprehensive income attributable to:			
– Equity holders of the Company		867,865	534,497
– Non-controlling interests		(190)	(379)
		<u>867,675</u>	<u>534,118</u>
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	<i>9(a)</i>	<u>0.84</u>	<u>0.50</u>
– Diluted earnings per share	<i>9(b)</i>	<u>0.83</u>	<u>0.49</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

		As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		83,261	97,845
Right-of-use assets		194,575	149,835
Intangible assets	11	6,137,680	6,158,839
Investments in associates and joint ventures	12	725,216	928,179
Financial assets at fair value through profit or loss	13	1,031,022	1,039,643
Financial assets at fair value through other comprehensive income	14	874,287	6,312
Deferred income tax assets		413,039	497,189
Prepayments, deposits and other assets		257,168	298,188
Term deposits		2,523,000	2,308,000
		<u>12,239,248</u>	<u>11,484,030</u>
Current assets			
Inventories	15	676,306	693,041
Television series and film rights	16	839,796	529,817
Financial assets at fair value through profit or loss	13	2,945,655	3,252,900
Trade and notes receivables	17	1,352,741	1,703,425
Prepayments, deposits and other assets		1,044,958	907,391
Restricted bank deposits		4,464	4,464
Term deposits		2,074,563	1,106,186
Cash and cash equivalents		2,025,285	3,264,188
		<u>10,963,768</u>	<u>11,461,412</u>
Total assets		<u><u>23,203,016</u></u>	<u><u>22,945,442</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		648	644
Shares held for RSU schemes		(14,643)	(14,635)
Share premium		15,969,228	16,117,867
Other reserves		2,036,589	1,975,834
Retained earnings		1,166,388	294,731
		<u>19,158,210</u>	18,374,441
Non-controlling interests		<u>1,557</u>	1,747
Total equity		<u><u>19,159,767</u></u>	<u><u>18,376,188</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION(*CONTINUED*)
AS OF JUNE 30, 2025

		As of June 30, 2025 RMB'000 <i>(Unaudited)</i>	As of December 31, 2024 RMB'000
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		135,690	85,037
Long-term payables		13,542	10,833
Deferred income tax liabilities		127,068	129,442
Deferred revenue		20,769	21,921
		<u>297,069</u>	<u>247,233</u>
Current liabilities			
Lease liabilities		70,777	81,176
Trade payables	19	1,101,452	1,044,602
Other payables and accruals		1,062,715	1,662,037
Deferred revenue		1,140,094	1,148,916
Current income tax liabilities		196,817	217,704
Financial liabilities at fair value through profit or loss		174,325	167,586
		<u>3,746,180</u>	<u>4,322,021</u>
Total liabilities		<u><u>4,043,249</u></u>	<u><u>4,569,254</u></u>
Total equity and liabilities		<u><u>23,203,016</u></u>	<u><u>22,945,442</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2025

	Attributable to equity holders of the Company						Non-controlling interests	Total
	Share capital	Share premium	Shares held for RSU schemes	Other reserves	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)								
As of January 1, 2025	644	16,117,867	(14,635)	1,975,834	294,731	18,374,441	1,747	18,376,188
Comprehensive income								
Profit for the period	-	-	-	-	849,755	849,755	(190)	849,565
Other comprehensive income, net of tax								
– Share of other comprehensive income of an associate (<i>Note 12</i>)	-	-	-	205	-	205	-	205
– Currency translation differences	-	-	-	(5,262)	-	(5,262)	-	(5,262)
– Net income from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	24,447	-	24,447	-	24,447
– Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate	-	-	-	(1,280)	-	(1,280)	-	(1,280)
Total comprehensive income for the period	-	-	-	18,110	849,755	867,865	(190)	867,675
Transfer of share of other comprehensive loss to retained earnings upon deemed disposal of an associate	-	-	-	3,098	(3,098)	-	-	-
Transfer of share of other changes in net assets of an associate to profit or loss upon deemed disposal of an associate	-	-	-	429	-	429	-	429
Transaction with owners								
Share-based compensation expenses	-	-	-	64,118	-	64,118	-	64,118
Transfer of vested RSUs	-	(1,936)	-	-	-	(1,936)	-	(1,936)
Issue of new share pursuant to RSU scheme	8	-	(8)	-	-	-	-	-
Repurchase and cancellation of shares	(4)	(146,703)	-	-	-	(146,707)	-	(146,707)
Transfers between reserves	-	-	-	(25,000)	25,000	-	-	-
Transactions with owners in their capacity for the period	4	(148,639)	(8)	39,118	25,000	(84,525)	-	(84,525)
As of June 30, 2025	648	15,969,228	(14,643)	2,036,589	1,166,388	19,158,210	1,557	19,159,767

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2025

	Attributable to equity holders of the Company								Total RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Shares held for RSU schemes RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
(Unaudited)									
As of January 1, 2024	650	–	16,312,648	(16,647)	2,173,341	554,953	19,024,945	(538)	19,024,407
Comprehensive income									
Profit for the period	–	–	–	–	–	504,303	504,303	(371)	503,932
Other comprehensive income, net of tax:									
– Share of other comprehensive loss of an associate (Note 12)	–	–	–	–	(185)	–	(185)	–	(185)
– Currency translation differences	–	–	–	–	28,979	–	28,979	(8)	28,971
– Net income from change in fair value of financial asset at fair value through other comprehensive income	–	–	–	–	1,400	–	1,400	–	1,400
Total comprehensive income for the period	–	–	–	–	30,194	504,303	534,497	(379)	534,118
Share of other changes in net assets of an associate	–	–	–	–	(557)	–	(557)	–	(557)
Transaction with owners									
Share-based compensation expenses	–	–	–	–	55,440	–	55,440	–	55,440
Transfer of vested RSUs	–	–	(144)	–	–	–	(144)	–	(144)
Issue of ordinary shares as consideration for a business combination	2	–	72,161	–	–	–	72,163	–	72,163
Business combination under common control	–	–	–	–	(427,240)	–	(427,240)	–	(427,240)
Repurchase of shares (to be cancelled)	–	(16,512)	–	–	–	–	(16,512)	–	(16,512)
Repurchase and cancellation of shares	(1)	–	(9,926)	–	–	–	(9,927)	–	(9,927)
Transactions with owners in their capacity for the period	1	(16,512)	62,091	–	(371,800)	–	(326,220)	–	(326,220)
As of June 30, 2024	651	(16,512)	16,374,739	(16,647)	1,831,178	1,059,256	19,232,665	(917)	19,231,748

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash flows (used in)/generated from operating activities	<u>(72,474)</u>	<u>1,613,843</u>
Net cash flows used in investing activities	<u>(975,563)</u>	<u>(1,477,826)</u>
Net cash flows used in financing activities	<u>(188,977)</u>	<u>(63,231)</u>
Net (decrease)/increase in cash and cash equivalents	(1,237,014)	72,786
Cash and cash equivalents at beginning of the period	3,264,188	2,801,796
Exchange (losses)/gains on cash and cash equivalents	<u>(1,889)</u>	<u>23,724</u>
Cash and cash equivalents at end of the period	<u><u>2,025,285</u></u>	<u><u>2,898,306</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

China Literature Limited (the “Company”) was incorporated in the Cayman Islands on April 22, 2013, as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since November 8, 2017.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”), are principally engaged in the provision of reading services (either free or paid), copyright commercialisation (either by self-operation or collaboration with others), writer cultivation and brokerage, operation of text work reading and related open platform, and the realisation of these activities through technology methods and digital media including but not limited to personal computers, Internet and mobile network in the People’s Republic of China (the “PRC”). On October 31, 2018, the Group acquired 100% equity interest of New Classics Media Holdings Limited (or referred to as the “New Classics Media” and previously known as “Qiandao Lake Holdings Limited”). New Classics Media and its subsidiaries are principally engaged in production and distribution of television series, web series and films in the PRC, which has further expanded the Group’s intellectual property operation business, in particular for the production and distribution of film and TV programs. On April 30, 2024, the Group acquired from Tencent Holdings Limited (“Tencent”), the ultimate holding company, the animation and comics business. The transaction constitutes a business combination under common control.

The ultimate holding company of the Company is Tencent, which is incorporated in the Cayman Islands with limited liability and the shares of Tencent have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The interim financial information comprises the condensed consolidated statement of financial position as of June 30, 2025, the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (“the Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2 Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS Accounting Standards”), as set out in the 2024 annual report of the Company dated March 18, 2025 (the “2024 Financial Statements”).

3 Material accounting policy information

Except as described below, the accounting policies and method of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2024 Financial Statements, which have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including contingent consideration payable) at fair value through profit or loss, which are carried at fair value.

Taxes on income for the interim period are accrued using the tax rates that would be applicable to expected total annual assessable profit.

3.1 Amendments to standards and interpretations adopted by the Group

The following amendment has been adopted by the Group for the first time for the financial year beginning on January 1, 2025:

Amendments to IAS 21

Lack of Exchangeability

The adoption of the new amendment to standard does not have significant impact on the condensed consolidated financial statements of the Group.

3.2 New standards and amendments to standards that have been issued but not effective

The following new standards and amendments to standards have not come into effect for the financial year beginning on January 1, 2025 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. The adoption of IFRS 18 will not affect the recognition or measurement of items in the condensed consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the condensed consolidated financial statements. Except for IFRS 18, none of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent-Electricity	January 1, 2026
Amendments to IFRS accounting standards	Annual Improvements to IFRS accounting standards – Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027

4 Segment information

The chief operating decision-makers mainly include executive directors of the Group. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

The Group had the following reportable segments for the six months ended June 30, 2025 and 2024:

- Online business (including online text, online advertising and game publishing, as well as comics and audio books reading via self-owned platforms); and
- Intellectual property operations and others (including licensing and distribution of film, television, web and animated series, copyrights licensing, sales of adaptation rights and scripts, distribution of short-form dramas, sales of physical books and intellectual property merchandise products, in-house online games operations, distributions of online audio books and online comic content provided via Tencent and third-party platforms, etc.).

As of June 30, 2025 and 2024, the chief operating decision-makers assessed the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses and general and administrative expenses were common costs incurred for these operating segments as a whole and therefore, they were not included in the measure of the segments' performance which was used by the chief operating decision-makers as a basis for the purpose of resource allocation and assessment of segment performance. Interest income, other gains/(losses), net, finance costs, net, net reversal of/(provision for) impairment losses on financial assets, share of net profit of associates and joint ventures and income tax expense were also not allocated to individual operating segment.

There were no material inter-segment sales during the six months ended June 30, 2025 and 2024. The revenues from external customers reported to the chief operating decision-makers were measured in a manner consistent with that applied in the condensed consolidated statement of comprehensive income.

Other information, together with the segment information, provided to the chief operating decision-makers, was measured in a manner consistent with that applied in these condensed consolidated financial statements. There were no segment assets and segment liabilities information provided to the chief operating decision-makers.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. The revenue is mainly generated in the PRC.

The segment information provided to the chief operating decision-makers for the reportable segments for the six months ended June 30, 2025 and 2024 is as follows:

	Six months ended June 30, 2025		
	Online business	Intellectual property operations and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)			
Segment revenues	1,985,359	1,205,225	3,190,584
Gross profit	<u>989,474</u>	<u>622,910</u>	<u>1,612,384</u>
Cost of revenues			
Depreciation	302	49	351
Amortisation	<u>22,476</u>	<u>16,194</u>	<u>38,670</u>

	Six months ended June 30, 2024		
		Intellectual property operations and others	Total
	Online business <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)			
Segment revenues	1,940,377	2,250,556	4,190,933
Gross profit	<u>974,426</u>	<u>1,108,804</u>	<u>2,083,230</u>
Cost of revenues			
Depreciation	446	7	453
Amortisation	<u>44,155</u>	<u>18,761</u>	<u>62,916</u>

The reconciliation of gross profit to profit before income tax during the six months ended June 30, 2025 and 2024 is shown in the condensed consolidated statement of comprehensive income.

For the six months ended June 30, 2025, the Group's customer base was diversified but included only Tencent, whose transactions enacted with the Group had exceeded 10% of the Group's revenues (for the six months ended June 30, 2024: only Tencent).

As of June 30, 2025 and 2024, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in PRC.

5 Revenues

5.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major lines:

	Online business			Intellectual property operations and others		Total
	On self-owned platform products	On the channels on Tencent products	On third-party platforms	Intellectual property operations	Others	
(Unaudited) Six months ended June 30, 2025	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition:						
– At a point in time	1,487,428	94,056	142,186	970,473	65,573	2,759,716
– Over time	258,598	3,091	–	167,031	2,148	430,868
	<u>1,746,026</u>	<u>97,147</u>	<u>142,186</u>	<u>1,137,504</u>	<u>67,721</u>	<u>3,190,584</u>
	Online business			Intellectual property operations and others		Total
	On self-owned platform products	On the channels on Tencent products	On third-party platforms	Intellectual property operations	Others	
(Unaudited) Six months ended June 30, 2024	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition:						
– At a point in time	1,500,919	122,162	115,549	1,193,304	44,848	2,976,782
– Over time	193,250	8,497	–	1,009,523	2,881	1,214,151
	<u>1,694,169</u>	<u>130,659</u>	<u>115,549</u>	<u>2,202,827</u>	<u>47,729</u>	<u>4,190,933</u>

6 Expenses by nature

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Content costs (<i>Note a</i>)	788,901	856,281
Promotion and advertising expenses	597,486	866,253
Employee benefits expenses (<i>Note b</i>)	531,844	532,208
Platform distribution costs	325,443	366,778
Production costs of television, web and animated series, films and short dramas (<i>Note 16</i>)	184,333	442,026
Payment handling costs	137,486	145,802
Cost of physical inventories sold	88,257	46,266
Amortisation of intangible assets (<i>Note c and Note 11</i>)	53,774	79,944
Bandwidth and server custody fees	51,621	56,980
Depreciation of right-of-use assets	34,215	36,166
Travelling, entertainment and general office expenses	26,791	23,635
Professional service fees	20,324	12,395
Depreciation of property, plant and equipment	18,798	17,817
Game development outsourcing costs	13,760	42,736
Impairment loss on television series and film rights (<i>Note 16</i>)	10,625	185,356
Tax surcharge expenses	9,570	10,617
Logistic expenses	6,571	4,034
Auditors' remuneration		
–Audit services	5,315	5,315
–Non-audit services	799	442
Expense relating to short-term and low value leases	1,767	2,507
Provision for physical inventory obsolescence	1,698	3,242
Others	75,959	74,574
	2,985,337	3,811,374

Notes:

- (a) Content costs mainly include (i) other than the initial acquisition of the copyrights from writers, the Group also pays a certain percentage of the revenues earned on such contents posted through its self-owned platforms, channels on Tencent products and third-party platforms. In addition, some writers share certain percentage of the revenue earned on virtual gift purchases pursuant to their royalty arrangements; (ii) the direct costs associated with the adaptation rights and scripts that sold by the Group; and (iii) the impairment loss on adaptation rights and scripts.

- (b) During the six months ended June 30, 2025, employee benefits expenses included the share-based compensation expenses of approximately RMB65,916,000 (for the six months ended June 30, 2024: RMB55,440,000), and other compensation costs of approximately RMB2,709,000 (for the six months ended June 30, 2024: RMB30,661,000).
- (c) During the six months ended June 30, 2025, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB9,500,000 (for the six months ended June 30, 2024: RMB9,539,000).
- (d) Research and development expenses (being included in the Group's general and administrative expenses) for the six months ended June 30, 2025 was approximately RMB214,377,000 (for the six months ended June 30, 2024: RMB264,497,000), which mainly included employee benefits expenses of research and development function staff.

7 Other gains/(losses), net

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on deemed disposal of an associate (<i>Note 12</i>)	597,572	–
Government subsidies	32,929	48,634
Compensation received for copyright infringements	13,840	5,516
Net fair value gains/(losses) of financial assets and financial liabilities at FVPL (<i>Note</i>)	12,937	(13,918)
Gain on disposal of investments in joint ventures	555	–
Impairment loss of intangible assets (<i>Note 11</i>)	(13,904)	(22,591)
Impairment provision for investments in associates and joint ventures (<i>Note 12</i>)	(70,318)	(26,157)
Others, net	8,888	4,792
	582,499	(3,724)

Note:

During the six months ended June 30, 2025, the net fair value gains/(losses) of financial assets and financial liabilities at FVPL mainly comprised net losses of approximately RMB15,827,000 as a result of changes in valuations of certain investee companies (net losses for the six months ended June 30, 2024: RMB48,429,000), fair value loss on contingent consideration payable of approximately RMB6,739,000 (fair value gain for the six months ended June 30, 2024: RMB501,000) and fair value gains on investments in structured deposits of approximately RMB31,804,000 (fair value gains for the six months ended June 30, 2024: RMB34,503,000).

8 Income tax expense

(a) *Cayman Islands corporate income tax (“CIT”)*

The Company was not subject to any taxation in the Cayman Islands for the six months ended June 30, 2025 and 2024.

(b) *Hong Kong profits tax*

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. The operations in Hong Kong incurred net accumulated operating losses for income tax purposes and no income tax provision was recorded for the periods presented.

(c) *PRC corporate income tax*

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the periods presented.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the periods presented according to the applicable CIT Law.

Certain subsidiaries of the Group are entitled to other tax concessions, mainly include the preferential tax rate of 15% applicable to some subsidiaries located in certain area of the Mainland of China upon fulfillment of certain requirements of the respective local government.

The amount of income tax charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	71,825	119,203
Deferred income tax	77,654	(20,139)
	<hr/>	<hr/>
Income tax expense	149,479	99,064
	<hr/> <hr/>	<hr/> <hr/>

9 Earnings per share

- (a) Basic earnings per share is calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the periods.

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit attributable to the equity holders of the Company	849,755	504,303
Weighted average number of ordinary shares in issue (thousand)	1,009,157	1,014,153
Basic earnings per share (expressed in RMB per share)	0.84	0.50

- (b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2025 and 2024, the Company had dilutive potential ordinary shares of restricted shares units ("RSUs") and share options granted to employees and directors. For the RSUs, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to the outstanding RSUs. The RSUs were assumed to have been fully vested and released from restrictions with no impact on earnings. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that would have been issued at fair value (determined as the average market share price of the Company's shares) were incremental shares issued for no consideration which causes dilution to earnings per share. The impact of potential ordinary shares to be issued in connection with the acquisition of New Classics Media was included in the computation of earnings per share for the six months ended June 30, 2025 and 2024 as the impact would be dilutive.

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net profit attributable to the equity holders of the Company	<u>849,755</u>	<u>504,303</u>
Net profit used to determine earnings per share	<u>849,755</u>	<u>504,303</u>
Weighted average number of ordinary shares outstanding (thousand)	1,009,157	1,014,153
Effect of deemed issuance of ordinary shares in connection with the acquisition of New Classics Media (thousand)	1,840	–
Adjustments for share-based compensation (thousand)	<u>8,550</u>	<u>6,511</u>
Weighted average number of ordinary shares for diluted earnings per share (thousand)	<u>1,019,547</u>	<u>1,020,664</u>
Diluted earnings per share (expressed in RMB per share)	<u>0.83</u>	<u>0.49</u>

10 Dividends

No dividends was paid or declared by the Company during the six months ended June 30, 2025 and 2024.

11 Intangible assets

	Goodwill	Non-compete agreement	Trademarks	Copyrights of contents	Software	Domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
Six months ended June 30, 2025							
Opening net book amount as of January 1, 2025	5,528,215	1,649	517,126	98,468	11,337	2,044	6,158,839
Additions	-	-	-	43,193	3,330	-	46,523
Amortisation	-	(1,649)	(9,549)	(39,132)	(3,444)	-	(53,774)
Impairment (Note 7)	-	-	-	(13,904)	-	-	(13,904)
Currency translation differences	-	-	-	(4)	-	-	(4)
Closing net book amount as of June 30, 2025	<u>5,528,215</u>	<u>-</u>	<u>507,577</u>	<u>88,621</u>	<u>11,223</u>	<u>2,044</u>	<u>6,137,680</u>

	Goodwill <i>RMB'000</i>	Non-compete agreement <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Copyrights of contents <i>RMB'000</i>	Software <i>RMB'000</i>	Domain names <i>RMB'000</i>	Total <i>RMB'000</i>
(Unaudited)							
Six months ended June 30, 2024							
Opening net book amount as of							
January 1, 2024	6,632,807	8,245	536,440	138,492	12,090	2,050	7,330,124
Additions	–	–	–	37,452	7,744	–	45,196
Amortisation	–	(3,298)	(9,766)	(62,811)	(4,063)	(6)	(79,944)
Business combination under							
common control	–	–	–	54,630	–	–	54,630
Impairment (<i>Note 7</i>)	–	–	–	(22,591)	–	–	(22,591)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount as of							
June 30, 2024	<u>6,632,807</u>	<u>4,947</u>	<u>526,674</u>	<u>145,172</u>	<u>15,771</u>	<u>2,044</u>	<u>7,327,415</u>

Impairment tests for goodwill

As of June 30, 2025 and December 31, 2024, goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Online business	3,715,659	3,715,659
Acquired TV and film business	1,812,556	1,812,556
	<u>5,528,215</u>	<u>5,528,215</u>

During the six months ended June 30, 2025 and 2024, impairment review on goodwill arising from acquired TV and film business had been conducted by the management according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill was determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

The Group has engaged an independent external valuer to assist in performing the goodwill impairment assessment. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to the acquired TV and film business had been recognised as of June 30, 2025 and 2024.

Impairment tests for copyrights

Impairment review on the copyrights of certain contents had been conducted by the management as of June 30, 2025 according to IAS 36 “Impairment of assets”. As of June 30, 2025, the recoverable amount of the copyrights is determined based on the value-in-use calculations. During the six months ended June 30, 2025, an impairment provision of approximately RMB13,904,000 (for the six months ended June 30, 2024: RMB22,591,000) was made against the carrying amount of such copyrights.

12 Investments in associates and joint ventures

	As of June 30, 2025 RMB’000 (Unaudited)	As of December 31, 2024 RMB’000
Investments in associates (a)	97,386	410,719
Investments in joint ventures (b)	627,830	517,460
	725,216	928,179

(a) Investments in associates

	Six months ended June 30, 2025 RMB’000 (Unaudited)	2024 RMB’000 (Unaudited)
At the beginning of the period	410,719	409,405
Share of net losses of associates	(351)	(8,823)
Share of other comprehensive income/(loss) of an associate	205	(185)
Transfer <i>(Note)</i>	(242,745)	–
Impairment provision	(70,318)	–
Share of other changes in net assets of an associate	–	(557)
Currency translation differences	(124)	386
At the end of the period	97,386	400,226

Note:

During the six months ended June 30, 2025, an investee company engaged in online reading business with a carrying value of approximately RMB242,745,000 was transferred from investment in an associate to financial instruments, as a result of the resignation of a board representative from the Group in it. The Group designated the investment as FVOCI.

(b) Investments in joint ventures

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	517,460	515,278
Additions	300	20,437
Share of net profit of joint ventures	127,601	159,469
Dividend from a joint venture	(17,531)	–
Disposal	–	(5,068)
Impairment provision	–	(26,157)
Currency translation differences	–	19
	<hr/>	<hr/>
At the end of the period	<u>627,830</u>	<u>663,978</u>

13 Financial assets at fair value through profit or loss

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through other comprehensive income.

FVPL include the following:

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Included in non-current assets:		
Investments in unlisted entities	1,028,546	1,035,640
Investment in a listed entity	<u>2,476</u>	<u>4,003</u>
	<u>1,031,022</u>	<u>1,039,643</u>
Included in current assets:		
Investments in structured deposits	<u>2,945,655</u>	<u>3,252,900</u>
	<u><u>3,976,677</u></u>	<u><u>4,292,543</u></u>

14 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Included in non-current asset:		
Investment in listed entities	<u><u>874,287</u></u>	<u><u>6,312</u></u>

15 Inventories

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Adaptation rights and scripts	615,885	651,131
Physical inventories:		
Raw materials	3,176	1,771
Work in progress	4,018	4,328
Inventories in warehouse	84,774	81,830
Inventories held with distributors on consignment	43,776	27,606
	751,629	766,666
Less: provision for physical inventory obsolescence	(75,323)	(73,625)
	676,306	693,041

16 Television series and film rights

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Television series and film rights		
– production in progress	603,529	517,936
– completed	236,267	11,881
	839,796	529,817

	Production in progress RMB'000	Completed RMB'000	Total RMB'000
(Unaudited)			
As of January 1, 2025	517,936	11,881	529,817
Additions	485,971	–	485,971
Transfer from adaptation rights and scripts to under production	18,966	–	18,966
Transfer from production in progress to completed	(419,344)	419,344	–
Recognised in cost of revenues	–	(194,958)	(194,958)
As of June 30, 2025	603,529	236,267	839,796
	Production in progress RMB'000	Completed RMB'000	Total RMB'000
(Unaudited)			
As of January 1, 2024	951,533	43,545	995,078
Additions	407,658	–	407,658
Business combination under common control	19,585	–	19,585
Transfer from adaptation rights and scripts to under production	62,747	–	62,747
Transfer from production in progress to completed	(604,383)	604,383	–
Recognised in cost of revenues	(2,260)	(625,122)	(627,382)
As of June 30, 2024	834,880	22,806	857,686

17 Trade and notes receivables

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Trade receivables	1,487,015	1,843,670
Notes receivables	33,270	32,877
	<u>1,520,285</u>	<u>1,876,547</u>
Less: allowance for impairment of trade and notes receivables	<u>(167,544)</u>	<u>(173,122)</u>
	<u><u>1,352,741</u></u>	<u><u>1,703,425</u></u>

The Group applies the IFRS 9 simplified approach for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The Group also performed assessment on an individual basis, when it becomes aware of an increase in credit risk for the individual financial instrument. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The directors of the Company considered that the carrying amounts of the trade and notes receivables balances approximated their fair value as of June 30, 2025 and December 31, 2024.

The Group usually allows a credit period of 30 to 120 days to its customers. Aging analysis of trade and notes receivables (net of allowance for doubtful debts) based on recognition date is as follows:

	As of June 30, 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As of December 31, 2024 <i>RMB'000</i>
Trade and notes receivables		
– Up to 3 months	792,539	1,134,014
– 3 to 6 months	156,970	134,867
– 6 months to 1 year	140,822	299,882
– 1 to 2 years	224,458	94,860
– Over 2 years	37,952	39,802
	<u>1,352,741</u>	<u>1,703,425</u>

18 Share-based payments

(a) *RSU schemes of the Group*

The Group has adopted two share award schemes, namely, the 2014 RSU Scheme and the 2020 RSU Scheme. Each RSU is settled by transfer of one ordinary share of the Company to the grantee upon a date as soon as practicable after the RSUs vest.

(i) 2014 RSU Scheme

The Company has adopted a share award scheme on December 23, 2014 to the extent of 25,000,000 new ordinary shares of the Company for the purpose of attracting and retaining the best available personnel, and providing additional incentives to employees, directors and consultants and to promote the success of the Group's business (the "2014 RSU Scheme"). The RSUs granted under the 2014 RSU Scheme would become vested with respect to 20% of the RSUs on each of the first five anniversaries of the grant date.

On March 12, 2016, the Company modified the vesting condition associated with the 2014 RSU Scheme in a non-beneficial way by adding a non-market performance condition relating to completion of a defined initial public offering of the Company.

On January 17, 2017, the shareholders of the Company approved additional 15,409,091 new ordinary shares be further reserved for the purpose of the Company's employee incentive plan. The aggregate number of shares reserved under the 2014 RSU Scheme was 40,409,091 shares.

Movements in the number of RSUs outstanding under the 2014 RSU Scheme are as follows:

	Number of RSUs
(Unaudited)	
As of January 1, 2025	1,564,549
Granted	—
Forfeited (<i>Note</i>)	(128,477)
Vested	(216,837)
	<hr/>
Outstanding balance as of June 30, 2025	1,219,235
	<hr/> <hr/>
(Unaudited)	
As of January 1, 2024	3,561,705
Granted	—
Forfeited (<i>Note</i>)	(503,865)
Vested	(411,626)
	<hr/>
Outstanding balance as of June 30, 2024	2,646,214
	<hr/> <hr/>

Note:

If the grantee's employment with or service with the Group terminates (e.g. upon cessation of employment), any rights to the RSUs or options subjected to the unvested portion of the grantee shall be forfeited.

(ii) 2020 RSU Scheme

The Company adopted a share award scheme on May 15, 2020 to the extent of 45,710,177 ordinary shares of the Company have been set aside for the scheme for the purposes of attracting and retaining the suitable personnel, and providing additional incentives to employees, directors and consultants (the "2020 RSU Scheme"). The RSUs granted were divided into two to four tranches on an equal basis at their grant dates, and shall become vested on each of the first two to four anniversaries of the grant date.

Movements in the number of RSUs outstanding under the 2020 RSU Scheme are as follows:

	Number of RSUs
(Unaudited)	
As of January 1, 2025	11,796,302
Granted	552,549
Forfeited	(430,756)
Vested	<u>—</u>
Outstanding balance as of June 30, 2025	<u><u>11,918,095</u></u>
(Unaudited)	
As of January 1, 2024	6,826,174
Granted	—
Forfeited	(420,807)
Vested	<u>(1,093)</u>
Outstanding balance as of June 30, 2024	<u><u>6,404,274</u></u>

During the six months ended June 30, 2025 and 2024, there was no RSU granted to executive directors of the Company.

The fair value of each RSUs was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period had been taken into account when assessing the fair value of these RSUs.

(b) Share option scheme of the Group

Pursuant to a resolution passed at the annual general meeting held on May 24, 2021, the Company adopted a share option scheme (the “2021 Share Option Scheme”). The purpose of the 2021 Share Option Scheme was to recognise the contribution that the participants have made to the Company, to attract and retain the best available personnel and to promote the success of the Company. The 2021 Share Option Scheme is valid and effective for a period of 10 years commencing on May 24, 2021. The share options granted were divided into three to four tranches on an equal basis at their grant dates. The first tranche can be exercised immediately or after a year from the grant date, and the remaining tranches will become exercisable in each subsequent year.

(i) Movements in share options

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2025		2024	
	Average exercise price	Number of options	Average exercise price	Number of options
(Unaudited)				
As of January 1	HKD40.24	9,364,706	HKD45.74	10,063,523
Forfeited/Lapsed	HKD52.42	(196,870)	HKD46.15	(2,462,374)
As of June 30	HKD39.98	9,167,836	HKD45.61	7,601,149
Exercisable as of June 30	HKD49.13	4,304,972	HKD51.78	3,313,218

During the six months ended June 30, 2025 and 2024, no option was granted or exercised.

(ii) Outstanding share options

Details of the expiry dates, exercise prices and respective numbers of share options which remained outstanding as of June 30, 2025 and December 31, 2024 are as follows:

Grant Date	Expiry Date	Exercise price	Number of share option	
			June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
July 12, 2021	July 11, 2031	HKD82.85	1,112,205	1,194,235
November 5, 2021	November 4, 2031	HKD53.14	1,786,539	1,786,539
August 18, 2022	August 17, 2032	HKD30.69	2,158,844	2,273,684
August 21, 2023	August 20, 2033	HKD32.06	1,362,291	1,362,291
August 14, 2024	August 13, 2034	HKD25.29	2,747,957	2,747,957
Total			9,167,836	9,364,706
Weighted average remaining contractual life of options outstanding at end of period			6.71 years	7.21 years

(iii) Fair value of options

The directors of the Company have used the binomial model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period.

(c) ***Expected Retention Rate***

The Group has to estimate the Expected Retention Rate at the end of the vesting periods of the RSUs and share options in order to determine the amount of share-based compensation expenses charged to the condensed consolidated statement of comprehensive income. As of June 30, 2025, the Expected Retention Rate of the Group was assessed to be no lower than 92% (June 30, 2024: 92%).

19 Trade payables

Aging analysis of the trade payables based on recognition date are as follows:

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
– Up to 3 months	510,307	519,008
– 3 to 6 months	97,931	100,507
– 6 months to 1 year	128,871	75,653
– Over 1 year	364,343	349,434
	<u>1,101,452</u>	<u>1,044,602</u>

20 Subsequent events

There were no material subsequent events during the period from 1 July 2025 to the approval date of the Financial Information by the Board on 12 August 2025.

DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2025 (2024: Nil).

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2025, the Company purchased a total of 6,338,800 Shares on the Stock Exchange for an aggregate consideration of HKD158,023,200 before expenses pursuant to the share buy-back mandates approved by the Shareholders at the annual general meetings held on June 3, 2024 and May 30, 2025, respectively. The purchased Shares were subsequently cancelled. As at the date of this announcement, the Company did not hold any treasury Shares (including any treasury Shares held or deposited with CCASS). The purchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares purchases are as follows:

Month for purchase in the six months ended 30 June, 2025	Number of Shares purchased	Purchase consideration per Share		Aggregate consideration paid
		Lowest price paid <i>HKD</i>	Highest price paid <i>HKD</i>	
January	2,400,000	23.65	25.10	58,929,370
April	2,738,800	22.55	26.95	68,997,960
May	1,000,000	24.15	26.50	24,917,320
June	<u>200,000</u>	25.20	26.65	<u>5,178,550</u>
Total	<u><u>6,338,800</u></u>			<u><u>158,023,200</u></u>

Save as disclosed above, during the six months ended June 30, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury Shares).

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Group's business. The Company has adopted the CG Code as its own code of corporate governance.

For the six months ended June 30, 2025, the Company has complied with all applicable code provisions of the CG Code.

Model Code for Dealing in Securities by Directors

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having been made specific enquiries by the Company, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended June 30, 2025.

Audit Committee

The Audit Committee, together with the Board and the Auditor, has reviewed the unaudited interim results of the Group for the six months ended June 30, 2025. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and has also reviewed the effectiveness of the risk management and Internal Control Systems of the Company, and considered the risk management and Internal Control Systems to be effective and adequate.

Publication of the Results Announcement and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://ir.yuewen.com>), and the Interim Report will be published on the respective websites of the Stock Exchange and the Company, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

APPRECIATION

Finally, I would like to thank our management and employees for their commitment, contributions, and creativity; our Board of Directors for its guidance and support; and our Shareholders for their trust.

By Order of the Board
CHINA LITERATURE LIMITED
Mr. Pu Hai Tao

Chairman of the Board and Non-executive Director

Hong Kong, August 12, 2025

As of the date of this announcement, the Board comprises Mr. Hou Xiaonan and Mr. Huang Yan as Executive Directors; Mr. Pu Hai Tao, 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.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

DEFINITIONS

“2014 RSU Scheme”	:	the scheme adopted by the Company to grant RSUs to the Directors, senior management and employees and those of our subsidiaries which took effect as of December 23, 2014, and expired on December 22, 2024;
“2020 RSU Scheme”	:	a restricted share unit scheme of the Company adopted on May 15, 2020, and amended by the Shareholders’ resolution passed on May 22, 2023, as amended from time to time;
“2021 Share Option Scheme”	:	a share option scheme of the Company adopted on May 24, 2021, and amended by the Shareholders’ resolution passed on May 22, 2023, as amended from time to time;
“Audit Committee”	:	the audit committee of the Company;
“Auditor”	:	PricewaterhouseCoopers, the external auditor of the Company;
“Board”	:	the board of Directors of the Company;
“CCASS”	:	the Central Clearing and Settlement System established and operated by HKSCC;
“CG Code”	:	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules;
“China” or the “PRC”	:	the People’s Republic of China;
“Company”, “our Company”, “the Company” or “China Literature”	:	China Literature Limited (阅文集团) (formerly known as China Reading Limited), an exempted company incorporated in the Cayman Islands with limited liability on April 22, 2013 with its Shares listed on the Main Board of the Stock Exchange on the Listing Date under the stock code 772;
“Director(s)”	:	the director(s) of our Company;
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	:	the Company, its subsidiaries and its consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time;
“HKD”	:	the lawful currency of Hong Kong;

“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IP”	:	intellectual property;
“Listing Date”	:	November 8, 2017, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange;
“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;
“MAUs”	:	monthly active users who access our platform or through our products or our self-operated channels on Tencent products at least once during the calendar month in question;
“Model Code”	:	the Model Code for Securities Transactions by Directors of Listed Issuers;
“MPUs”	:	monthly paying users, meaning the number of accounts that purchase our content or virtual items on a specific mobile app, WAP or website at least once during the calendar month in question;
“New Classics Media Holdings Limited”, “New Classics Media” or “NCM”	:	previously known as “Qiandao Lake Holdings Limited”, a company established in Cayman Island on 18 May 2018. Its subsidiaries are principally engaged in production and distribution of television series and movies;
“Reporting Period”	:	the six months ended June 30, 2025;
“RMB”	:	the lawful currency of the PRC;
“RSU(s)”	:	restricted stock unit(s);

“Share(s)”	:	ordinary share(s) in the share capital of our Company with a par value of USD0.0001 each;
“Shareholders”	:	holder(s) of the Share(s);
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	:	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Tencent”	:	Tencent Holdings Limited, one of our Controlling Shareholders, 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 (stock code: 700); and
“USD”	:	the lawful currency of the United States.