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

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION AND ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS

I. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

On December 4, 2025, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2023 Novel Creation and Solicitation Cooperation Framework Agreement by entering into the 2026 Novel Creation and Solicitation Cooperation Framework Agreement in relation to, among other things, the cooperation on the novel creation and novel competition organization.

II. ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS

On December 4, 2025, Shanghai Yueting (on behalf of the Group) and YHKT (on behalf of the YHKT Group) entered into (i) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT in relation to the IP and Merchandise Cooperation CCTs with YHKT, and (ii) the 2026 Joint Investment Framework Agreement with YHKT in relation to the joint investment in media products.

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 the 2026 Novel Creation and Solicitation Cooperation Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As of the date of this announcement, the Company holds approximately 31.48% of the equity interest in YHKT. Tencent, being our controlling shareholder, holds an additional equity interest of over 10% in YHKT through its controlled entity, Linzhi Lichuang. Therefore, YHKT constitutes an associate of Tencent and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT and the 2026 Joint Investment Framework Agreement with YHKT 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 each of (i) the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, (ii) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT, and (iii) the 2026 Joint Investment Framework Agreement with YHKT 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.

I. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

References are made to the announcements of the Company dated March 20, 2018 and August 11, 2020, in respect of the 2018 Novel Creation and Solicitation Cooperation Framework Agreement and the 2020 Novel Creation and Solicitation Cooperation Framework Agreement, respectively, each entered into between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group).

On August 15, 2022, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2020 Novel Creation and Solicitation Cooperation Framework Agreement by entering into the 2023 Novel Creation and Solicitation Cooperation Framework Agreement, for a term of three years commencing on January 1, 2023 and ending on December 31, 2025. As the highest applicable percentage ratio in respect of the annual caps for the 2023 Novel Creation and Solicitation Cooperation Framework Agreement was less than 0.1%, it therefore constitutes a de minimis continuing connected transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the shareholders' approval, annual review, and all disclosure requirements under Chapter 14A of the Listing Rules. In addition, based on an internal assessment, the transaction amount for the year ending December 31, 2025 under the 2023 Novel Creation and Solicitation Cooperation Framework Agreement is within the estimated annual cap and is fully exempt under Chapter 14A of the Listing Rules.

Since the 2023 Novel Creation and Solicitation Cooperation Framework Agreement will expire on December 31, 2025, and the Group expects such transactions to continue thereafter, on December 4, 2025, Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) agreed to renew the 2023 Novel Creation and Solicitation Cooperation Framework Agreement by entering into the 2026 Novel Creation and Solicitation Cooperation Framework Agreement in relation to, among other things, cooperation on the novel creation and novel competition organization.

2026 Novel Creation and Solicitation Cooperation Framework Agreement

Principal terms of the 2026 Novel Creation and Solicitation Cooperation Framework Agreement are set out as follows:

Date: December 4, 2025

Parties:

(1) Shanghai Yueting (on behalf of the Group); and

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

Terms: From January 1, 2026 to December 31, 2028

Subject matter: The Retained Tencent Group shall cooperate with the Group on the following matters:

(i) the Group shall create novels or other literary works in accordance with the requirements provided by the Retained Tencent Group;

(ii) the Group shall organize novel writing competition with or on behalf of the Retained Tencent Group; or

(iii) other arrangements similar to the above cooperation.

Fee arrangements: In return for the novel creation or solicitation, the Retained Tencent Group shall pay commissions in one or more of the following manners, depending on the specific project and form of cooperation agreed between the relevant parties:

(1) fixed fee;

(2) revenue/profit sharing; or

(3) a mix of the above fee arrangements.

Payment and settlement terms: The scope of the novel creation and solicitation cooperation and payment and settlement terms under the 2026 Novel Creation and Solicitation Cooperation Framework Agreement shall be agreed separately between the relevant parties in implementation agreements, which will be entered into under the 2026 Novel Creation and Solicitation Cooperation Framework Agreement.

Pricing Policy

The fee arrangements for the transactions contemplated under the 2026 Novel Creation and Solicitation Cooperation Framework Agreement shall be determined with reference to a number of factors, including but not limited to the type, length and content of the novel and other literary works, the popularity and commercial potential of the collaborating authors, and the ownership and scope of intellectual property rights in the relevant literary works.

A fixed fee arrangement would be adopted with reference to the similar fee models adopted by other players in the market where available, particularly in relation to cooperation involving literary works customized for game storylines, script development, and promotion activities. In determining the fixed fees, the Company would take into account the terms of comparable cooperation with at least two other Independent Third Parties to the extent practicable, to ensure that the fixed fees negotiated are fair and reasonable and no less favorable to the Company than those available to or from Independent Third Parties.

With respect to revenue/profit sharing, the parties agree that this fee model is commonly adopted for literary works with potential for future commercial development. Given the uniqueness of each novel and other literary work, there is no quantitative industry formula to determine the value of each novel and other literary work and the percentage sharing of revenue/profit for the commissions. Generally, when determining the percentage for specific cooperation under novel creation and solicitation, the Group would consider the nature, popularity, quality, and commercial potential of IP concepts, the anticipated popularity of the novel and other literary work, mode and potential for subsequent adaptations and potential cooperation between the Group and the Retained Tencent Group thereof. The Group would take into account the comparable sharing percentage the Group obtained from other third parties and/or those between the Retained Tencent Group and its other business partners, to ensure that such sharing percentage is within a reasonable range compared to those with the Independent Third Parties and broadly in line with industry norms.

Before entering into any cooperation agreement pursuant to the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, the Group will assess its business needs and commercial potential. The Group will only enter into a cooperation agreement with the Retained Tencent Group when the agreement is in the best interests of the Company and the Shareholders as a whole.

Historical Amounts

The historical amounts of commissions paid by the Retained Tencent Group to the Group under the 2023 Novel Creation and Solicitation Cooperation Framework Agreement for the two years ended December 31, 2024 and the nine months ended September 30, 2025 are set out as follows:

	For the year ended December 31,		For the nine months ended September 30,
	2023	**2024**	**2025**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of commissions paid by the Retained Tencent Group to the Group	94	3,322	66

Note: The actual transaction amounts for each of the years 2023 and 2024 are below the de minimis threshold of 0.1% under Rule 14A.76 of the Listing Rules, and the amount for the year ending December 31, 2025 is expected to fall below such threshold.

Annual Caps and Basis of Determination

The annual caps for the commissions payable by the Retained Tencent Group to the Group under the 2026 Novel Creation and Solicitation Cooperation Framework Agreement for the three years ending December 31, 2028 are set out as follows:

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of commissions payable by the Retained Tencent Group to the Group	15,000	15,000	15,000

In view of the historical cooperation between the Group and the Retained Tencent Group, and the anticipated growth in demand for customized novel projects from the Retained Tencent Group, the parties intend to further deepen the collaboration in the novel creation and solicitation, and to take such cooperation as an opportunity to jointly explore the potential for full value-chain development.

The above annual caps for the three years ending December 31, 2028 were determined with reference to (i) the estimated scale of the potential cooperation that the Retained Tencent Group intends to assign to the Group each year from 2026 to 2028 in relation to novel and other literary work creation, based on current negotiations, including (a) one to three short-form novel and/or other literary work creation projects, with estimated commissions ranging from RMB0.1 million to RMB3 million per project, and (b) one to three medium- to long-form novel and/or other literary work creation projects, with estimated commissions ranging from RMB1 million to RMB10 million per project. The commissions may vary from project to project, subject to factors such as the type, length and content of novel and/or other literary work, the popularity and commercial potential of the collaborating authors and the ownership and scope of intellectual property rights in the relevant literary works; (ii) the potential cooperation in the novel competitions based on current negotiations with reference to Retained Tencent Group's business requirements; and (iii) the prevailing market prices of the transactions of a similar nature, to the extent practicable.

Reasons and Benefits for Entering into the 2026 Novel Creation and Solicitation Cooperation Framework Agreement

Tencent owns numerous popular IP concepts and intends to monetize the concepts by way of novel creation, whilst the Group has strong capabilities in literary works creation and editing, a deep pool of writers and extensive reader reach. Through cooperation on novel creation and writing competitions, it is expected that the Group will leverage the IP concepts of the Retained Tencent Group to bring high quality literary works to the Group's users and identify, nurture and promote promising writers, thereby strengthening the relationship with and increasing the popularity of the Group's writers and enhancing the potential of their literary works. The Group and the Retained Tencent Group have reviewed the impacts and benefits of the novel creation and writing competitions in the past few years, and expect that such transactions would bring synergetic effect in support of the development of the Group's other businesses in the upcoming years.

II. ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement made by the Company dated May 30, 2025. The Company has completed the acquisition of 26.67% equity interest in YHKT. As of the date of this announcement, the Company holds approximately 31.48% of the equity interest in YHKT. Tencent, being our controlling shareholder, holds an additional equity interest of over 10% in YHKT through its controlled entity, Linzhi Lichuang. Therefore, YHKT constitutes an associate of Tencent and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT and the 2026 Joint Investment Framework Agreement with YHKT constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. The transaction period covered by the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT and the 2026 Joint Investment Framework Agreement with YHKT is from January 1, 2026 to December 31, 2028.

1. 2026 IP and Merchandise Cooperation Framework Agreement with YHKT

On December 4, 2025, Shanghai Yueting (on behalf of the Group) and YHKT (on behalf of the YHKT Group) entered into the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT in relation to the cooperation in the license of the copyrights and the IP merchandise business.

Principal terms of the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT are set out as follows:

Date: December 4, 2025

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

(2) YHKT (on behalf of the YHKT Group)

Terms: From January 1, 2026 to December 31, 2028

Subject matter: YHKT Group shall cooperate with the Group on the following matters:

(1) the Group shall license the adaptation rights and other adaptation-related rights of various works to YHKT Group, and YHKT Group shall have the right to adapt such works into games, animations and other products; and

(2) YHKT Group shall license the copyrights to the Group including but not limited to:

(i) the adaptation rights and other adaptation-related rights of various works and the Group shall have the right to adapt such works to films and television series and other products;

(ii) the publication rights and other rights related to the aforementioned rights (including but not limited to reproduction rights) of various works; and

(iii) the license of (a) the rights to use elements of animations, games and other works legally owned by YHKT Group, including but not limited to IP merchandise development rights and commercial development rights, and (b) trademark rights in the brand logo and brand image, copyrights in the artistic works, and other rights related to the aforementioned rights.

(3) the Group shall purchase physical IP merchandise from YHKT Group.

Fee arrangements: The YHKT Group or the Group shall pay fees in one or more of the following manners, depending on the specific project and form of cooperation agreed between the relevant parties:

(i) fixed fees,

(ii) revenue/profit sharing, or

(iii) a mix of the above fee arrangements.

Payment and settlement terms: The scope of the IP and merchandise business cooperation, and payment and settlement terms of the implementation agreements shall be agreed separately between the relevant parties, which will be entered into under the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT.

Pricing Policy

To determine the fee arrangements for the IP and Merchandise Cooperation CCTs with YHKT, the Board takes into account (i) the potential commercial value and the popularity of the relevant IPs, (ii) the forms of cooperation, (iii) the length and form of the adaptations, and (iv) prevailing market pricing practices for comparable cooperation models. For example, the parties would consider adopting a fixed fee model for IPs with features of high popularity and short-term operations, and a revenue/profit-sharing fee model for IPs with significant commercial potential and long-term operations.

With respect to the fixed fees, the parties agree that it shall be determined based on the specific circumstances of each work including but not limited to literary works, comics and animations. In determining the fixed fees, (i) the parties would take into account the uniqueness of each work and consider several factors, including the nature of the IPs, the popularity and commercial potential of IPs, the IP value and validity period, (ii) the Group would seek to obtain price information for similar IPs provided by Independent Third Parties to the extent practicable, and (iii) the Group will adopt comparative pricing proposals conducted by the Business Development Team as to the pricing of such work and merchandise when negotiating agreements for specific IP and merchandise cooperation with the YHKT Group, to ensure that the fixed fees negotiated are fair and reasonable and no less favorable to the Company than available to or from Independent Third Parties.

With respect to the sharing of revenue/profit, the parties agree that this fee model is commonly adopted in the market and shall be determined based on the nature and potential value of IPs, the popularity and commercial potential of IPs, as well as taking into account the sharing percentage the Group sought from other third parties and/or the sharing percentage between the YHKT Group and its other business partners, in terms of similar or comparable IPs. The percentage sharing of revenue/profit for the licensing fee may vary from IP to IP and shall be determined between the relevant parties on an arm's length basis from time to time. Generally, when determining the percentage for specific IP and merchandise cooperation, the Group would consider (i) overall IP value based on various factors such as the popularity, commercial potential, operation term, and the revenue generation model of IPs; and (ii) the comparable percentage of sharing the Group obtained from other third parties and/or those between the YHKT Group and its other business partners, to ensure that such percentage is within a reasonable range as compared to those with Independent Third Parties and largely conforms with the industry norm.

The Group will only enter into IP and Merchandise Cooperation CCTs with the YHKT when the agreement in the best interests of the Company and the Shareholders as a whole.

Historical Amounts

There was no previous transaction of the same nature between the Group and the YHKT Group before 2025. For the nine months ended September 30, 2025, the aggregate amount paid by the Group to the YHKT Group in respect of the IP and merchandise cooperation was approximately RMB4,000, and no fees were paid by the YHKT Group to the Group. Furthermore, based on an internal assessment, the transaction amount for the year ending December 31, 2025 is expected to fall below the de minimis threshold of 0.1% under Rule 14A.76 of the Listing Rules.

Annual Caps and Basis of Determination

In respect of the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT, the aggregated annual caps for the three years ending December 31, 2026, 2027 and 2028 are set out in the table below:

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total fees payable by the YHKT Group to the Group in respect of the IP and Merchandise Cooperation CCTs with YHKT	14,000	14,000	18,000
Total fees payable by the Group to the YHKT Group in respect of the IP and Merchandise Cooperation CCTs with YHKT	62,000	63,000	64,000

The above annual caps for fees payable by the YHKT Group to the Group for the three years ending December 31, 2026, 2027 and 2028 were determined with reference to (i) the potential cooperation in one to two projects relating to the licensing of animation adaptation rights for certain works by the Group to the YHKT Group per year during 2026, 2027 and 2028, with estimated average licensing fees ranging from RMB1 million to RMB3 million per project. Moreover, in 2028, the parties may develop sequels or related products based on copyrights licensed in 2026 and/or 2027, subject to the popularity and commercial potential of such copyrights; (ii) the potential cooperation in one to two projects relating to the licensing of game adaptation rights for certain works by the Group to the YHKT Group each year during 2026, 2027, and 2028, with estimated licensing fees of each project ranging from approximately RMB3 million to RMB8 million per year; and (iii) the expected increase in the monetization value of the Group's intellectual properties.

The above annual caps for fees payable by the Group to the YHKT Group for the three years ending December 31, 2026, 2027 and 2028 were determined with reference to (i) the potential cooperation in one to two projects relating to the licensing of adaptation rights of live-action film and television series for certain works by YHKT Group to the Group during 2026, 2027 and 2028, with the estimated licensing fees ranging from approximately RMB5 million to RMB30 million per project; (ii) the potential cooperation in one to two IP merchandise projects per year during 2026, 2027 and 2028, with the estimated transaction amount of approximately RMB10 million per project to be paid by the Group to YHKT Group; (iii) the potential cooperation in the licensing of the production rights and rights to use elements of certain works by the YHKT Group to the Group, where the licensing fees shall be determined based on the popularity and commercial potential of the IPs; and (iv) the expected increase in the monetization value of the YHKT Group's intellectual properties.

Reasons and Benefits for Entering into the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT

The Group has a diverse and highly popular portfolio of IP resources, spanning various formats including online literature, comics, animation, films, television series, web series and short dramas. Through IP licensing cooperation, YHKT Group will leverage its advanced 3D animation production capabilities and proven expertise in developing large-scale narrative games to enhance the IP ecosystem, thereby facilitating the incubation, visualization, and commercialization of the Group's core IP assets. In addition, the Group maintains a leading position in the industry in respect of the IP operations and commercialization, thereby enabling it to provide comprehensive support for the commercialization of YHKT Group's core IPs. This strategic cooperation is expected to generate significant synergies between the parties, which in turn will enhance their respective competitive advantages and overall asset value.

2. 2026 Joint Investment Framework Agreement with YHKT

On December 4, 2025, Shanghai Yueting (on behalf of the Group) and YHKT (on behalf of the YHKT Group) entered into the 2026 Joint Investment Framework Agreement with YHKT in relation to the joint investment in media products.

Principal terms of the 2026 Joint Investment Framework Agreement with YHKT are set out as follows:

Date: December 4, 2025

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

(2) YHKT (on behalf of the YHKT Group)

Terms: From January 1, 2026 to December 31, 2028

Subject matter: The Group shall cooperate with the YHKT Group in the joint arrangements including but not limited to:

(1) making joint investments in the production of films and television series,

(2) making joint investments in the production of games, animations, comics and other products, and

(3) forming joint ventures or other joint arrangements (whether as a partnership, a company or in any other form) for the purpose of the above joint investments.

Fee arrangements:	The specific investment amount, investment proportion, and proportion of investment return shall be determined after arm's length negotiation between the parties and on a case-by-case basis.
Payment and settlement terms:	The specific commercial terms of the investment and payment and settlement terms of the implementation agreements shall be agreed separately between the relevant parties, which will be entered into under the 2026 Joint Investment Framework Agreement with YHKT.

Pricing Policy

Both parties have agreed that specific commercial terms under the 2026 Joint Investment Framework Agreement with YHKT relating to the joint investment projects shall be determined after arm's length negotiation between the parties with reference to factors such as ownership of the copyrights, costs and expenses, revenue sharing or profit-sharing arrangements, the equity interests of the parties in the joint arrangements, and the settlement of tax.

The specific investment amount, investment proportion, and proportion of investment return shall be determined on a case-by-case basis. Generally, unless otherwise agreed by the parties, the Group's investment return (being the portion out of the total returns generated by the relevant joint investment projects) shall be determined with reference to the proportion of investment amount that the Group has invested. The Group will only enter into an investment agreement with the YHKT Group when the agreement is in the best interests of the Company and the Shareholders as a whole.

Historical Amounts

There was no previous transaction of the same nature between the Group and the YHKT Group as at the date of this announcement. Based on an internal assessment, the transaction amount for the year ending December 31, 2025 is expected to fall below the de minimis threshold of 0.1% under Rule 14A.76 of the Listing Rules.

Annual Caps and Basis of Determination

In respect of the 2026 Joint Investment Framework Agreement with YHKT, the aggregated annual caps for the three years ending December 31, 2026, 2027 and 2028 are set out in the table below:

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of the investment cost to be contributed by the Group in the joint arrangements with the YHKT Group	80,000	80,000	100,000

The above annual caps for the three years ending December 31, 2026, 2027 and 2028 were determined with reference to (i) the potential cooperation in one to three projects per year during 2026, 2027 and 2028, with the estimated investment amounts to be contributed by the Group in each project ranging from RMB10 million to RMB50 million per year; (ii) the increase in the demand of joint investments attributed to the potential growth in the business of the Group and YHKT Group and advancement of existing projects; (iii) similar projects jointly invested in by the Company with Independent Third Parties; (iv) the industry practice; and (v) the expected costs involved in the production of the animations and other products.

Reasons and Benefits for Entering into the 2026 Joint Investment Framework Agreement with YHKT

The Group is proactively expanding its investment and production capabilities in the entertainment content sector, with a focus on driving value creation through the strategic commercialization of premium content offerings. By integrating premium industry resources through complementary strengths, the joint investment mechanism contributes to enhancing the likelihood of project success and overall market competitiveness. As a leading enterprise in China's animation industry, YHKT has extensive experience in IP development, animation production and project management. Leveraging the Group's capabilities and experience in user insights, content distribution and film production, the cooperation between the parties is expected to fully capitalise on their respective competitive advantages and deliver mutually beneficial outcomes.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the terms of each of (i) the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, (ii) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT, and (iii) the 2026 Joint Investment Framework Agreement with YHKT were determined after arm's length negotiation, and the transactions contemplated thereunder (including the annual caps for the three years ending December 31, 2028) are conducted in the ordinary and usual course of business of the Group, and are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Pu Hai Tao, Mr. Hou Xiaonan and Mr. Xie Qinghua, all being Directors, have abstained from voting on the relevant Board resolutions approving each of (i) the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, (ii) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT and (iii) the 2026 Joint Investment Framework Agreement with YHKT and the transactions contemplated thereunder, due to their relationship with Tencent and/or YHKT. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under each of (i) the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, (ii) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT, and (iii) the 2026 Joint Investment Framework Agreement with YHKT.

INFORMATION ON THE PARTIES

The Group is principally engaged in online literature business and intellectual property operation business. It incubates original IPs from its online literature platform, which are subsequently adapted into a variety of entertainment formats, including but not limited to comics, animation, film, TV series, web series, short dramas, games and IP-related merchandise. Shanghai Yueting, an indirectly wholly-owned subsidiary of the Company, is principally engaged in the business of the development in computer hardware and software, the design and production of computer products, providing technical services and marketing planning services.

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

YHKT is a limited liability company incorporated in the PRC, principally engaged in development and operation of animation and gaming content. As at the date of this announcement, YHKT is owned as to approximately 10.08% by Mr. Ruan Rui, 10.24% by Shanghai Huayihua Management Consulting Partnership Enterprise (Limited Partnership) *(上海畫懿畫管理諮詢合夥企業(有限合夥)) (ultimately controlled by Mr. Ruan Rui), 28.21% by Linzhi Lichuang (ultimately controlled by Tencent), 31.48% by Shanghai Hongwen (ultimately controlled by the Company), 7.56% by Ningbo Cheers Equity Investment Partnership (Limited Partnership)*(寧波乾杯股權投資合夥企業(有限合夥)) (ultimately controlled by Mr. Zhu Yichen), and 6.46% by Hangzhou Cheers Venture Capital Partnership (Limited Partnership)*(杭州乾杯創業投資合夥企業(有限合夥)) (ultimately controlled by Mr. Zhu Yichen). The remaining approximately 5.97% equity interests in YHKT are held by three shareholders.

INTERNAL CONTROL MEASURES

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

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

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

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

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

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

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

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

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 the 2026 Novel Creation and Solicitation Cooperation Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As of the date of this announcement, the Company holds approximately 31.48% of the equity interest in YHKT. Tencent, being our controlling shareholder, holds an additional equity interest of over 10% in YHKT through its controlled entity, Linzhi Lichuang. Therefore, YHKT constitutes an associate of Tencent and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT and the 2026 Joint Investment Framework Agreement with YHKT 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 each of (i) the 2026 Novel Creation and Solicitation Cooperation Framework Agreement, (ii) the 2026 IP and Merchandise Cooperation Framework Agreement with YHKT, and (iii) the 2026 Joint Investment Framework Agreement with YHKT 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.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	China Literature Limited（阅文集团）, 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 Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed there to under the Listing Rules

"IP and Merchandise Cooperation CCTs with YHKT"	the cooperation in the content adaptation of the Group's or YHKT Group's works, publication of YHKT Group's works, the licensing of the elements of YHKT Group's various works and certain trademarks, and IP merchandise business
"Linzhi Lichuang"	Linzhi Lichuang Information Technology Co., Ltd.*(林芝利創信息技術有限公司), a limited liability company established in the PRC on October 26, 2015;
"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
"PRC" or "China"	the People's Republic of China
"Retained Tencent Group"	Tencent and its subsidiaries, excluding the Group
"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 on May 27, 2008, 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 of the Company

"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC on November 11, 1998 and a wholly-owned subsidiary of Tencent
"YHKT"	Wuhan YHKT Entertainment Co., Ltd.* (武漢藝畫開天文化傳播有限公司), a limited liability company established in the PRC on May 12, 2015;
"YHKT Group"	YHKT and its subsidiaries from time to time
"2018 Novel Creation and Solicitation Cooperation Framework Agreement"	a framework agreement entered into on March 20, 2018 between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation on the novel creation and solicitation
"2020 Novel Creation and Solicitation Cooperation Framework Agreement"	a framework agreement entered into on August 11, 2020 between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation on the novel creation and novel competition organization
"2023 Novel Creation and Solicitation Cooperation Framework Agreement"	a framework agreement entered into on August 15, 2022, between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation on the novel creation and novel competition organization
"2026 IP and Merchandise Cooperation Framework Agreement with YHKT"	a framework agreement entered into between Shanghai Yueting (on behalf of the Group) and YHKT (on behalf of the YHKT Group) on December 4, 2025 in relation to the IP Cooperation CCTs with YHKT
"2026 Joint Investment Framework Agreement with YHKT"	a framework agreement entered into between Shanghai Yueting (on behalf of the Group) and YHKT (on behalf of the YHKT Group) on December 4, 2025 in relation to the joint investment in media products
"2026 Novel Creation and Solicitation Cooperation Framework Agreement"	a framework agreement entered into on December 4, 2025, between Shanghai Yueting (on behalf of the Group) and Tencent Computer (on behalf of the Retained Tencent Group) in relation to, among other things, the cooperation on the novel creation and novel competition organization
"%"	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. Pu Hai Tao
Chairman of the Board and Non-executive Director

Hong Kong, December 4, 2025

As at 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.