

China Literature Announces 2022 Interim Results

Hong Kong, August 15, 2022 – China Literature Limited (“China Literature” or “the Company”, stock code: 0772), a leading online literature and intellectual property (“IP”) incubation platform in China, today announced the unaudited consolidated results for the six months ended June 30, 2022.

Results Highlights ⁽¹⁾

- Total revenues were RMB4,087.2 million (USD609.0 million), compared with RMB4,342.1 million in the first half of 2021.
- **On a non-IFRS ⁽²⁾ basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
 - Operating profit increased 8.2% year-over-year to RMB693.8 million (USD103.4 million). Operating margin increased from 14.8% to 17.0%.
 - Profit attributable to equity holders of the Company increased 0.2% year-over-year to RMB666.0 million (USD99.2 million). Its margin increased from 15.3% to 16.3%.
 - Basic earnings per share were RMB0.66. Diluted earnings per share were RMB0.65.
- **On an IFRS basis:**
 - Operating profit was RMB251.2 million (USD37.4 million), compared with RMB1,284.0 million in the first half of 2021. The year-over-year difference was mainly due to a gain of RMB1,076.8 million related to the sale of our stake in a joint venture in the first half of 2021.
 - Profit attributable to equity holders of the Company was RMB228.5 million (USD34.1 million), compared with RMB1,082.7 million in the first half of 2021.
 - Basic earnings per share were RMB0.23. Diluted earnings per share were RMB0.22.

Mr. Edward Cheng, Chief Executive Officer of China Literature, commented: “During the first half of 2022, the overall macro environment presented many challenges and put pressure on our industry. The volatility of the market forced us to adopt a more forward-thinking and flexible approach, and to explore a healthier and more sustainable growth trajectory. We took initiatives to optimize costs and improve efficiency, and sharpened our focus on key business and long-term objectives. Our operational efficiency improved significantly as a result. Non-IFRS operating profit increased by 8.2% year-over-year to RMB693.8 million, and non-IFRS operating margin increased from 14.8% a year ago to 17.0% in the first half of 2022.

At the same time, we released compelling visual content including drama series *A Lifelong Journey* (人世间), *Life is A Long Quiet River* (心居), *The Wind Blows from Longxi* (风起陇西) and *Master of My Own* (请叫我总监), the film *Too Cool to Kill* (这个杀手不太冷静), as well as a number of exciting animated series. Continuous release of high-quality content, particularly blockbusters, reflected the depth of our resources for transforming literary content into video and other formats, supporting our long-term strategy of IP adaptation to visual modes. In addition, as an important part of improving the content ecosystem, we

¹ Figures stated in USD are based on USD1 to RMB6.7114.

² Non-IFRS adjustments exclude share-based compensation, M&A related impact such as net losses/(gains) from investee companies and amortization of intangible assets, as well as related income tax effects.

³ Certain figures included in this press release have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures shown in the breakdown items.

⁴ “Our literature platform”, or “our platform” refers to all of online products, channels and content operated by China Literature, including but not limited to mobile apps, WAPs, websites and various channels.

enhanced our copyright protection and anti-piracy efforts, which were widely recognized by our writers.

We believe that the cultural industry in China has great potential. The short-term challenges have not had a deep impact on the general trend and long-term prospects of the industry. Our long-term strategy remains unchanged. We will continue to focus on the incubation, development and operation of good stories that can live forever.”

Financial Review ⁽³⁾

Revenues were RMB4,087.2 million (USD609.0 million), compared with RMB4,342.1 million in the first half of 2021.

Revenues from online business were RMB2,307.0 million (USD343.7 million), compared with RMB2,540.0 million in the first half of 2021. A further breakdown of this category is as follows: i) online business revenues from the Company’s self-owned platform products were RMB1,763.1 million (USD262.7 million), compared with RMB1,880.7 million in the prior corresponding period, mainly as a result of a reduction in spending on marketing for user acquisition for our online business as we took initiatives to optimize costs and improve operational efficiency during the first half of 2022; ii) online business revenues from our self-operated channels on Tencent products broadly stabilized at RMB347.5 million (USD51.8 million), compared with RMB353.5 million in the prior corresponding period; iii) and online business revenues from third-party platforms were RMB196.5 million (USD29.3 million), compared with RMB305.8 million in the prior corresponding period, mainly as we suspended collaboration with certain third-party distribution partners during the first half of 2022.

Revenues from IP operations and others were RMB1,780.2 million (USD265.2 million), compared with RMB1,802.2 million in the prior corresponding period, among which i) revenues from IP operations were broadly stable at RMB1,731.3 million (USD258.0 million), compared with RMB1,740.1 million in the first half of 2021, and ii) revenues from the “others” category, consisting mainly of sales of physical books, decreased 21.2% year-over-year to RMB48.9 million (USD7.3 million) in the first half of 2022.

Cost of revenues decreased 5.5% year-over-year to RMB1,940.9 million (USD289.2 million), as a result of i) a decrease in amortization of intangible assets of content copyrights due to the high base effect in the prior corresponding period, ii) a reduction in platform distribution costs for our online businesses, and iii) lower content costs. The decrease in the cost of revenues was partially offset by an increase in production costs of TV, web and animated series and film along with the increase in revenues.

Gross profit decreased 6.2% year-over-year to RMB2,146.3 million (USD319.8 million). Gross margin was 52.5%, compared with 52.7% in the prior corresponding period.

Interest income increased 13.6% year-over-year to RMB68.9 million (USD10.3 million), reflecting higher interest income from bank deposits.

Other losses, net were RMB235.4 million (USD35.1 million), compared with net other gains of RMB901.1 million in the prior corresponding period. The year-over-year difference was mainly due to a gain of

RMB1,076.8 million related to the sale of our equity interest in Lazy Audio during the first half of 2021. The other losses in the first half of 2022 consisted mainly of fair value losses of RMB372.9 million (USD55.6 million) resulting from the decreased valuations of our investee companies, partially offset by a fair value gain of RMB112.2 million (USD16.7 million) due to a change in the fair value of consideration liabilities related to the acquisition of New Classics Media.

Selling and marketing expenses decreased 17.6% year-over-year to RMB1,110.5 million (USD165.5 million), mainly as we reduced promotion and advertising expenses for our online business as a part of cost control and efficiency improvement initiatives during the first half of 2022. The decrease was partially offset by greater marketing expenses to promote our films and drama series. As a percentage of revenues, selling and marketing expenses decreased to 27.2% in the first half of 2022 from 31.0% in the first half of 2021.

General and administrative expenses decreased 12.2% year-over-year to RMB557.5 million (USD83.1 million), primarily due to a decrease in research and development expenses. As a percentage of revenues, general and administrative expenses decreased to 13.6% in the first half of 2022 from 14.6% in the first half of 2021.

Net provision for impairment losses on financial assets reflected a provision for doubtful receivables. In the first half of 2022, the provision for doubtful receivables was RMB60.5 million (USD9.0 million) on a net basis, mainly related to TV series and film projects.

Operating profit was RMB251.2 million (USD37.4 million), compared with RMB1,284.0 million in the prior corresponding period. **Non-IFRS operating profit** increased 8.2% year-over-year to RMB693.8 million (USD103.4 million), reflecting our successful efforts to control operational costs.

Income tax expense was RMB108.2 million (USD16.1 million), compared with RMB284.4 million for the same period of last year.

Profit attributable to equity holders of the Company was RMB228.5 million (USD34.1 million), compared with RMB1,082.7 million in the prior corresponding period. **Non-IFRS profit attributable to equity holders of the Company** increased 0.2% year-over-year to RMB666.0 million (USD99.2 million).

Key Operating Information

- Average MAUs on our self-owned platform products and self-operated channels increased 13.8% year-over-year from 232.7 million to 264.7 million in the first half of 2022. A further breakdown of MAUs is as follows: i) MAUs on our self-owned platform products increased 4.5% year-over-year from 114.6 million to 119.8 million, mainly driven by our strengths in high-quality content; and ii) MAUs on our self-operated channels on Tencent products increased 22.7% year-over-year from 118.1 million to 144.9 million, mainly due to growth in users for our free-to-read content.
- Average MPUs on our self-owned platform products and self-operated channels decreased 12.9% year-over-year from 9.3 million to 8.1 million in the first half of 2022, mainly as more casual users were attracted to our free-to-read content in the second half of 2021. Average MPUs remained stable as compared to 8.1 million in the second half of 2021.

- Monthly ARPU for our pay-to-read business increased 6.6% year-over-year from RMB36.4 to RMB38.8 in the first half of 2022, reflecting improvements in content operations, community features, and recommendation efficiency. These drove the demand of paying users for high-quality content during the first half of 2022.
- Average DAUs for our free-to-read business were 14 million in June 2022, compared with 13 million in June 2021.

Other Key Information

- EBITDA decreased 4.2% year-over-year from RMB626.9 million to RMB600.6 million (USD89.5 million) in the first half of 2022. Adjusted EBITDA increased 5.1% year-over-year from RMB708.9 million to RMB745.1 million (USD111.0 million) in the first half of 2022.
- As of June 30, 2022, the Company's net cash position was RMB6,555.7 million (USD976.8 million).
- Free cash flow* was RMB548.7 million (USD81.7 million), compared to RMB278.9 million in the first half of 2021.
- New Classics Media, on a standalone basis, recorded RMB966.7 million (USD144.0 million) in revenues and RMB208.5 million (USD31.1 million) in profit attributable to equity holders of the company in the first half of 2022.

* Free cash flow: operating cash flow deducts payments for lease liabilities and payments for capital expenditures.

Business Highlights

IP Creation

As we have mentioned before, the online literature business is where our quality IP content begins. We focused on fundamentals of our online business in our core pay-to-read business, and continued to strengthen our online literature IP ecosystem. During the first half of 2022, the number, quality and visibility of IP on our online literature platform continued to increase.

On the supply side, our online literature platform added approximately 300,000 writers and 600,000 novels, with an increase in word count of 16 billion Chinese characters. At the same time, we accelerated the development of high-quality content in specific categories by improving our system for incubation and operations. For example, at the beginning of this year, we identified through internal analysis the rising potential of science fiction themes, leading us to organize two science fiction writing contests and a series of activities, incubating about 20,000 science fiction works. A number of well-known writers in other thematic areas have also started to create science fiction. During the first half, a total of 12 Platinum and Phenomenal Writers on our platform started to produce science fiction novels, making science fiction the fastest growing genre on our platform.

This year marks the 20th anniversary of the founding of Qidian.com under China Literature. We upgraded the brand of Qidian, and launched a new brand proposition of "every good book is a new starting point" and a brand mission of "good books never end" which are consistent with the Company's mission. With quality as the core, we will focus on the incubation of compelling online literature content and encourage content

diversification to create a healthy ecosystem for writers.

While improving the quality and quantity of our literary IPs, we also implemented cost control measures, proactively reduced certain sales and marketing expenses, and shifted our focus from prioritizing short-term revenue growth to optimizing operational efficiency and cost structure. As a result, we gave up a portion of revenues during the current period, but we believe these measures will lay a solid foundation for the healthy development of our long-term business.

In order to protect the rights and interests of writers, we enhanced our efforts to combat piracy issues. We deployed artificial intelligence, encrypted watermarks, piracy detection and risk controls and bans to improve our copyright protection and anti-piracy capabilities, and continued to litigate against piracy sites and IP infringement. Our robust efforts to protect copyright and IP have been recognized by writers, helping to win their trust, and is an important part of the ongoing improvement of our content ecosystem.

Visualization of IP

Currently, IP visualization is the focus of our work. In the first half of 2022, we achieved remarkable results. Continuous release of high-quality content, particularly blockbusters, reflected the strong capabilities of China Literature in re-creating literary stories in visual formats, and supports our strategy of IP visualization.

- In the live action TV and film segment, we maintained a top-tier level of productions and launched several compelling new works in the first half of the year, including:
 - The drama series, *A Lifelong Journey* (人世间). Adapted from the Mao Dun Literature Prize-winning novel by contemporary writer Liang Xiaosheng, this blockbuster series set an 8-year record for CCTV-1 prime time drama series ratings, topped all charts across the internet, and achieved results in both reputation and popularity.
 - The drama series, *Life is A Long Quiet River* (心居). The viewership of this family drama series ranked first among local TV prime time drama series ratings nationwide in the first half of this year, and ranked second in the popularity ranking of iQIYI in the first half of this year, right after *A Lifelong Journey* (人世间).
 - The drama series, *The Wind Blows from Longxi* (风起陇西). Adapted from the novel by Ma Boyong, this drama series was an innovative exploration of the theme of ancient spycraft, with a score of 8.1 on the Douban platform.
 - The drama series, *Master of My Own* (请叫我总监). This romantic drama series ranked first for local TV prime time drama series ratings nationwide and ranked first in the list of hot drama series on Youku during its broadcast period.
 - The film, *Too Cool To Kill* (这个杀手不太冷静). The film achieved a box office of RMB2.6 billion, ranking second in the 2022 Spring Festival box office.

At the same time, we continued to work on serial development of IP drama series, such as *Joy of Life* (庆余年), *My Heroic Husband* (赘婿), and *Dafeng Guardian* (大奉打更人). We believe that the launch of these works will bring China Literature's IP brand appeal to a higher level.

- In the animation segment, we launched new seasons of Stellar Transformations (星辰变) and Martial Universe (武动乾坤). At present, the series Stellar Transformations (星辰变) and Martial Universe (武动乾坤) have had 4 billion and 3 billion video views respectively, and ranked No.1 in terms of the average video views per episode among newly released animations on Tencent Video at the time of their launch period in the first half of the year. According to data from Guduo, among the top 20 most watched domestic animation works released on Tencent Video in the first half of 2022, 11 were adapted from China Literature's IP.
- In the comics segment, we continued to improve production capacity, accelerate the process of IP visualization, and incubate top IP. Our joint project with Tencent Comics to adapt 300 online literary works into comics in three years is progressing well. Right now, over 170 adapted comic works have been launched on the Tencent Comics platform. Some titles have become blockbusters, such as Dafeng Guardian (大奉打更人), The First Sequence (第一序列) and Start with a Mountain (开局一座山).
- In the games segment, we strengthened our partnerships with quality game production studios. In the first half of this year, popular IPs such as Battle Through the Heavens (斗破苍穹) and The Naming of Night (夜的命名术) were licensed to game developers for adaptation. We expect to see the release of these adapted games in the next few years.

Commercialization of IP

In the first half of 2022, we continued to build a foundation for the business, shortening the conversion time from IP to offline products, expanding the number of IP and product types, and achieving breakthroughs in theme, product style and design. We focused on opportunities in consumer goods, fashion toys and offline retail. We achieved initial success by working together with upstream and downstream partners in the industry. For example, we licensed a single edition of toy sculptures of the theme character "Medusa" from Battle Through the Heavens (斗破苍穹), which sold out immediately after the pre-sale launch with a GMV of RMB5 million. In future, we will develop derivatives adapted from more IP content, such as Joy of Life (庆余年), Lord of the Mysteries (诡秘之主), The King's Avatar (全职高手) and Candle in the Tomb (鬼吹灯), and offer joint promotion for the launch of drama series, film, animation, comics, games and other content.

Overseas Business

We continued to promote cultural exchange and expand our international presence. As of June 30, 2022, WebNovel, our foreign language online reading brand, offered approximately 2,600 works translated from Chinese and approximately 420,000 original content works created locally.

Social Responsibility

China Literature takes account of its social responsibilities by promoting the development of good reading habits through social activities and public welfare projects in order to support the national campaign of "reading for all". During the pandemic outbreak this year, we donated several millions of membership cards to users in pandemic-affected areas including Shanghai, Shenzhen and Suzhou, allowing them to read a large number of works for free. On World Book and Copyright Day this year, we collaborated with the

National Library of China, Shanghai Library, People's Literature Publishing House, Posts & Telecom Press and hundreds of other publishing units to promote nationwide reading. Our Qidian Reading App launched the "Nationwide Reading Month" campaign with 217 high-quality paid books available for free reading for the first time.

Outlook

Online literature has begun to show value and possibilities that go beyond print. The realization of such value will depend on our efforts. With online literature as the starting point, China Literature has gradually expanded to various media formats including drama series, film, animation, comics, games and offline merchandise. While meeting the diverse literary, entertainment and cultural needs of people, various works adapted from our original IP amplify the bandwidth of the original narrative and form a mutually reinforcing virtuous cycle. China's IP industry is still at an early stage, and will need sustained investment in IP development and creative talent. By strengthening our own IP resources, we hope to link with industry partners to create IP that spans the whole value chain, in the service of good stories that will live forever.

About China Literature Limited

China Literature is dedicated to building a deep and immersive intellectual property ("IP") universe for the Mandarin-speaking world. It incubates original IPs from its online literature platform, which are subsequently adapted on a range of digital entertainment mediums, including comics, animation, film, TV series, web series and games. The virtual world created by these digital offerings become an inseparable part of a user's daily life. China Literature creates and promotes IPs mainly through QQ Reading and Qidian, its leading online literature platforms, as well as New Classics Media, a renowned film and TV drama series production house in China. China Literature collaborates with Tencent, its shareholder and strategic partner, as well as other third-party partners to distribute and develop IP content and to enhance value of its IP. Many of the Company's online literature works have been successfully adapted into animation, TV series, web series, film and games, including Joy of Life, Candle in the Tomb, Soul Land, The King's Avatar and My Heroic Husband. China Literature's rich and extensive content library as well as its unparalleled capability and resources to adapt IP into various entertainment formats is a significant competitive advantage that lies at the core of its business model. For more information, please visit <http://ir.yuewen.com/>.

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Non-IFRS Financial Measures

To supplement the consolidated financial statements of the Company prepared in accordance with IFRS, certain non-IFRS financial measures, namely non-IFRS operating profit, non-IFRS operating margin, non-IFRS profit for the period, non-IFRS net margin, non-IFRS profit attributable to equity holders of the Company, non-IFRS basic EPS and non-IFRS diluted EPS as additional financial measures, have been presented in this press release 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 the Company's financial performance prepared in accordance with IFRS. These non-IFRS financial measures may be defined differently from similar terms used by other companies. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Company's material associates based on available published financials of the relevant material associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

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

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.

**CHINA LITERATURE
CONSOLIDATED INCOME STATEMENT**

	Six months ended June 30,	
	2022	2021
(RMB in million, unless specified)		
Revenues		
Online business ⁽¹⁾	2,307.0	2,540.0
Intellectual property operations and others ⁽²⁾	1,780.2	1,802.2
	4,087.2	4,342.1
Cost of revenues	(1,940.9)	(2,054.1)
Gross profit	2,146.3	2,288.1
	Gross margin 52.5%	52.7%
Interest income	68.9	60.6
Other (losses)/gains, net	(235.4)	901.1
Selling and marketing expenses	(1,110.5)	(1,348.2)
General and administrative expenses	(557.5)	(635.1)
Net (provision for)/reversal of impairment losses on financial assets	(60.5)	17.5
Operating profit	251.2	1,284.0
	Operating margin 6.1%	29.6%
Finance costs	(31.6)	(34.6)
Share of net profit of associates and joint ventures	120.8	115.9
Profit before income tax	340.4	1,365.4
Income tax expense	(108.2)	(284.4)
Profit for the period	232.3	1,081.0
	Net margin 5.7%	24.9%
Profit attributable to:		
Equity holders of the Company	228.5	1,082.7
Non-controlling interests	3.7	(1.8)
	232.3	1,081.0
Earnings per share		
(in RMB per share)		
- Basic earnings per share	0.23	1.08
- Diluted earnings per share	0.22	1.07

Notes:

⁽¹⁾ Revenues from online business primarily reflect revenues from online paid reading, online advertising and distribution of third-party online games on our platform.

⁽²⁾ Revenues from intellectual property operations and others primarily reflect revenues from production and distribution of TV, web and animated series, films, licensing of copyrights, operation of self-operated online games and sales of physical books.

CHINA LITERATURE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2022	2021
	(RMB in million)	
Profit for the period	232.3	1,081.0
Other comprehensive income/(loss):		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive loss of associates and joint ventures	(0.5)	(2.4)
Currency translation differences	46.1	(40.6)
<i>Item that may not be reclassified to profit or loss</i>		
Net (loss)/gain from change in fair value of financial asset at fair value through other comprehensive income	(6.6)	5.9
Currency translation differences	71.8	(2.2)
	110.9	(39.2)
Total comprehensive income for the period	343.1	1,041.8
Total comprehensive income attributable to:		
Equity holders of the Company	339.4	1,044.1
Non-controlling interests	3.7	(2.3)
	343.1	1,041.8

**CHINA LITERATURE
SEGMENT INFORMATION**

	Six months ended June 30,	
	2022	2021
(RMB in million, except percentages)		
Revenues		
Online business	2,307.0	2,540.0
Intellectual property operations and others	1,780.2	1,802.2
Total revenues	4,087.2	4,342.1
Cost of revenues		
Online business	(1,146.7)	(1,336.0)
Intellectual property operations and others	(794.1)	(718.1)
Total cost of revenues	(1,940.9)	(2,054.1)
Gross profit		
Online business	1,160.3	1,203.9
Intellectual property operations and others	986.1	1,084.1
Total gross profit	2,146.3	2,288.1
Gross margin		
Online business	50.3%	47.4%
Intellectual property operations and others	55.4%	60.2%
Total gross margin	52.5%	52.7%

CHINA LITERATURE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of	
	June 30, 2022	December 31, 2021
	(RMB in million)	
ASSETS		
Non-current assets		
Property, plant and equipment	67.3	45.1
Right-of-use assets	227.2	281.5
Intangible assets	7,437.0	7,455.5
Investments in associates and joint ventures	1,055.7	932.3
Financial assets at fair value through profit or loss	953.5	1,310.0
Financial asset at fair value through other comprehensive income	8.3	14.1
Deferred income tax assets	244.7	271.8
Prepayments, deposits and other assets	234.5	256.7
	10,228.1	10,567.0
Current assets		
Inventories	738.3	653.8
Television series and film rights	944.4	1,090.9
Financial assets at fair value through profit or loss	4.5	-
Trade and notes receivables	2,541.3	2,747.2
Prepayments, deposits and other assets	1,168.1	1,032.0
Term deposits	2,414.9	2,678.0
Cash and cash equivalents	4,735.7	4,528.4
	12,547.2	12,730.3
Total assets	22,775.3	23,297.3
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	0.6	0.6
Shares held for RSU scheme	(17.5)	(17.5)
Share premium	16,403.0	16,412.7
Other reserves	1,680.1	1,455.1
Accumulated losses	(436.0)	(664.6)
	17,630.3	17,186.5
Non-controlling interests	0.5	0.5
Total equity	17,630.8	17,187.0

	As of	
	June 30, 2022	December 31, 2021
	(RMB in million)	
LIABILITIES		
Non-current liabilities		
Borrowings	-	382.5
Lease liabilities	164.1	201.9
Long-term payables	6.5	9.1
Deferred income tax liabilities	144.0	149.3
Deferred revenue	27.7	28.8
Financial liabilities at fair value through profit or loss	488.0	827.2
	830.3	1,598.8
Current liabilities		
Borrowings	594.9	792.8
Lease liabilities	83.8	72.6
Trade payables	1,188.9	1,127.4
Other payables and accruals	1,152.8	1,185.8
Deferred revenue	679.0	669.8
Current income tax liabilities	160.8	338.6
Financial liabilities at fair value through profit or loss	454.1	324.7
	4,314.3	4,511.5
Total liabilities	5,144.5	6,110.3
Total equity and liabilities	22,775.3	23,297.3

CHINA LITERATURE
RECONCILIATION OF OPERATING PROFIT TO EBITDA AND ADJUSTED EBITDA

	Six months ended June 30,	
	2022	2021
	(RMB in million)	
Reconciliation of operating profit to EBITDA and adjusted EBITDA:		
Operating profit	251.2	1,284.0
Adjustments:		
Interest income	(68.9)	(60.6)
Other losses/(gains), net	235.4	(901.1)
Depreciation of property, plant and equipment	9.6	9.5
Depreciation of right-of-use assets	49.9	32.4
Amortization of intangible assets	123.3	262.7
EBITDA	600.6	626.9
Adjustments:		
Share-based compensation	116.7	53.7
Expenditure related to acquisition	27.8	28.3
Adjusted EBITDA	745.1	708.9

CHINA LITERATURE
RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

Six months ended June 30, 2022

	As reported	Share-based compensation	Adjustments			Non-IFRS
			Net losses from investments and acquisition ⁽¹⁾	Amortization of intangible assets ⁽²⁾	Tax effects	
(RMB in million, unless specified)						
Operating profit	251.2	116.7	305.9	20.1	-	693.8
Profit for the period	232.3	116.7	305.9	20.1	(5.2)	669.7
Profit attributable to equity holders of the Company	228.5	116.7	305.9	20.1	(5.2)	666.0
EPS (RMB per share)						
- basic	0.23					0.66
- diluted	0.22					0.65
Operating margin	6.1%					17.0%
Net margin	5.7%					16.4%

Six months ended June 30, 2021

	As reported	Share-based compensation	Adjustments			Non-IFRS
			Net (gains) from investments and acquisition ⁽¹⁾	Amortization of intangible assets ⁽²⁾	Tax effects	
(RMB in million, unless specified)						
Operating profit	1,284.0	53.7	(716.7)	20.5	-	641.5
Profit for the period	1,081.0	53.7	(716.7)	20.5	224.8	663.2
Profit attributable to equity holders of the Company	1,082.7	53.7	(716.7)	20.5	224.8	665.0
EPS (RMB per share)						
- basic	1.08					0.66
- diluted	1.07					0.66
Operating margin	29.6%					14.8%
Net margin	24.9%					15.3%

Notes:

⁽¹⁾ Includes the disposal loss/(gains) and the fair value changes arising from our investee companies, the fair value changes of consideration liabilities related to the acquisition of New Classics Media and the compensation costs for certain employees and former owners of New Classics Media.

⁽²⁾ Represents amortization of intangible assets and TV series and film rights resulting from acquisitions.