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, 2026

The Board of China Literature Limited hereby announces the unaudited consolidated results of the Group for the six months ended June 30, 2026. 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, 2026.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		
	2026	2025	Year-over-year
	RMB'000	*RMB'000*	*(%)*
	(Unaudited)	*(Unaudited)*	
Revenues	**3,531,388**	3,190,584	10.7%
Gross profit	**1,792,093**	1,612,384	11.1%
Operating profit	**270,797**	875,799	(69.1%)
Profit before income tax	**360,104**	999,044	(64.0%)
Profit for the period	**135,164**	849,565	(84.1%)
Profit attributable to equity holders of the Company	**135,376**	849,755	(84.1%)
Non-IFRS profit attributable to equity holders of the Company	**258,838**	507,807	(49.0%)

BUSINESS REVIEW AND OUTLOOK

Against a backdrop in which online reading competes with an ever-increasing variety and growth of the IP visualization market, China Literature's premium online reading business continued to maintain a healthy and vibrant ecosystem in the first half of 2026, fostering the creation of high-quality and exciting works. A steady influx of emerging-generation and top-tier writers released high-quality new works, further strengthening the foundation for IP incubation. At the same time, our IP operations business delivered a robust performance, with revenues increasing by 41.9% year-over-year. In particular, revenue from short dramas and AI-animated dramas exceeded RMB430 million during the first half, representing a 2.3-fold year-over-year increase. This exceptional growth was driven by our proactive exploration of new businesses and the in-depth application of AI technology. Notably, the proportion of blockbuster short dramas was four times the market average, while 46 AI-animated dramas each surpassed 100 million views, and the rate of titles exceeding one million views was five times the industry average. Our IP merchandise business also maintained strong growth momentum, with GMV reaching RMB780 million during the first half, representing a year-over-year increase of more than 60%.

IP Creation

Our online reading ecosystem continues to serve as a "super reservoir" of premium content. In the first half of 2026, our platform attracted approximately 240,000 new writers, generated over 460,000 online literature works, and added more than 30 billion characters, securing a strong source of content supply. Emerging-generation writers are gaining momentum: among newly signed writers who generated more than RMB1 million in revenue during the first half of the year, those under 30 accounted for 57%, representing a 49% increase year-over-year. Promising works continued to emerge. On Qidian, the number of titles receiving user collections increased by 37% year-over-year, while the number of titles receiving monthly tickets grew 26% year-over-year. With the return of a series of top-tier Platinum and Phenomenal writers, two new titles attracted more than 200,000 readers each on their first day of launch, setting new records for debut performance on the platform.

IP Visualization

We accelerated the transformation from text to visual content. In the first half of 2026, while solidifying our traditional strengths in film, drama series, and animation, we also stepped up our efforts in emerging segments such as short dramas and AI-animated dramas, resulting in exceptional growth.

In the premium drama series and film segment, several drama series adapted from China Literature's IPs premiered this year, including top-tier titles such as "Blossoms of Power (百花殺)," "The Heir (家業)," and "Ashes to Crown (翹楚)." All of these titles ranked among the top titles on platform popularity charts during their respective broadcasting periods. Meanwhile, we also released our self-produced drama series "No Pain No Gain (年少有為)," "The Devil Between Us (除惡)," and "Lady Liberty (愛情沒有神話)." These titles broke new ground across genres such as urban drama and crime drama, winning both critical acclaim and strong audience traction.

In the animation segment, we released sequels of classic animated titles, including "Battle Through the Heavens (斗破蒼穹)," "The Outcast (一人之下)," "Almighty Mage (全職法師)," and "Stellar Transformations (星辰變)." All of these titles ranked among the top titles on platform popularity charts during their respective broadcasting periods. Among them, "The Outcast (一人之下)" achieved a popularity index of over 21,800 on Tencent Video, making it the most popular 2D animated series on the platform in the past three years. According to Enlightent, since the beginning of 2026, eight of the top 10 animation series by cumulative views across all platforms were adapted from China Literature's IPs, further demonstrating our market influence in animation content.

In the short drama and AI-animated drama segment, we achieved major breakthroughs. In the first half of 2026, we launched over 90 short dramas, including many breakout hits. In male-oriented genres, "The Invisible Bodyguard (隱身侍衛)" was a blockbuster, with a popularity index exceeding 100 million and total views across all platforms surpassing 5 billion. In female-oriented genres, sequels of our original "Sweet Wife (甜妻)" IP performed strongly, setting a benchmark for commercialization. In the AI-animated drama segment, our top-tier title "Three Thousand Shelters (三千庇護)" surpassed 3 billion views across all platforms, driving the original novel into the top 10 of the bestseller ranking on Qidian. We also explored opportunities to develop premium AI-animated drama platforms, launching "Qidian Theater (起點劇場)" and "ToonScroll" in China and overseas, respectively. All these achievements were driven by China Literature's extensive IP library, strong creator ecosystem, and robust capabilities in IP development across the industry chain.

IP Commercialization and Monetization

In the first half of 2026, our IP merchandise business continued to maintain rapid growth, with GMV reaching RMB780 million, representing a year-over-year increase of more than 60%. This growth was driven by our continued enhancement across four core areas: product, channel, operation, and ecosystem.

- Product: We strengthened our presence in the light-and-soft merchandise category, which is characterized by high-frequency purchases and strong repeat purchase rates, while expanding into new categories such as plush toys, lifestyle products, and precious metals. Our design excellence and supply chain efficiency enabled us to deliver a steady stream of high-quality products, positioning "Yuewen Goods" as one of the leading brands in China's anime merchandise market.

- Channel: We strengthened our self-operated online sales network, including mini-programs, live-streaming rooms, and flagship e-commerce stores. We also optimized our offline store network and deepened collaboration with our channel partners. These efforts led to improvements in both channel profitability and brand control. We also continued to enhance our sales velocity and supply chain management, improving inventory turnover efficiency and translating sales growth into solid profit contribution.

- Operation: We launched campaigns around iconic IP characters, driving deeper fan engagement and stronger consumer conversion. During the first half of the year, we organized the "Glory Pilgrimage (榮光巡禮)" pop-up event in four cities to celebrate the birthday of Ye Xiu, the leading character of "The King's Avatar (全職高手)." We also launched "The Outcast Boy Group (異人男團)," bringing "The Outcast (一人之下)" IP to a broader audience through idol-style marketing and deepening the emotional connection between the IP and users.

- Ecosystem: We accelerated the expansion of our overseas channels. Together with our partners, we opened our first global collectible toy concept store in Singapore, while selected products on the overseas online store for "Lord of the Mysteries (詭秘之主)" sold out shortly after launch. The popularity of our hit merchandise further amplified the appeal of our IPs, driving users back to our content ecosystem spanning online reading, animation, and drama series.

In the game segment, we launched multiple IP crossover collaborations in the first half of the year, all of which were well received. Partnerships including "The King's Avatar (全職高手)" × "Peacekeeper Elite (和平精英)" and "Soul Land (斗羅大陸)" × "Peacekeeper Elite (和平精英)" generated strong market buzz and engagement. Looking ahead, game adaptations of major IPs such as "Lord of the Mysteries (詭秘之主)" and "My Heroic Husband (贅婿)" are expected to be launched soon.

Widespread Application of AI Technology

At China Literature, AI is not confined to a single application. We have deeply integrated it into every stage of the content creation journey, from creative ideation to global user reach.

We launched the Buddy series of AI agents, purpose-built for the creative content industry, and upgraded three core products: NovelBuddy (作家助手), DramaBuddy (漫劇助手), and IPBuddy (版權助手), to provide content creators and operators with a comprehensive suite of AI-powered tools.

- NovelBuddy: Designed for online literature creators, NovelBuddy provides AI-assisted writing support, as well as copyright protection and anti-plagiarism services, helping safeguard creators' rights.

- DramaBuddy: Focusing on AI-animated drama production, DramaBuddy covers the entire process, including creative ideation, content production, and project management, enabling the scalable production of premium AI-animated dramas.

- IPBuddy: Serving as the "all-seeing eye" of our in-house copyright team, IPBuddy enables the value assessment of a title within minutes and greatly improves the efficiency of selecting IP for adaptation and commercialization.

AI has also accelerated our global expansion. As of June 30, 2026, more than 30,000 AI-translated works were available on our WebNovel platform, contributing 40% of the platform's novel revenue during the first half of the year. In addition, AI facilitated a 160% year-over-year increase in revenues for WebNovel's works in less-commonly spoken languages, enabling Chinese stories to reach global multilingual audiences more efficiently.

Outlook

We remain firmly convinced of the transformative power of IP and AI. Over the past two decades, the internet has lowered the barriers to literary creation and underpinned China Literature's growth into the company it is today. We believe that over the next two decades, AI will become a crucial tool for extending creators' capabilities and unlocking a step change in value across the content ecosystem. Deeply integrating AI into the creation process and driving growth through technology form our core strategy for the future, as well as a vital path to amplifying IP value. Through AI, we aim to help great stories realize their full potential. At the same time, we recognize that, as AI becomes more capable, original human creativity will become even scarcer and more valuable. That is why China Literature will continue to strengthen its support for original creators, ensuring that technology empowers creativity and that great stories can flourish for generations to come. Powered by our "IP+AI" engine, we are harnessing the synergies between technology and creativity to unlock the next decade of IP value creation and drive China Literature's sustainable, long-term, high-quality growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenues	**3,531,388**	3,190,584
Cost of revenues	**(1,739,295)**	(1,578,200)
Gross profit	**1,792,093**	1,612,384
Interest income	**81,306**	81,856
Other (losses)/gains, net	**(24,996)**	582,499
Selling and marketing expenses	**(1,011,398)**	(922,398)
General and administrative expenses	**(559,988)**	(484,739)
Net (provision for)/reversal of impairment losses on financial assets	**(6,220)**	6,197
Operating profit	**270,797**	875,799
Finance income/(costs), net	**529**	(4,005)
Share of net profit of associates and joint ventures	**88,778**	127,250
Profit before income tax	**360,104**	999,044
Income tax expense	**(224,940)**	(149,479)
Profit for the period	**135,164**	849,565
Attributable to:		
Equity holders of the Company	**135,376**	849,755
Non-controlling interests	**(212)**	(190)
	135,164	849,565
Non-IFRS profit for the period	**258,626**	507,617
Attributable to:		
Equity holders of the Company	**258,838**	507,807
Non-controlling interests	**(212)**	(190)
	258,626	507,617

Revenues. Revenues increased by 10.7% year-over-year to RMB3,531.4 million for the six months ended June 30, 2026. The following table sets forth our revenues by segment for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,			
	2026		2025	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		*(Unaudited)*	
Online business(1)				
On our self-owned platform products	**1,623,449**	**46.0**	1,746,026	54.7
On our channels on Tencent products	**84,881**	**2.4**	97,147	3.0
On third-party platforms	**131,689**	**3.7**	142,186	4.5
Subtotal	**1,840,019**	**52.1**	1,985,359	62.2
Intellectual property operations and others(2)				
Intellectual property operations	**1,613,930**	**45.7**	1,137,504	35.7
Others	**77,439**	**2.2**	67,721	2.1
Subtotal	**1,691,369**	**47.9**	1,205,225	37.8
Total revenues	**3,531,388**	**100.0**	3,190,584	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; short dramas; AI-animated dramas; licensing of copyrights; operation of self-operated online games; and sales of IP merchandise products and physical books.

– Revenues from online business decreased by 7.3% year-over-year to RMB1,840.0 million for the six months ended June 30, 2026, accounting for 52.1% of total revenues.

  Revenues from online business on our self-owned platform products decreased by 7.0% year-over-year to RMB1,623.4 million for the six months ended June 30, 2026, mainly due to competitive pressure which led to a higher proportion of lower-monetizing free-to-read content and a shift in content distribution from online reading to short dramas and AI-animated dramas on our self-operated products within the Weixin ecosystem.

Revenues from online business on our channels on Tencent products decreased by 12.6% year-over-year to RMB84.9 million for the six months ended June 30, 2026, primarily due to a decline in advertising revenues from free-to-read content on Tencent's channels.

Revenues from online business on third-party platforms decreased by 7.4% year-over-year to RMB131.7 million for the six months ended June 30, 2026, mainly driven by lower revenues received from third-party distribution partners.

The following table summarizes our key operating data for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
Average MAUs on our self-owned platform products and self-operated channels on Tencent products (average of MAUs for each calendar month)	**134.1 million**	141.3 million
Average MPUs on our self-owned platform products and self-operated channels on Tencent products (average of MPUs for each calendar month)	**8.2 million**	9.2 million
Monthly average revenue per paying user ("ARPU")[1]	**RMB32.7**	RMB31.3

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, 2026, average MAUs on our self-owned platform products and self-operated channels on Tencent products decreased by 5.1% year-over-year from 141.3 million to 134.1 million. Specifically, MAUs on our self-owned platform products increased by 0.8% year-over-year from 102.7 million to 103.5 million, remaining broadly stable. MAUs on our self-operated channels on Tencent products decreased by 20.5% year-over-year from 38.5 million to 30.6 million, primarily due to our continued shift of core content distribution to our own platform products, leading to lower activity on Tencent's channels.

- Average MPUs on our self-owned platform products and self-operated channels on Tencent products decreased by 10.9% year-over-year to 8.2 million for the six months ended June 30, 2026, primarily due to an increased proportion of free-to-read content on our self-owned platform products, resulting in a change in user mix and a corresponding decline in the number of paying users.

- Monthly ARPU increased by 4.5% year-over-year to RMB32.7 for the six months ended June 30, 2026, mainly due to a mix effect resulting from lower-ARPU users shifting to free-to-read content.

– Revenues from intellectual property operations and others increased by 40.3% year-over-year to RMB1,691.4 million for the six months ended June 30, 2026.

  Revenues from intellectual property operations increased by 41.9% year-over-year to RMB1,613.9 million for the six months ended June 30, 2026, primarily driven by rapid growth across multiple business lines, including short dramas, AI-animated dramas, TV series, and IP merchandise products. In particular, revenues from short dramas and AI-animated dramas exceeded RMB430 million, representing a year-over-year increase of 2.3 times, while GMV of our IP merchandise products increased by over 60% year-over-year to RMB780 million, underscoring the growing commercial potential of our full IP value chain.

  Revenues from others increased by 14.4% year-over-year to RMB77.4 million for the six months ended June 30, 2026. These revenues were generated primarily from sales of physical books.

Cost of revenues. Cost of revenues increased by 10.2% year-over-year to RMB1,739.3 million for the six months ended June 30, 2026. The increase was primarily driven by higher production costs for short dramas, AI-animated dramas, and TV and web series, which were in line with revenue growth during a period of higher content releases.

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,			
	2026		2025	
	RMB'000 ***(Unaudited)***	***% of revenues***	*RMB'000* *(Unaudited)*	*% of revenues*
Content costs	**670,513**	**19.0%**	788,901	24.7%
Platform distribution costs	**334,761**	**9.5%**	325,443	10.2%
Production costs of TV, web and animated series, films, short dramas and AI-animated dramas	**433,260**	**12.3%**	194,958	6.1%
Amortization of intangible assets	**27,371**	**0.8%**	38,670	1.2%
Cost of inventories	**103,327**	**2.9%**	89,955	2.8%
Others	**170,063**	**4.8%**	140,273	4.5%
Total	**1,739,295**	**49.3%**	1,578,200	49.5%

Gross profit and gross margin. As a result of the foregoing, gross profit increased by 11.1% year-over-year to RMB1,792.1 million for the six months ended June 30, 2026. Gross margin was 50.7% for the six months ended June 30, 2026, compared with 50.5% for the six months ended June 30, 2025.

Selling and marketing expenses. Selling and marketing expenses increased by 9.6% year-over-year to RMB1,011.4 million for the six months ended June 30, 2026, mainly driven by higher marketing and promotional spending to support the expansion of our IP businesses. As a percentage of revenues, selling and marketing expenses were 28.6% for the six months ended June 30, 2026, compared with 28.9% for the six months ended June 30, 2025.

General and administrative expenses. General and administrative expenses increased by 15.5% year-over-year to RMB560.0 million for the six months ended June 30, 2026, primarily due to higher personnel and administrative expenses related to scaling our IP businesses. As a percentage of revenues, general and administrative expenses were 15.9% for the six months ended June 30, 2026, compared with 15.2% for the six months ended June 30, 2025.

Other (losses)/gains, net. We recorded net other losses of RMB25.0 million for the six months ended June 30, 2026, compared with net other gains of RMB582.5 million for the six months ended June 30, 2025. The year-over-year change was mainly due to RMB134 million of late-payment tax surcharges incurred by a subsidiary of the Company in the first half of 2026 (see income tax section for the full impact of this matter), compared with RMB597.6 million of net gains recognized on the deemed disposal of an investee in the first half of 2025.

Interest income. We recorded interest income of RMB81.3 million for the six months ended June 30, 2026, compared with RMB81.9 million for the six months ended June 30, 2025.

Net (provision for)/reversal of impairment losses on financial assets. Impairment losses on financial assets reflect the provision for doubtful receivables. For the six months ended June 30, 2026, the provision for doubtful receivables was RMB6.2 million on a net basis, mainly related to IP businesses.

Operating profit. As a result of the foregoing, we recorded operating profit of RMB270.8 million for the six months ended June 30, 2026, compared with RMB875.8 million for the six months ended June 30, 2025. On a non-IFRS basis, operating profit was RMB367.2 million for the six months ended June 30, 2026, compared with RMB448.7 million for the six months ended June 30, 2025.

Finance income/(costs), net. Finance income was RMB0.5 million on a net basis for the six months ended June 30, 2026, 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 RMB88.8 million for the six months ended June 30, 2026, compared with RMB127.3 million for the six months ended June 30, 2025.

Income tax expense. Income tax expense increased from RMB149.5 million for the six months ended June 30, 2025 to RMB224.9 million for the six months ended June 30, 2026, primarily due to supplementary income tax payments of RMB166 million by a subsidiary of the Company. Together with the related late-payment tax surcharges of RMB134 million (recorded in other losses), these items reduced profit attributable to equity holders of the Company by RMB300 million.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company was RMB135.4 million for the six months ended June 30, 2026, compared with 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 RMB258.8 million for the six months ended June 30, 2026, compared with RMB507.8 million for the six months ended June 30, 2025. The decrease was mainly due to the RMB300 million tax-related impact noted above.

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, 2026 and 2025:

	Six months ended June 30, 2026		
	Online business *RMB'000* *(Unaudited)*	**Intellectual property operations and others** *RMB'000* *(Unaudited)*	**Total** *RMB'000* *(Unaudited)*
Segment revenues	**1,840,019**	**1,691,369**	**3,531,388**
Cost of revenues	**874,909**	**864,386**	**1,739,295**
Gross profit	**965,110**	**826,983**	**1,792,093**
Gross margin	**52.5%**	**48.9%**	**50.7%**

	Six months ended June 30, 2025		
	Online business	Intellectual property operations and others	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
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%

OTHER FINANCIAL INFORMATION

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
EBITDA[(1)]	**302,559**	318,231
Adjusted EBITDA[(2)]	**384,214**	386,856
Adjusted EBITDA margin[(3)]	**10.9%**	12.1%
Interest expense	**3,096**	3,570
Net cash[(4)]	**9,861,365**	9,572,967
Capital expenditures[(5)]	**43,601**	54,871

Notes:

(1) EBITDA consists of operating profit for the period less interest income and other (losses)/gains, net, plus depreciation of property, plant and equipment and 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 acquisitions.

(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 EBITDA and adjusted EBITDA for the periods presented:

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Operating profit	**270,797**	875,799
Adjustments:		
Interest income	**(81,306)**	(81,856)
Other losses/(gains), net	**24,996**	(582,499)
Depreciation of property, plant and equipment	**18,446**	18,798
Depreciation of right-of-use assets	**29,308**	34,215
Amortization of intangible assets	**40,318**	53,774
EBITDA	**302,559**	318,231
Adjustments:		
Share-based compensation	**78,946**	65,916
Expenditures related to acquisitions	**2,709**	2,709
Adjusted EBITDA	**384,214**	386,856

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, have been presented as additional financial measures 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 adjustments for the Group's material associates based on available published financials of those associates, or estimates made by the Company's management based on available information, 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 performance. 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, 2026 and 2025 to the nearest measures prepared in accordance with IFRS:

Non-IFRS Financial Measures

	Unaudited six months ended June 30, 2026					
		Adjustments				
	As reported	**Share-based compensation**	**Net losses from investments and acquisitions[1]**	**Amortization of intangible assets[2]**	**Tax effect**	**Non-IFRS**
			(RMB' 000, unless specified)			
Operating profit	**270,797**	**78,946**	**7,234**	**10,193**	**–**	**367,170**
Profit for the period	**135,164**	**78,946**	**7,234**	**10,193**	**27,089**	**258,626**
Profit attributable to equity holders of the Company	**135,376**	**78,946**	**7,234**	**10,193**	**27,089**	**258,838**
EPS (RMB per share)						
– basic	**0.13**					**0.26**
– diluted	**0.13**					**0.25**
Operating margin	**7.7%**					**10.4%**
Net margin	**3.8%**					**7.3%**

	Unaudited six months ended June 30, 2025					
		Adjustments				
	As reported	Share-based compensation	Net (gains) from investments and acquisitions[1]	Amortization of intangible assets[2]	Tax effect	Non-IFRS
			(RMB' 000, unless specified)			
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%

Notes:

(1) This item mainly includes gains on disposal and deemed disposal, impairment provisions and fair value changes arising from our investee companies, fair value changes of consideration liabilities related to the acquisition of NCM, and 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 decreased from RMB21,583.1 million as of December 31, 2025 to RMB21,309.2 million as of June 30, 2026, while our total liabilities decreased from RMB4,055.7 million as of December 31, 2025 to RMB3,835.1 million as of June 30, 2026. The liabilities-to-assets ratio decreased from 18.8% as of December 31, 2025 to 18.0% as of June 30, 2026.

As of June 30, 2026, the current ratio (the ratio of total current assets to total current liabilities) was 332.7%, compared with 321.3% as of December 31, 2025.

As of June 30, 2026, our Group had no pledged trade receivables.

Liquidity and Financial Resources

Our Group funds our cash requirements principally through capital contributions from shareholders and cash generated from our operations. As of June 30, 2026, our Group had net cash of RMB9.9 billion, compared with RMB9.4 billion as of December 31, 2025. The increase in net cash in the first half of 2026 was mainly driven by cash generated from operating activities, partially offset by cash used for share repurchases and capital expenditures. For the six months ended June 30, 2026, our Group had free cash flow of RMB204.4 million. This was a result of net cash generated in operating activities of RMB289.4 million, deducting payments for lease liabilities of RMB41.4 million, and payments for capital expenditures of RMB43.6 million. Our bank balances and term deposits are primarily denominated in RMB, USD and HKD. Our Group monitors capital on the basis of the gearing ratio, which is calculated as debt divided by total equity. As of June 30, 2026:

- Our gearing ratio was nil.
- Our total borrowing was nil.
- Our unutilized banking facility was RMB1,720 million.

As of June 30, 2026 and December 31, 2025, our Group had no significant contingent liabilities.

As of June 30, 2026 and December 31, 2025, our Group had not used any financial instruments for hedging purposes.

Capital Expenditures and Long-term Investments

Our Group's capital expenditures were primarily 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, 2026 totalled RMB77.0 million, compared with RMB60.5 million for the six months ended June 30, 2025, representing a year-over-year increase of RMB16.5 million, primarily due to higher long-term investments in the first half of 2026. 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 seeks 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, 2026 and 2025.

Employees

As of June 30, 2026, we had approximately 1,700 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 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 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2026

		Six months ended June 30,	
		2026	2025
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenues	*5*	**3,531,388**	3,190,584
Cost of revenues	*6*	**(1,739,295)**	(1,578,200)
Gross profit		**1,792,093**	1,612,384
Interest income		**81,306**	81,856
Other (losses)/gains, net	*7*	**(24,996)**	582,499
Selling and marketing expenses	*6*	**(1,011,398)**	(922,398)
General and administrative expenses	*6*	**(559,988)**	(484,739)
Net (provision for)/reversal of impairment losses on financial assets		**(6,220)**	6,197
Operating profit		**270,797**	875,799
Finance income/(costs), net		**529**	(4,005)
Share of net profit of associates and joint ventures	*12*	**88,778**	127,250
Profit before income tax		**360,104**	999,044
Income tax expense	*8*	**(224,940)**	(149,479)
Profit for the period		**135,164**	849,565
Other comprehensive income, net of tax:			
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of an associate		**–**	205
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		**–**	(1,280)
Currency translation differences		**29,228**	49,861
Items that will not be reclassified to profit or loss			
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income		**(40,947)**	24,447
Currency translation differences		**(99,070)**	(55,123)
		(110,789)	18,110
Total comprehensive income for the period		**24,375**	867,675

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(CONTINUED)*
FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Note	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit attributable to:			
– Equity holders of the Company		**135,376**	849,755
– Non-controlling interests		**(212)**	(190)
		135,164	849,565
Total comprehensive income attributable to:			
– Equity holders of the Company		**24,587**	867,865
– Non-controlling interests		**(212)**	(190)
		24,375	867,675
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	*9(a)*	**0.13**	0.84
– Diluted earnings per share	*9(b)*	**0.13**	0.83

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2026

	Note	**As of June 30, 2026** ***RMB'000*** ***(Unaudited)***	As of December 31, 2025 *RMB'000* *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**65,851**	67,862
Right-of-use assets		**160,551**	173,503
Intangible assets	*11*	**4,256,947**	4,295,669
Investments in associates and joint ventures	*12*	**442,151**	577,429
Financial assets at fair value through profit or loss	*13*	**936,705**	1,324,054
Financial assets at fair value through other comprehensive income	*14*	**669,646**	648,079
Deferred income tax assets		**481,555**	458,061
Prepayments, deposits and other assets		**186,627**	188,367
Term deposits		**2,212,245**	1,709,000
		9,412,278	9,442,024
Current assets			
Inventories	*15*	**615,247**	576,625
Television series and film rights	*16*	**520,570**	649,443
Financial assets at fair value through profit or loss	*13*	**2,028,854**	2,735,344
Trade and notes receivables	*17*	**1,550,012**	1,905,045
Prepayments, deposits and other assets		**1,561,933**	1,282,964
Restricted bank deposits		**–**	4,464
Term deposits		**3,002,839**	3,303,485
Cash and cash equivalents		**2,617,427**	1,683,707
		11,896,882	12,141,077
Total assets		**21,309,160**	21,583,101
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**648**	648
Treasury shares		**(151,864)**	–
Shares held for RSU schemes		**(14,640)**	(14,640)
Share premium		**15,963,146**	15,969,228
Other reserves		**2,085,165**	2,117,741
Accumulated losses		**(411,645)**	(547,021)
		17,470,810	17,525,956
Non-controlling interests		**3,225**	1,437
Total equity		**17,474,035**	17,527,393

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AS OF JUNE 30, 2026

	Note	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**98,797**	116,831
Long-term payables		**18,958**	16,250
Deferred income tax liabilities		**123,282**	124,686
Deferred revenue		**18,462**	19,615
		259,499	277,382
Current liabilities			
Lease liabilities		**57,744**	64,519
Trade payables	*19*	**1,241,116**	1,210,442
Other payables and accruals		**982,545**	1,102,001
Deferred revenue		**973,660**	989,724
Current income tax liabilities		**166,085**	232,592
Financial liabilities at fair value through profit or loss	*20*	**154,476**	179,048
		3,575,626	3,778,326
Total liabilities		**3,835,125**	4,055,708
Total equity and liabilities		**21,309,160**	21,583,101

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Attributable to equity holders of the Company								
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Shares held for RSU schemes *RMB'000*	Other reserves *RMB'000*	Accumulated losses *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
(Unaudited)									
As of January 1, 2026	648	–	15,969,228	(14,640)	2,117,741	(547,021)	17,525,956	1,437	17,527,393
Comprehensive income									
Profit for the period	–	–	–	–	–	135,376	135,376	(212)	135,164
Other comprehensive income, net of tax:									
– Currency translation differences	–	–	–	–	(69,842)	–	(69,842)	–	(69,842)
– Net loss from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(40,947)	–	(40,947)	–	(40,947)
Total comprehensive income for the period	–	–	–	–	(110,789)	135,376	24,587	(212)	24,375
Transaction with owners									
Share-based compensation expenses	–	–	–	–	78,213	–	78,213	–	78,213
Transfer of vested RSUs	–	–	(6,179)	–	–	–	(6,179)	–	(6,179)
Repurchase of shares	–	(151,864)	–	–	–	–	(151,864)	–	(151,864)
Business combination	–	–	–	–	–	–	–	2,000	2,000
Issue of new shares pursuant to the options granted	–	–	97	–	–	–	97	–	97
Transactions with owners in their capacity for the period	–	(151,864)	(6,082)	–	78,213	–	(79,733)	2,000	(77,733)
As of June 30, 2026	648	(151,864)	15,963,146	(14,640)	2,085,165	(411,645)	17,470,810	3,225	17,474,035

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

	Attributable to equity holders of the Company							
	Share capital *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*	Total *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 *(Note 12)*	–	–	–	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 CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net cash flows generated from/(used in) operating activities	**289,373**	(72,474)
Net cash flows generated from/(used in) investing activities	**849,053**	(975,563)
Net cash flows used in financing activities	**(196,326)**	(188,977)
Net increase/(decrease) in cash and cash equivalents	**942,100**	(1,237,014)
Cash and cash equivalents at beginning of the period	**1,683,707**	3,264,188
Exchange losses on cash and cash equivalents	**(8,380)**	(1,889)
Cash and cash equivalents at end of the period	**2,617,427**	2,025,285

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 (collectively, the "Group") are principally engaged in the provision of online business and intellectual property operations in the People's Republic of China (the "PRC").

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, 2026, 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, 2025, 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 2025 annual report of the Company dated March 17, 2026 (the "2025 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 2025 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 amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2026:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The adoption of the new amendments to standards does not have significant impact on the condensed consolidated financial information of the Group.

3 Material accounting policy information (Continued)

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, 2026 and have not been early adopted by the Group in preparing the condensed consolidated financial information. The adoption of IFRS 18 will not affect the recognition or measurement of items in the condensed consolidated financial information. 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 information. Except for IFRS 18, none of these is expected to have a significant effect on the condensed consolidated financial information of the Group.

		Effective for annual periods beginning on or after
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	January 1, 2027
IFRS 20	Regulatory Assets and Regulatory Liabilities	January 1, 2029

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, 2026 and 2025:

- 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 and AI-animated 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.).

4 Segment information (Continued)

As of June 30, 2026 and 2025, 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 (losses)/gains, net, finance income/(costs), net, net (provision for)/reversal of 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, 2026 and 2025. 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 this condensed consolidated financial information. 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, 2026 and 2025 is as follows:

	Six months ended June 30, 2026		
	Online business	**Intellectual property operations and others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
(Unaudited)			
Segment revenues	**1,840,019**	**1,691,369**	**3,531,388**
Gross profit	**965,110**	**826,983**	**1,792,093**
Cost of revenues			
Depreciation	**354**	**58**	**412**
Amortisation	**17,179**	**10,192**	**27,371**

4 Segment information (Continued)

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

The reconciliation of gross profit to profit before income tax during the six months ended June 30, 2026 and 2025 is shown in the condensed consolidated statement of comprehensive income.

For the six months ended June 30, 2026, the Group's customer base was diversified but included only Tencent and a third party customer, whose transactions enacted with the Group both had exceeded 10% of the Group's revenues (for the six months ended June 30, 2025: only Tencent had exceeded 10%).

As of June 30, 2026 and 2025, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the 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		
(Unaudited) **Six months ended June 30, 2026**	**On self-owned platform products** ***RMB'000***	**On the channels on Tencent products** ***RMB'000***	**On third-party platforms** ***RMB'000***	**Intellectual property operations** ***RMB'000***	**Others** ***RMB'000***	**Total** ***RMB'000***
Timing of revenue recognition:						
– At a point in time	**1,356,357**	**80,422**	**131,689**	**1,398,661**	**76,450**	**3,043,579**
– Over time	**267,092**	**4,459**	**–**	**215,269**	**989**	**487,809**
	1,623,449	**84,881**	**131,689**	**1,613,930**	**77,439**	**3,531,388**

	Online business			Intellectual property operations and others		
(Unaudited) Six months ended June 30, 2025	On self-owned platform products *RMB'000*	On the channels on Tencent products *RMB'000*	On third-party platforms *RMB'000*	Intellectual property operations *RMB'000*	Others *RMB'000*	Total *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
	1,746,026	97,147	142,186	1,137,504	67,721	3,190,584

6 Expenses by nature

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Promotion and advertising expenses	**698,846**	597,486
Content costs *(Note a)*	**670,513**	788,901
Employee benefits expenses *(Note b and d)*	**560,776**	531,844
Production costs of television, web and animated series, films, short dramas and AI-animated dramas *(Note 16)*	**415,326**	184,333
Platform distribution costs	**334,761**	325,443
Payment handling costs	**117,123**	137,486
Cost of physical inventories sold	**106,799**	88,257
Game development outsourcing costs *(Note d)*	**74,272**	13,760
Bandwidth and server custody fees	**56,447**	51,621
Amortisation of intangible assets *(Note c and Note 11)*	**40,318**	53,774
Depreciation of right-of-use assets	**29,308**	34,215
Travelling, entertainment and general office expenses	**26,124**	26,791
Depreciation of property, plant and equipment	**18,446**	18,798
Impairment loss on television series and film rights *(Note 16)*	**17,934**	10,625
Professional service fees	**14,191**	20,324
Tax surcharge expenses	**14,223**	9,570
Logistic expenses	**11,731**	6,571
Impairment loss on prepayments to directors, actors and writers	**6,429**	–
Auditors' remuneration		
– Audit services	**5,315**	5,315
– Non-audit services	**532**	799
Expense relating to short-term and low value leases	**1,336**	1,767
(Reversal of)/provision for physical inventory obsolescence	**(3,472)**	1,698
Others	**93,403**	75,959
	3,310,681	2,985,337

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.

6 Expenses by nature (Continued)

(b) During the six months ended June 30, 2026, employee benefits expenses included the share-based compensation expenses of approximately RMB78,946,000 (for the six months ended June 30, 2025: RMB65,916,000), and other compensation costs of approximately RMB2,709,000 (for the six months ended June 30, 2025: RMB2,709,000).

(c) During the six months ended June 30, 2026, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB10,193,000 (for the six months ended June 30, 2025: RMB9,500,000).

(d) Research and development expenses (being included in the Group's general and administrative expenses) for the six months ended June 30, 2026 was approximately RMB299,612,000 (for the six months ended June 30, 2025: RMB214,377,000), which mainly included employee benefits expenses of research and development function staff and game development outsourcing costs.

7 Other (losses)/gains, net

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Compensation received for copyright infringements	**79,377**	13,840
Government subsidies	**41,356**	32,929
Net fair value gains of financial assets and financial liabilities at FVPL *(Note a)*	**14,695**	12,937
Diluted gain of a joint venture	**1,856**	–
Gain on disposal of investments in joint ventures	**201**	555
Impairment loss of intangible assets *(Note 11)*	**(27,722)**	(13,904)
Tax late payment surcharges *(Note b)*	**(134,669)**	(508)
Impairment provision for investments in associates *(Note 12)*	**–**	(70,318)
Gain on deemed disposal of an associate *(Note 12)*	**–**	597,572
Others, net	**(90)**	9,396
	(24,996)	582,499

7 Other (losses)/gains, net (Continued)

Notes:

(a) During the six months ended June 30, 2026, the net fair value gains of financial assets and financial liabilities at FVPL mainly comprised net losses of approximately RMB31,154,000 as a result of changes in valuations of certain investee companies (net losses for the six months ended June 30, 2025: RMB15,827,000), fair value gain on contingent consideration payable of approximately RMB24,572,000 (fair value loss for the six months ended June 30, 2025: RMB6,739,000) and fair value gains on investments in structured deposits of approximately RMB21,277,000 (fair value gains for the six months ended June 30, 2025: RMB31,804,000).

(b) During the six months ended June 30, 2026, a subsidiary of the Group was required to make a supplementary payment of enterprise income tax and related late payment surcharges for prior years, totaling approximately RMB300,030,000. Specifically, approximately RMB166,220,000 represents enterprise income tax and it was recognized in "income tax expense" in the condensed consolidated statement of comprehensive income, and approximately RMB133,810,000 were late payment surcharges, which were recognized in "other losses/(gains), net" in the condensed consolidated statement of comprehensive income. The payments were fully made in June 2026.

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, 2026 and 2025.

(b) Hong Kong profits tax

Entities carrying on business in Hong Kong are subject to Hong Kong profits tax at a standard rate of 16.5% in respect of assessable profits arising in or derived from their Hong Kong business operations. For income tax purposes, the operations in Hong Kong incurred net accumulated operating losses for income tax purposes or had no assessable profits after offsetting against accumulated tax losses, and thus no income tax provision was recorded for the years 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.

8 Income tax expense (Continued)

(c) PRC corporate income tax (Continued)

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,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax *(Note 7(b))*	**245,236**	71,825
Deferred income tax	**(20,296)**	77,654
Income tax expense	**224,940**	149,479

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,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Net profit attributable to the equity holders of the Company (RMB'000)	**135,376**	849,755
Weighted average number of ordinary shares in issue (thousand)	**1,006,294**	1,009,157
Basic earnings per share (expressed in RMB per share)	**0.13**	0.84

9 Earnings per share (Continued)

(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, 2026 and 2025, 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 Holdings Limited (or referred to as the "New Classics Media" and previously known as "Qiandao Lake Holdings Limited") was included in the computation of earnings per share for the six months ended June 30, 2026 and 2025 as the impact would be dilutive.

	Six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Net profit attributable to the equity holders of the Company (RMB'000)	**135,376**	849,755
Net profit used to determine earnings per share (RMB'000)	**135,376**	849,755
Weighted average number of ordinary shares outstanding (thousand)	**1,006,294**	1,009,157
Effect of deemed issuance of ordinary shares in connection with the acquisition of New Classics Media (thousand)	**1,840**	1,840
Adjustments for share-based compensation (thousand)	**8,644**	8,550
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**1,016,778**	1,019,547
Diluted earnings per share (expressed in RMB per share)	**0.13**	0.83

10 Dividends

No dividends were paid or declared by the Company during the six months ended June 30, 2026 and 2025.

11 Intangible assets

	Goodwill *RMB'000*	Trademarks *RMB'000*	Copyrights of contents *RMB'000*	Software *RMB'000*	Domain names *RMB'000*	Others *RMB'000*	Total *RMB'000*
(Unaudited)							
Six months ended June 30, 2026							
Opening net book amount as of January 1, 2026	**3,715,659**	**498,029**	**70,491**	**9,446**	**2,044**	**–**	**4,295,669**
Business Combination	**–**	**–**	**–**	**–**	**–**	**4,973**	**4,973**
Additions	**–**	**–**	**23,650**	**695**	**–**	**–**	**24,345**
Amortisation	**–**	**(9,549)**	**(27,848)**	**(2,228)**	**–**	**(693)**	**(40,318)**
Impairment *(Note 7)*	**–**	**–**	**(27,722)**	**–**	**–**	**–**	**(27,722)**
Closing net book amount as of June 30, 2026	**3,715,659**	**488,480**	**38,571**	**7,913**	**2,044**	**4,280**	**4,256,947**

	Goodwill *RMB'000*	Non-compete agreement *RMB'000*	Trademarks *RMB'000*	Copyrights of contents *RMB'000*	Software *RMB'000*	Domain names *RMB'000*	Total *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	5,528,215	–	507,577	88,621	11,223	2,044	6,137,680

11 Intangible assets (Continued)

Impairment tests for goodwill

As of June 30, 2026 and December 31, 2025, goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	As of June 30, 2026	As of December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Online business	**3,715,659**	3,715,659

Goodwill that has an indefinite useful life is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. As of June 30, 2026, no indicators for impairment of goodwill have been identified.

Impairment tests for copyrights

Impairment review on the copyrights of certain contents had been conducted by the management as of June 30, 2026 according to IAS 36 "Impairment of assets". As of June 30, 2026, the recoverable amount of the copyrights is determined based on the value-in-use calculations. During the six months ended June 30, 2026, an impairment provision of approximately RMB27,722,000 (for the six months ended June 30, 2025: RMB13,904,000) was made against the carrying amount of such copyrights.

12 Investments in associates and joint ventures

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Investments in associates (a)	**95,839**	101,455
Investments in joint ventures (b)	**346,312**	475,974
	442,151	577,429

(a) Investments in associates

	Six months ended June 30, 2026 RMB'000 (Unaudited)	Six months ended June 30, 2025 RMB'000 (Unaudited)
At the beginning of the period	**101,455**	410,719
Share of net losses of associates	**(4,704)**	(351)
Share of other comprehensive income of an associate	**–**	205
Transfer *(Note)*	**–**	(242,745)
Impairment provision	**–**	(70,318)
Currency translation differences	**(912)**	(124)
At the end of the period	**95,839**	97,386

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.

12 Investments in associates and joint ventures (Continued)

(b) Investments in joint ventures

	Six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
At the beginning of the period	**475,974**	517,460
Additions	**–**	300
Share of net profit of joint ventures	**93,482**	127,601
Dividend from a joint venture	**(225,000)**	(17,531)
Dilution gain on deemed disposal *(Note 7)*	**1,856**	–
At the end of the period	**346,312**	627,830

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, 2026	As of December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Included in non-current assets:		
Investments in unlisted entities	**935,867**	1,322,128
Investment in a listed entity	**838**	1,926
	936,705	1,324,054
Included in current assets:		
Investments in structured deposits	**2,028,854**	2,735,344
	2,965,559	4,059,398

14 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
Included in non-current assets:		
Investment in listed entities	**669,646**	648,079

15 Inventories

	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
Adaptation rights and scripts	**529,921**	514,513
Physical inventories:		
Raw materials	**1,928**	2,406
Work in progress	**2,737**	1,086
Inventories in warehouse	**121,582**	97,682
Inventories held with distributors on consignment	**37,443**	42,774
	693,611	658,461
Less: provision for physical inventory obsolescence	**(78,364)**	(81,836)
	615,247	576,625

16 Television series and film rights

	As of June 30, 2026	As of December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Television series and film rights		
– production in progress	**519,110**	644,263
– completed	**1,460**	5,180
	520,570	649,443

	Production in progress	**Completed**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
(Unaudited)			
As of January 1, 2026	**644,263**	**5,180**	**649,443**
Additions	**304,387**	**–**	**304,387**
Transfer from production in progress to completed	**(421,712)**	**421,712**	**–**
Recognised in cost of revenues	**(7,828)**	**(425,432)**	**(433,260)**
As of June 30, 2026	**519,110**	**1,460**	**520,570**

	Production in progress	Completed	Total
	RMB'000	*RMB'000*	*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

17 Trade and notes receivables

	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
Trade receivables	**1,763,690**	2,103,678
Notes receivables	**9,050**	22,798
	1,772,740	2,126,476
Less: allowance for impairment of trade and notes receivables	**(222,728)**	(221,431)
	1,550,012	1,905,045

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, 2026 and December 31, 2025.

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, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
Trade and notes receivables		
– Up to 3 months	**952,114**	1,436,174
– 3 to 6 months	**137,470**	141,993
– 6 months to 1 year	**353,137**	95,191
– 1 to 2 years	**52,211**	163,424
– Over 2 years	**55,080**	68,263
	1,550,012	1,905,045

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, 2026	701,288
Granted	–
Forfeited *(Note)*	(13,789)
Vested	(152,180)
Outstanding balance as of June 30, 2026	535,319
(Unaudited)	
As of January 1, 2025	1,564,549
Granted	–
Forfeited *(Note)*	(128,477)
Vested	(216,837)
Outstanding balance as of June 30, 2025	1,219,235

18 Share-based payments (Continued)

(a) RSU schemes of the Group (Continued)

(i) 2014 RSU Scheme (Continued)

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, 2026	12,426,349
Granted	98,821
Forfeited	(203,654)
Vested	(108,435)
Outstanding balance as of June 30, 2026	12,213,081
(Unaudited)	
As of January 1, 2025	11,796,302
Granted	552,549
Forfeited	(430,756)
Vested	–
Outstanding balance as of June 30, 2025	11,918,095

During the six months ended June 30, 2026 and 2025, 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.

18 Share-based payments (Continued)

(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:

	2026		**2025**	
	Average exercise price	**Number of options**	**Average exercise price**	**Number of options**
(Unaudited)				
As of January 1	**HKD40.40**	**8,742,137**	HKD40.24	9,364,706
Exercised	**HKD32.06**	**(3,380)**	–	–
Forfeited/Lapsed	**HKD69.81**	**(58,775)**	HKD52.42	(196,870)
As of June 30	**HKD40.20**	**8,679,982**	HKD39.98	9,167,836
Exercisable as of June 30	**HKD39.79**	**5,733,579**	HKD49.13	4,304,972

During the six months ended June 30, 2026 and 2025, no option was granted.

During the six months ended June 30, 2026, 3,380 share options were exercised (for the six months ended June 30, 2025: no option was exercised).

18 Share-based payments (Continued)

(b) Share option scheme of the Group (Continued)

(ii) Outstanding share options

Details of the expiry dates, exercise prices and respective numbers of share options which remained outstanding as of June 30, 2026 and December 31, 2025 are as follows:

			Number of share option	
Grant Date	**Expiry Date**	**Exercise price**	**June 30, 2026**	December 31, 2025
			(Unaudited)	*(Audited)*
July 12, 2021	July 11, 2031	HKD82.85	**1,059,491**	1,103,176
November 5, 2021	November 4, 2031	HKD53.14	**1,786,539**	1,786,539
August 18, 2022	August 17, 2032	HKD30.69	**1,907,564**	1,907,564
August 21, 2023	August 20, 2033	HKD32.06	**1,246,197**	1,264,667
August 14, 2024	August 13, 2034	HKD25.29	**2,680,191**	2,680,191
Total			**8,679,982**	8,742,137
Weighted average remaining contractual life of options outstanding at end of period			**5.68 years**	6.18 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, 2026, the Expected Retention Rate of the Group was assessed to be no lower than 92% (December 31, 2025: 92%).

19 Trade payables

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

	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
– Up to 3 months	**606,293**	651,164
– 3 to 6 months	**102,258**	80,079
– 6 months to 1 year	**150,742**	72,357
– Over 1 year	**381,823**	406,842
	1,241,116	1,210,442

20 Financial liabilities at fair value through profit or loss

	As of June 30, 2026 *RMB'000* *(Unaudited)*	As of December 31, 2025 *RMB'000* *(Audited)*
Included in current liability:		
Contingent consideration payable relating to the acquisition of 100% equity interest of New Classics Media	**154,476**	179,048

Note:

On October 31, 2018, the Group entered into a share purchase agreement ("2018 New Classics Media Share Purchase Agreement") with the selling shareholders (including a subsidiary of Tencent) to acquire 100% equity interest of New Classics Media, which is principally engaged in production and distribution of television series, web series and films. Pursuant to the share purchase agreement, the aggregate consideration for the acquisition of New Classics Media is approximately RMB15,500,000,000 and will be subject to an earn-out mechanism that is set out in the share purchase agreement. The consideration will be settled by a combination of cash and new shares issued by the Company based on the terms and subject to the conditions set forth in the share purchase agreement.

20 Financial liabilities at fair value through profit or loss (Continued)

Note: (Continued)

On August 27, 2020, the Group entered into a supplemental deed in relation to the amendment of the 2018 New Classics Media Share Purchase Agreement ("the supplemental SPA deed"), which was approved by the shareholders of the Group on December 9, 2020 and took effective from December 11, 2020 (the "Effective Date"). Pursuant to the supplemental SPA deed, the original earn out mechanism was revised. The original earn-out consideration payable by the Group for the year ended December 31, 2020 under the mechanism (being 15,119,815 consideration shares and approximately RMB1,021,000,000 in cash) has been apportioned into five tranches and allocated to cover five financial years ended December 31, 2024, and is subject to additional conditions and adjustments set forth in the supplemental SPA deed. As of June 30, 2026, all conditions for settlement have been satisfied, and settlement will be made in due course.

21 Subsequent events

On June 2, 2026, the Group entered into an equity transfer agreement with Tencent, pursuant to which, the Group has conditionally agreed to acquire, and Tencent has conditionally agreed to sell, approximately 28.22% of the equity interests in Wuhan YHKT Entertainment Co., Ltd. ("YHKT Entertainment") at a cash consideration of RMB400,780,000 (the "Equity Interest Transfer"). YHKT Entertainment is principally engaged in the development and operation of animation and gaming content. The Equity Interest Transfer was completed on July 31, 2026 when all conditions precedent were met. Upon completion of the Equity Interest Transfer, the Group held approximately an aggregate of 59.70% of the equity interest in YHKT. Accordingly, the cash consideration was fully paid to Tencent upon closing of the Equity Interest Transfer.

Other than the above, there were no material subsequent events during the period from July 1, 2026 to the approval date of the Financial Information by the Board on August 11, 2026.

DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2026 (2025: Nil).

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2026, the Company purchased a total of 8,400,000 Shares on the Stock Exchange for an aggregate consideration of HKD174,308,912 before expenses pursuant to the share buy-back mandate approved by the Shareholders at the annual general meeting held on June 2, 2026. 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:

		Purchase consideration per Share		
Month of purchase in the six months ended 30 June, 2026	**Number of Shares purchased**	**Lowest price paid**	**Highest price paid**	**Aggregate consideration paid**
		HKD	*HKD*	*HKD*
June	8,400,000	18.58	23.94	174,308,912
Total	8,400,000			174,308,912

Save as disclosed above, during the six months ended June 30, 2026, 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, 2026, 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, 2026.

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, 2026. 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 11, 2026

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. Leung Sau Ting Miranda, Mr. Kong Xiangjun and Mr. Mak Tze Leung 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 the Cayman Islands 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, 2026;
"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;
"Shareholder(s)"	:	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.