

## China Literature Announces 2024 Interim Results

Hong Kong, August 12, 2024 – 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, 2024.

### Results Highlights <sup>(1)</sup>

- Total revenues increased 27.7% year-over-year to RMB4,190.9 million (USD588.1 million).
  - Revenues from online business were RMB1,940.4 million (USD272.3 million), compared with RMB1,984.4 million in the first half of 2023, primarily attributed to our continuous optimization of return on investment (“ROI”) on our distribution channels and focus on driving growth in our core products.
  - Revenues from IP operations and others increased 73.3% year-over-year to RMB2,250.6 million (USD315.8 million) due to solid growth from our IP operations businesses across the board, driven primarily by an increase in the release of blockbuster drama series, film, and animated series, the expanded licensing of our IP for adaptation to business partners, as well as the significant growth of new initiatives.
- **On a non-IFRS <sup>(2)</sup> basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
  - Operating profit increased 14.3% year-over-year to RMB624.2 million (USD87.6 million). Operating margin was 14.9%, compared with 16.6% in the first half of 2023.
  - Profit attributable to equity holders of the Company increased 16.4% year-over-year to RMB702.1 million (USD98.5 million), and its margin was 16.8%, compared to 18.4% in the first half of 2023.
  - Basic earnings per share were RMB0.69. Diluted earnings per share were RMB0.69.
- **On an IFRS basis:**
  - Operating profit increased 46.1% year-over-year to RMB454.4 million (USD63.8 million). Operating margin increased from 9.5% to 10.8%.
  - Profit attributable to equity holders of the Company increased 33.9% year-over-year to RMB504.3 million (USD70.8 million) and its margin increased from 11.5% to 12.0%.
  - Basic earnings per share were RMB0.50. Diluted earnings per share were RMB0.49.

Mr. Hou Xiaonan, Chief Executive Officer of China Literature, commented, “During the first half of 2024, we continued to execute our high-quality content strategy and made significant progress in maximizing the potential of our premium IPs across the industry value chain. We delivered an exceptional performance, especially in our live action TV and film business. Our film YOLO (热辣滚烫) continues to lead nationwide box office sales in 2024 so far, while the drama series The Legend of Shen Li (与凤行), Joy of Life 2 (庆余年第二季) and The Tale of Rose (玫瑰的故事) were all released to critical acclaim. These success stories set a strong foundation for what we anticipate will be a ‘blockbuster year’ for China Literature’s content

<sup>1</sup> Figures stated in USD are based on USD1 to RMB7.1268.

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

<sup>3</sup> 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.

<sup>4</sup> “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.

business. In the first half of 2024, our total revenues increased 27.7% year-over-year with revenues from IP operations in particular surging 75.7% year-over-year. Operating margin expanded to 10.8% from 9.5% in the same period last year, and the non-IFRS profit attributable to equity holders of the Company increased by 16.4% year-over-year.

Throughout the period, we continued to strengthen our IP incubation and foster the flourishing of our content ecosystem by nurturing high-quality writers and literary works, and further optimizing and upgrading community operations. With this enhanced content and operational framework, monthly paying users grew steadily on a sequential basis to 8.8 million during the first half of the year. We have made solid progress in IP visualization with the launch of several premium titles. Notably, Joy of Life 2 (庆余年第二季), adapted from our renowned IP, achieved phenomenal success both domestically and internationally, and became the most watched mainland Chinese TV series on Disney+, setting a new benchmark for the global reach and appeal of Chinese film and television content. We have also taken an important step in the commercialization of our IP. Merchandise based on Joy of Life (庆余年) and our other popular comics, animation and drama related IPs have gained widespread popularity, expanding the reach and value of our IP portfolio.

We have long maintained the conviction that innovation is the key to driving growth and making breakthroughs. Therefore, we are accelerating the deployment and integration of AI technologies across our diverse businesses. We continue to refine our ‘Smart Pen’ Large Language Model (LLM), empowering writers to boost their productivity, and leverage AI translation technology to drive rapid growth in the number of translated works on our overseas platform. At the same time, we are actively exploring the integration of AI with various IP content formats including audiobooks, animation, videos, and merchandise. Looking forward, we will continue to embrace the new opportunities that technological advancements bring to revitalize the industry, uphold our foundational values of ‘content, platform, and IP’, and keep committed to creating good stories that will live forever.”

## Financial Review <sup>(3)</sup>

**Revenues** increased 27.7% year-over-year to RMB4,190.9 million (USD588.1 million).

Revenues from online business were RMB1,940.4 million (USD272.3 million), compared with RMB1,984.4 million in the first half of 2023. A further breakdown of this category is as follows:

- i) Online business revenues from our self-owned platform products decreased slightly from RMB1,709.7 million in the first half of 2023 to RMB1,694.2 million (USD237.7 million), as the Company continued to optimize ROI on our distribution channels and focus on driving growth in our core products;
- ii) Online business revenues from our channels on Tencent products were RMB130.7 million (USD18.3 million), compared with RMB177.0 million in the prior corresponding period, mainly due to a continuous decrease in advertising revenues from free-to-read channels as the Company focuses on developing a high-quality pay-to-read business model with more content distributed through pay-to-read channels with higher ROI; and
- iii) Online business revenues from third-party platforms increased 18.2% year-over-year to RMB115.5 million (USD16.2 million), primarily due to increased collaboration with our third-party distribution partners.

Revenues from IP operations and others increased 73.3% year-over-year to RMB2,250.6 million (USD315.8 million).

- i) Revenues from IP operations increased 75.7% year-over-year to RMB2,202.8 million (USD309.1 million), due to solid growth from our IP operations businesses across the board, driven primarily by an increase in the release of blockbuster drama series, film, and animated series, as well as expanded licensing of our IP for adaptation to business partners. In addition, new initiatives such as short dramas, merchandise and collectible card business grew significantly during the period; and
- ii) Revenues from the “others” category, consisting mainly of sales of physical books, increased 6.9% year-over-year to RMB47.7 million (USD6.7 million).

**Cost of revenues** increased 25.6% year-over-year to RMB2,107.7 million (USD295.7 million), in line with the increase in revenues, primarily due to i) higher production costs associated with an increase in the release of TV, web and animated series and film; and ii) an increase in content costs as we boosted investment in high-quality content.

**Gross profit** increased 29.8% year-over-year to RMB2,083.2 million (USD292.3 million). Gross margin increased to 49.7% from 48.9% in the first half of 2023.

**Interest income** increased 13.0% year-over-year to RMB90.6 million (USD12.7 million), as a result of higher interest income from bank deposits.

**Net other losses** were RMB3.7 million (USD0.5 million), compared with net other gains of RMB5.8 million in the first half of 2023. The year-over-year change was mainly due to disposal gains and net fair value changes related to certain investee companies.

**Selling and marketing expenses** increased 41.0% year-over-year to RMB1,158.9 million (USD162.6 million), mainly due to an increase in promotion and advertising expenses associated with the Company's film and drama series as more titles were released during the first half of 2024. As a percentage of revenues, selling and marketing expenses were 27.7%, compared with 25.0% in the first half of 2023.

**General and administrative expenses** increased by 1.9% year-over-year to RMB544.8 million (USD76.4million), primarily due to higher employee benefits expenses. As a percentage of revenues, general and administrative expenses decreased to 13.0% from 16.3% in the first half of 2023.

**Net provision for impairment losses on financial assets** reflected the provision for doubtful receivables. In the first half of 2024, the provision for doubtful receivables was RMB12.0 million (USD1.7 million) on a net basis, mainly associated with IP businesses.

**Operating profit** increased 46.1% year-over-year to RMB454.4 million (USD63.8 million).

**Income tax expense** was RMB99.1 million (USD13.9 million), compared with RMB49.6 million in the first half of 2023, primarily due to an increase in taxable income.

**Profit attributable to equity holders of the Company** increased 33.9% year-over-year to RMB504.3 million (USD70.8 million). **On a non-IFRS basis, profit attributable to equity holders of the Company** increased by 16.4% year-over-year to RMB702.1 million (USD98.5 million).

### Key Operating Information

- Average MAUs on our self-owned platform products and self-operated channels were 176.0 million, a decrease of 16.9% year-over-year from 211.7 million. A further breakdown of MAUs is as follows:
  - i) MAUs on our self-owned platform products remained stable on a year-over-year basis at 105.3 million, compared with 105.4 million in the first half of 2023; and
  - ii) MAUs on our self-operated channels on Tencent products decreased 33.5% year-over-year from 106.3 million to 70.7 million, primarily as a result of the optimization of our operational efficiency with more content distributed through our core pay-to-read products, leading to a decline in users acquired through free-to-read channels.
- Average MPUs on our self-owned platform products and self-operated channels increased 0.4% slightly year-over-year to 8.8 million in the first half of 2024.
- Monthly ARPU for our pay-to-read business decreased 1.9% year-over-year from RMB32.3 to RMB31.7 in the first half of 2024, mainly due to changes in revenue mix from different product offerings.

### Other Key Information

- EBITDA increased 34.7% year-over-year to RMB501.5 million (USD70.4 million). Adjusted EBITDA increased 24.7% year-over-year to RMB587.6 million (USD82.5 million).
- As of June 30, 2024, the Company's net cash position was RMB9,208.1 million (USD1,292.0 million).
- Free cash flow\* was RMB1,531.8 million (USD214.9 million), compared to RMB475.7 million in the first half of 2023.
- New Classics Media, on a standalone basis, recorded RMB1,050.3 million (USD147.4 million) in revenues and RMB300.3 million (USD42.1 million) in profit attributable to equity holders of the company in the first half of 2024.

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

### Business Review and Outlook

#### **Success of Top IP Sequels and Establishment of an Integrated Content Operation Mechanism**

On May 16, 2024, Joy of Life 2 (庆余年第二季), the eagerly anticipated second season of the drama series adapted from our renowned IP, made its highly successful debut. The drama series quickly became a national sensation – shattering domestic records with a meteoric rise in viewership and popularity during its 18-day prime-time run. On Tencent Video, its popularity index surpassed 34,000 points, setting an all-time record high. It also maintained the top position in nationwide live viewership rankings on CCTV-8 for 18 consecutive days and topped the charts across major industry review platforms including Kuyun, Douban, Maoyan, Beacon and Enlightent.

Joy of Life 2 not only achieved phenomenal success domestically, it also captivated international audiences with its simultaneous release on Disney+ where it quickly became the platform's highest-viewed mainland Chinese TV series. It is currently being translated into 14 languages for release into other markets around the world.

Joy of Life 2's success extended far beyond that of a standalone project. It exemplifies our strategy to leverage resources across various departments and effectively collaborate with both upstream and downstream partners. We assembled our largest-ever dedicated team during the project's early development stages to drive this. Simultaneously, we rolled out Joy of Life-themed products across various media formats, including online literature, drama series, online games, merchandise and collectible cards. This approach aims at maximizing the IP's impact on audiences and fully unleashing its monetization potential. For example:

- We launched a virtual fan zone on Qidian Reading APP alongside the release of Joy of Life 2, which gave readers free access to the author's trilogy for a limited time as well as offered a series of engaging activities. These initiatives resulted in a 38-fold increase in reading volume sequentially, generated over 100 million visits to the virtual fan zone, and set a new annual record for daily active users of Qidian Reading APP.
- We also released 11 categories of Joy of Life-themed merchandise including blind boxes, accessories and a premium collectible card series featuring 308 card designs. Sales of the blind boxes exceeded 200,000 units, while the collectible cards generated over RMB20 million in GMV before the drama's release, making them the all-time best-selling collectible cards in the drama-themed category.
- We launched a series of offline events that attracted a large number of fans. These events engaged participants to share their experiences online, sparking a viral wave of social media activity and user-generated content.

This fully-integrated approach sets a new standard for managing our flagship IP holistically and will be applied to other premium IPs in our portfolio.

The remarkable success of the Joy of Life franchise validates two crucial aspects of our strategy. First, it demonstrates our consistent ability to create and replicate blockbuster IP. Second, it showcases the power of our business model, which collaborates with partners across the entire IP value chain to maximize the potential of our premium IP. We have long been committed to fostering a robust ecosystem for IP development. Our success in operating our flagship IP through effective mobilization and coordination of resources across multiple stakeholders within our ecosystem marks a significant milestone.

### ***IP Creation***

We continued to strengthen the content ecosystem of our online reading business. In the first half of this year, our online reading platform added approximately 170,000 writers and 320,000 literary works, collectively contributing over 21 billion Chinese characters. A steady stream of high-quality new works continued to be released, with the number of newly signed literary works with over 50,000 average subscribers per chapter increasing 75% year-over-year. Additionally, the number of newly signed literary works generating over RMB2 million in reading revenue grew 33% year-over-year. Notably, we've seen a

surge in young talent, with writers born in the 1990s accounting for over 70% of newly-added Platinum and Phenomenal Writers in the first half of 2024.

While nurturing high-quality writers and promoting outstanding literary works remains a core focus, we remain committed to building a robust user community, strengthening operations for flagship IP, and amplifying fan engagement. With our enhanced content and operational framework, monthly paying users grew steadily on a sequential basis to over 8.8 million during the first half of the year.

We continued to expand into overseas markets. As of June 30, 2024, WebNovel, our foreign language online reading platform, offered approximately 5,000 works translated from Chinese and approximately 650,000 original works created locally.

### ***IP Visualization***

We launched several top-tier titles during the first half of 2024, garnering enthusiastic audience reception and widespread acclaim.

In the live action TV and film segment, we had one box office champion film and three blockbuster drama series, including:

- YOLO (热辣滚烫): this film led nationwide box office receipts in 2024 so far, with sales of RMB3.5 billion.
- The Legend of Shen Li (与凤行): this drama series achieved a popularity index of over 31,000 on Tencent Video during its broadcasting run, held the top position on Mango TV Drama Popularity List for 22 days, and ranked first in viewership ratings among provincial satellite TV networks during the same time slot according to China Audio Video Big Data.
- Joy of Life 2 (庆余年第二季): as mentioned earlier, the highly-anticipated second season of the drama series achieved extraordinary results, laying a solid foundation for the long-term development of the Joy of Life IP.
- The Tale of Rose (玫瑰的故事): this drama series achieved a popularity index of over 31,000 on Tencent Video during its broadcasting run, setting a record high for the urban drama genre on Tencent Video. It also ranked first in national prime-time drama series ratings, according to China Audio Video Big Data.

These productions have not only captivated domestic audiences but have also made significant inroads in overseas markets. In addition to the abovementioned Joy of Life 2, The Legend of Shen Li was aired in over 180 countries and regions globally in 16 languages. YOLO was distributed by Sony Pictures globally and is currently the highest-grossing Chinese-language film overseas this year.

In the animation segment, we launched a number of new series including The Richest Man in Game (亏成首富从游戏开始) and The Charm of Soul Pets (幻宠师), as well as sequels to classic titles such as The King's Avatar (全职高手) and Start with a Mountain (开局一座山). We released new episodes for our long-running annual animated series Battle Through the Heavens (斗破苍穹), helping it to maintain its top ranking on Tencent Video's annual bestseller list. According to Guduo Data, 15 of the top 20 most watched online animated series in the first half of 2024 were adapted from China Literature's IPs.

In the first half of the year, we completed the acquisition of the assets of Tencent Animation and Comics, adding a number of top Chinese comic IPs such as *The Outcast* (一人之下) and *The Fox Spirit Matchmaker* (狐妖小红娘) to our portfolio. Going forward, we will leverage Tencent Animation and Comics' high-quality production capabilities to further accelerate our IP visualization process.

### ***IP Commercialization and Monetization***

In the merchandise segment, we unveiled a diverse array of trendy collectibles and merchandise based on popular IPs such as *Joy of Life* (庆余年), *The King's Avatar* (全职高手), *Lord of the Mysteries* (诡秘之主) and *Battle Through the Heavens* (斗破苍穹). These offerings, including blind boxes, toy collectibles and accessories, were launched alongside the releases of the online content. In addition, we continued to expand the scope and scale of our IP licensing for merchandise.

We made significant progress in our collectible cards business in the first half of 2024. Our goal is to build China Literature's own IP universe of collectible cards, meeting Chinese collectors' growing demand for high-quality, IP-based products while further expanding IP monetization. Our collectible cards series based on the drama series *The Legend of Shen Li* (与凤行) and *Joy of Life* (庆余年) have delivered strong results. We plan to launch more series, such as collectible cards based on the drama series *Guardians of the Dafeng* (大奉打更人). Additionally, we have a rich portfolio of comic and animation IPs that can be adapted into collectible cards for global distribution. In the second half of 2024, we will launch comic/animation-themed cards both domestically and globally, including *The King's Avatar* (全职高手), *Battle Through the Heavens* (斗破苍穹), *Lord of the Mysteries* (诡秘之主), *The Outcast* (一人之下) and *The Fox Spirit Matchmaker* (狐妖小红娘). In the first half of this year, total GMV for our IP-based collectible cards reached approximately RMB100 million.

In the games segment, two titles based on our IPs, *Soul Land* (斗罗大陆) and *Battle Through the Heavens* (斗破苍穹), were launched in the first half of this year, generating solid sales. We have a rich portfolio of IP-based games set to be released in the near future, including *Lord of the Mysteries* (诡秘之主).

### ***Exploration into New Technologies and Emerging Business Opportunities***

We are strategically deploying AI capabilities across our diverse businesses to enhance our ecosystem. We continue to refine our "Smart Pen" Large Language Model (LLM), empowering writers to boost their productivity. Our AI translation technology is driving rapid growth in the number of translated works on our overseas platform. In the first half of 2024, WebNovel, our overseas reading platform, added over 1,200 AI-translated works in multiple languages including English, Spanish, Portuguese, German, French, and Indonesian. Notably, approximately 40% of the top 100 bestselling works on WebNovel are AI-translated. We are actively exploring the integration of AI technology with various IP content formats, including audiobooks, animation, videos, and merchandise.

Responding to the rapidly growing short-form drama market, we leveraged our content strengths and extensive creator network to produce high-quality short-form drama adaptations of our IP. We've achieved several successes, with the best performing title generating RMB30 million in grossing receipts. For the

whole year, we plan to release over 100 short-form dramas and explore new innovative formats such as interactive short-form dramas.

### **Outlook**

We delivered an exceptional performance in the first half of 2024. We released four blockbuster titles, firmly underscoring our commitment to our premium IP strategy. The launch of Joy of Life 2 (庆余年第二季) exemplified successful collaboration with our ecosystem partners, achieving success that benefits everyone in the value chain. We also achieved notable progress in the international markets, IP commercialization, and new business initiatives. Looking forward, we will continue to strengthen our IP incubation, enhance IP visualization and commercialization, optimize our operational framework for flagship IP, and explore new technologies and emerging business opportunities. We believe these endeavors will deliver long-term and sustainable returns for the shareholders who have consistently believed in and supported us on this journey.

### **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 Qidian Reading and QQ Reading, 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,	
		2024	2023
		(RMB in million, unless specified)	
<b>Revenues</b>			
Online business <sup>(1)</sup>		1,940.4	1,984.4
Intellectual property operations and others <sup>(2)</sup>		2,250.6	1,298.6
		<b>4,190.9</b>	<b>3,283.0</b>
Cost of revenues		(2,107.7)	(1,678.3)
<b>Gross profit</b>		<b>2,083.2</b>	<b>1,604.8</b>
	<i><b>Gross margin</b></i>	<i><b>49.7%</b></i>	<i><b>48.9%</b></i>
Interest income		90.6	80.1
Other (losses)/gains, net		(3.7)	5.8
Selling and marketing expenses		(1,158.9)	(822.1)
General and administrative expenses		(544.8)	(534.5)
Net provision for impairment losses on financial assets		(12.0)	(23.1)
<b>Operating profit</b>		<b>454.4</b>	<b>310.9</b>
	<i><b>Operating margin</b></i>	<i><b>10.8%</b></i>	<i><b>9.5%</b></i>
Finance costs, net		(2.1)	(2.8)
Share of net profit of associates and joint ventures		150.6	117.5
<b>Profit before income tax</b>		<b>603.0</b>	<b>425.6</b>
Income tax expense		(99.1)	(49.6)
<b>Profit for the period</b>		<b>503.9</b>	<b>376.0</b>
	<i><b>Net margin</b></i>	<i><b>12.0%</b></i>	<i><b>11.5%</b></i>
<b>Profit attributable to:</b>			
Equity holders of the Company		504.3	376.7
Non-controlling interests		(0.4)	(0.7)
		<b>503.9</b>	<b>376.0</b>
<b>Earnings per share</b>			
<b>(in RMB per share)</b>			
- Basic earnings per share		0.50	0.37
- Diluted earnings per share		0.49	0.37

Notes:

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

<sup>(2)</sup> 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,	
	2024	2023
	(RMB in million)	
<b>Profit for the period</b>	<b>503.9</b>	<b>376.0</b>
<b>Other comprehensive income, net of tax:</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive loss of associates	(0.2)	(4.9)
Currency translation differences	(19.0)	(48.5)
 <i>Item that will not be reclassified to profit or loss</i>		
Net gain/(loss) from change in fair value of financial asset at fair value through other comprehensive income	1.4	(4.1)
Share of other comprehensive income of an associate	-	3.1
Currency translation differences	47.9	125.6
	30.2	71.3
<b>Total comprehensive income for the period</b>	<b>534.1</b>	<b>447.2</b>
 <b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	534.5	447.9
Non-controlling interests	(0.4)	(0.7)
	<b>534.1</b>	<b>447.2</b>

**CHINA LITERATURE  
SEGMENT INFORMATION**

	Six months ended June 30,	
	2024	2023
	(RMB in million, except percentages)	
<b>Revenues</b>		
Online business	1,940.4	1,984.4
Intellectual property operations and others	2,250.6	1,298.6
<b>Total revenues</b>	<b>4,190.9</b>	<b>3,283.0</b>
<b>Cost of revenues</b>		
Online business	(966.0)	(997.8)
Intellectual property operations and others	(1,141.8)	(680.5)
<b>Total cost of revenues</b>	<b>(2,107.7)</b>	<b>(1,678.3)</b>
<b>Gross profit</b>		
Online business	974.4	986.6
Intellectual property operations and others	1,108.8	618.1
<b>Total gross profit</b>	<b>2,083.2</b>	<b>1,604.8</b>
<b>Gross margin</b>		
Online business	50.2%	49.7%
Intellectual property operations and others	49.3%	47.6%
<b>Total gross margin</b>	<b>49.7%</b>	<b>48.9%</b>

**CHINA LITERATURE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As of	
	June 30, 2024	December 31, 2023
	(RMB in million)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	115.3	128.3
Right-of-use assets	177.4	207.7
Intangible assets	7,327.4	7,330.1
Investments in associates and joint ventures	1,064.2	924.7
Financial assets at fair value through profit or loss	853.2	856.0
Financial asset at fair value through other comprehensive income	5.6	4.1
Deferred income tax assets	488.8	394.1
Prepayments, deposits and other assets	292.5	291.6
Term deposits	2,199.0	1,829.0
	<b>12,523.4</b>	<b>11,965.7</b>
<b>Current assets</b>		
Inventories	716.6	743.7
Television series and film rights	857.7	995.1
Financial assets at fair value through profit or loss	2,817.6	2,442.7
Trade and notes receivables	2,127.9	1,988.2
Prepayments, deposits and other assets	1,186.5	1,212.6
Term deposits	1,303.2	1,038.7
Cash and cash equivalents	2,898.3	2,801.8
	<b>11,907.8</b>	<b>11,222.8</b>
<b>Total assets</b>	<b>24,431.3</b>	<b>23,188.5</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the equity holders of the Company</b>		
Share capital	0.7	0.7
Treasury shares	(16.5)	-
Shares held for RSU schemes	(16.6)	(16.6)
Share premium	16,374.7	16,312.6
Other reserves	1,831.2	2,173.3
Retained earnings	1,059.3	555.0
	<b>19,232.7</b>	<b>19,024.9</b>
<b>Non-controlling interests</b>	<b>(0.9)</b>	<b>(0.5)</b>
<b>Total equity</b>	<b>19,231.7</b>	<b>19,024.4</b>

	As of	
	June 30, 2024	December 31, 2023
	(RMB in million)	
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	119.9	153.2
Long-term payables	8.1	1.2
Deferred income tax liabilities	132.1	134.5
Deferred revenue	23.1	24.2
Financial liabilities at fair value through profit or loss	-	247.8
	<b>283.2</b>	<b>560.9</b>
<b>Current liabilities</b>		
Borrowings	10.0	10.0
Lease liabilities	81.7	74.9
Trade payables	1,222.1	1,119.7
Other payables and accruals	1,935.3	997.7
Deferred revenue	1,144.5	879.3
Current income tax liabilities	237.4	266.4
Financial liabilities at fair value through profit or loss	285.2	255.1
	<b>4,916.3</b>	<b>3,603.1</b>
<b>Total liabilities</b>	<b>5,199.5</b>	<b>4,164.0</b>
<b>Total equity and liabilities</b>	<b>24,431.3</b>	<b>23,188.5</b>

**CHINA LITERATURE**  
**RECONCILIATION OF OPERATING PROFIT TO EBITDA AND ADJUSTED EBITDA**

	Six months ended June 30,	
	2024	2023
	(RMB in million)	
<b>Reconciliation of operating profit to EBITDA and adjusted EBITDA:</b>		
Operating profit	454.4	310.9
<b>Adjustments:</b>		
Interest income	(90.6)	(80.1)
Other losses/(gains), net	3.7	(5.8)
Depreciation of property, plant and equipment	17.8	17.0
Depreciation of right-of-use assets	36.2	38.4
Amortization of intangible assets	79.9	91.8
<b>EBITDA</b>	<b>501.5</b>	<b>372.2</b>
<b>Adjustments:</b>		
Share-based compensation	55.4	70.9
Expenditure related to acquisition	30.7	28.2
<b>Adjusted EBITDA</b>	<b>587.6</b>	<b>471.4</b>

**CHINA LITERATURE**  
**RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS**

**Six months ended June 30, 2024**

	<b>Adjustments</b>					Non-IFRS
	As reported	Share-based compensation	Net losses from investments and acquisitions <sup>(1)</sup>	Amortization of intangible assets <sup>(2)</sup>	Tax effects	
	(RMB in million, unless specified)					
Operating profit	454.4	55.4	104.7	9.5	-	624.2
Profit for the period	503.9	55.4	104.7	9.5	28.0	701.7
Profit attributable to equity holders of the Company	504.3	55.4	104.7	9.5	28.0	702.1
EPS (RMB per share)						
- basic	0.50					0.69
- diluted	0.49					0.69
Operating margin	10.8%					14.9%
Net margin	12.0%					16.7%

**Six months ended June 30, 2023**

	<b>Adjustments</b>					Non-IFRS
	As reported	Share-based compensation	Net losses from investments and acquisitions <sup>(1)</sup>	Amortization of intangible assets <sup>(2)</sup>	Tax effects	
	(RMB in million, unless specified)					
Operating profit	310.9	70.9	153.9	10.1	-	545.8
Profit for the period	376.0	70.9	147.2	10.1	(1.8)	602.4
Profit attributable to equity holders of the Company	376.7	70.9	147.2	10.1	(1.8)	603.1
EPS (RMB per share)						
- basic	0.37					0.60
- diluted	0.37					0.59
Operating margin	9.5%					16.6%
Net margin	11.5%					18.3%

Notes:

<sup>(1)</sup> This item mainly includes the disposal gain, impairment provision and fair value changes arising from our investee companies, the fair value changes of consideration liabilities related to the acquisition of NCM, and the compensation costs for certain employees and former owners of NCM.

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