

China Literature Announces Sale of its Equity Interest in Lazy Audio for RMB1.08 Billion

Hong Kong, January 15, 2021 – China Literature Limited (“China Literature” or “the Company”, stock code: 0772.HK), a leading online literature platform in China, today announced that it entered into a definitive agreement to sell a 39.8821% equity interest in Shenzhen Lanren Online Technology Co, Ltd (“Lazy Audio”), an audio platform in China, to Tencent Music Entertainment Group (“Tencent Music” or “TME”, NYSE: TME), a leading innovative online music entertainment platform in China, for a total consideration of RMB1.08 billion in cash. The transaction is expected to close in the first half of 2021, subject to customary closing conditions. China Literature will no longer hold an equity interest in Lazy Audio upon the completion of the transaction.

Mr. Edward Cheng, Chief Executive Officer of China Literature, commented, “Our investment in Lazy Audio was a test pilot for China Literature’s audiobook strategy where we collaborated with Lazy Audio to convert China Literature’s premium IPs into audiobooks and deliver to a vast user base. In terms of corporate strategic outcome and generating a return on investment, the overall investment was, without a doubt, a huge success. The TME-Lazy Audio transaction will continue to elevate TME’s and Lazy Audio’s audio content production and distribution capability. This will in turn benefit China Literature, as our business partnership with both TME and Lazy Audio will continue. As we join forces on future collaboration with TME and other audio platforms, we expect to continuously distribute China Literature’s premium content to our expanding user base. We believe this marks an important step to further maximize the value of China Literature’s IPs.”

About China Literature Limited

China Literature Limited is a pioneer in the online literature market and operates China’s leading online literature platform. The Company owns nine major branded products. Among these, QQ Reading, a unified mobile content aggregation and distribution platform, is the flagship product. Other branded products focus on individual genres and their respective fan bases. China Literature’s shareholder and strategic partner, Tencent, provides the Company with exclusive content distribution access via its suite of leading mobile and Internet products, including Mobile QQ, QQ Browser, Tencent News, Weixin Reading and Tencent Video. The Company also has distribution beyond the Tencent platforms by pre-installing Apps on handsets partners such as OPPO, Huawei and VIVO, as well as licensing content to third-party partners such as Baidu, Sogou, JD.com and Xiaomi Duokan. China Literature monetizes its vast and proprietary content library mainly through online paid reading and content adaptations for a variety of entertainment formats. China Literature’s diverse and high-quality content library is a significant competitive advantage that lies at the core of its business model. In 2018, China Literature further expanded its content capabilities downstream by acquiring New Classics Media, a renowned TV series, web series and film production company in China. For more information, please visit <http://ir.yuewen.com/>.

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Forward-Looking Statements

This press release contains forward-looking statements relating to the industry and business outlook, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this press release. 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 the forward-looking statements is a large number of risks and uncertainties. Further information regarding these risks and uncertainties is included in our other public disclosure documents on our corporate website.