



China Literature Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 772



2025
Interim Report

CONTENTS

- 2 Corporate Information
- 4 Financial Performance Highlights
- 5 Chairman's Statement
- 7 CEO's Statement
- 11 Management Discussion and Analysis
- 23 Other Information
- 41 Report on Review of Interim Financial Information
- 42 Condensed Consolidated Statement of Comprehensive Income
- 43 Condensed Consolidated Statement of Financial Position
- 45 Condensed Consolidated Statement of Changes in Equity
- 47 Condensed Consolidated Statement of Cash Flows
- 49 Notes to the Interim Financial Information
- 90 Definition



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Hou Xiaonan

(Chief Executive Officer and President)

Mr. Huang Yan *(Senior Vice President)*

Non-executive Directors

Mr. Pu Hai Tao *(Chairman)*

Mr. Cao Huayi

Mr. Xie Qinghua

Independent Non-executive Directors

Ms. Yu Chor Woon Carol

Ms. Leung Sau Ting Miranda

Mr. Liu Junmin

Audit Committee

Ms. Yu Chor Woon Carol *(Chairman)*

Ms. Leung Sau Ting Miranda

Mr. Xie Qinghua

Remuneration Committee

Ms. Leung Sau Ting Miranda *(Chairman)*

Ms. Yu Chor Woon Carol

Mr. Pu Hai Tao

Nomination Committee

Mr. Pu Hai Tao *(Chairman)*

Ms. Yu Chor Woon Carol

Mr. Liu Junmin

Strategy and Investment Committee

Mr. Hou Xiaonan *(Chairman)*

Mr. Pu Hai Tao

Authorized Representatives

Mr. Hou Xiaonan

Mr. Au Wai Keung

Company Secretary

Mr. Au Wai Keung

Legal Advisors

As to Hong Kong laws:

Clifford Chance

27/F, Jardine House

1 Connaught Place

Hong Kong

As to Cayman Islands laws:

Maples and Calder (Hong Kong) LLP

26th Floor, Central Plaza

18 Harbour Road

Wan Chai

Hong Kong

Auditor

PricewaterhouseCoopers

Certified Public Accountants

22/F, Prince's Building

Central

Hong Kong

Registered Office

The offices of Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman KY1-1104

Cayman Islands

Head Office and Principal Place of Business in China

N3 Lujiazui Binjiang Center

No. 5169 Binjiang Avenue

Pudong New Area

Shanghai

PRC

CORPORATE INFORMATION

Principal Place of Business in Hong Kong

Room 1503-04
ICBC Tower
3 Garden Road
Central
Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Center
183 Queen's Road East
Wan Chai
Hong Kong

Principal Banker

Shanghai Huangpu Sub-branch of
Bank of Communications
No. 99 Huaihai East Road
Shanghai
PRC

Company's Website

<http://ir.yuewen.com/>

Stock Code

772

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	Year- over-year (%)
Revenues	3,190,584	4,190,933	-23.9%
Gross profit	1,612,384	2,083,230	-22.6%
Operating profit	875,799	454,449	92.7%
Profit before income tax	999,044	602,996	65.7%
Profit for the period	849,565	503,932	68.6%
Profit attributable to equity holders of the Company	849,755	504,303	68.5%
Non-IFRS profit attributable to equity holders of the Company	507,807	702,061	-27.7%

CHAIRMAN'S STATEMENT

I am pleased to present our interim report for the six months ended June 30, 2025 to the shareholders.

In the first half of 2025, China Literature's online reading content ecosystem continued to grow steadily, reflecting the sustainable vitality and expanding scale of our creative community, as well as the enduring appeal of our platform to both established and emerging writers.

We remain dedicated to our premium-quality content strategy. According to Enlightent data, adaptations of China Literature's IPs dominated the market in the first half of 2025, accounting for six of the top 10 long-form dramas and eight of the top 10 animation series by cumulative views across all platforms. In July, our premium drama series "The Narcotic Operation (掃毒風暴)" debuted on Tencent Video, achieving a popularity index of over 28,000 and earning favorable reviews from multiple mainstream media outlets.

AI technology has significantly expanded the global reach of our content, with AI-translated titles contributing over 35% of WebNovel's total novel revenue during the period. We continued to deepen the integration of AI across our content operations, introducing more innovative and writer-friendly AI features on our "Writer Assistant (作家助手)" creation platform. We are also actively exploring AI applications across multiple content formats including animation, comics, video, audiobooks, radio dramas, and digital avatars, with the aim to unlock the vast potential of transforming more text IPs into more multimedia formats.

Elsewhere, we are capitalizing on emerging opportunities in short dramas and IP merchandise. China Literature's short drama segment represents another frontier for reshaping content consumption, driving higher conversion efficiency and creating powerful new monetization opportunities for the massive library of mid- and long-tail IP. We made major progress in this segment during the period, most notably with the success rate of blockbuster short dramas increasing significantly. In the first half of 2025, our merchandise business achieved a GMV of RMB480 million, nearly matching last year's annual total and representing strong growth momentum.

Recently, the National Radio and Television Administration introduced "Several Measures to Further Enrich TV Screen Content and Promote the Supply of Radio and Television Audiovisual Content" (also known as the "NRTA 21 Measures"). We believe this new policy will be favorable for content creation, distribution, and scheduling within the industry, and beneficial to the long-term and sustainable development of our TV and film business, including our New Classics Media.

Looking ahead, I believe that China Literature can continuously leverage its vast IP library, deep industry expertise, and well-established cross-sector synergies built over the years to refine the industry landscape and drive its development. We will continue to strengthen our efforts in new business segments such as short drama and IP merchandise to unlock new evergreen growth opportunities and actively explore AI applications across multiple content formats.

CHAIRMAN'S STATEMENT

Appreciation

I would like to express my sincere gratitude to our management and employees for their efforts and contributions; to our Board of Directors for its guidance and support; to our shareholders for their continued trust in our business; and to our creators, users and partners for participating in the creation and enjoyment of China Literature's stories, characters and worlds.

Mr. Pu Hai Tao

Chairman of the Board and Non-Executive Director

CEO'S STATEMENT

During the first half of 2025, China's IP industry saw rapid growth and major transformations occurred throughout the ecosystem. The changes can be summarized across three key areas:

- Premium IP continues to increase in value. The traditional model of incubating high-quality TV series and film content based on literary IP remains robust and is consistently producing top-tier works with widespread influence and commercial success.
- The rapid emergence of short dramas is reshaping content consumption, driving higher conversion efficiency and creating powerful new monetization opportunities for the massive library of mid- and long-tail IP. This has significantly accelerated the unlocking of IP value and driven diversification in digital content consumption.
- Physical and scenario-based IP merchandise such as trendy toys, collectible cards, and goods continue to grow in popularity. This shows how IP is becoming deeply embedded into consumers' daily lives, serving as a key medium for emotional connection, companionship, and social identity – essentially functioning like a social currency.

Together, these trends highlight the rapid evolution of China's IP industry over the first half of 2025. As the industry pivots, our exceptional IP innovation capabilities and expansive IP library ideally position us to capitalize on the moment. Furthermore, we see an opportunity to play a leading role in the evolution of China's IP ecosystem and unlock new growth potential.

IP Creation

Our online reading content ecosystem continues to thrive. In the first half of 2025, our online reading platform added approximately 200,000 writers and 410,000 literary works, collectively contributing approximately 20 billion Chinese characters. High-quality writers and literary works on our platform are growing steadily, with the number of newly signed works generating over RMB1 million in revenue increasing by 63% year-over-year during the first half of the year. Additionally, the number of newly signed writers with over 10,000 average subscribers per chapter rose by 45% year-over-year. The vibrancy of our content ecosystem is reflected in community engagement metrics: the number of works receiving over 10,000 monthly votes during the first half of the year increased by 20% year-over-year, and those surpassing 1 million monthly votes surged by 200% year-over-year.

As a result of these initiatives, revenue from our online business grew by 2.3% year-over-year to RMB1.99 billion and MPU increased by 4.5% year-over-year to 9.2 million.

CEO'S STATEMENT

IP Visualization

In the premium TV segment, several top-tier series adapted from our IPs premiered in the first half of the year, including “Flourished Peony (國色芳華),” “Si Jin (似錦),” “The Glory (雁回時),” and “I am Nobody (異人之下之決戰！碧游村),” which all consecutively ranked first in popularity during their respective broadcasting periods. According to Enlightent data, six out of the top 10 long-form dramas by cumulative views across all platforms in the first half of 2025 were adapted from our IPs. During the summer season in July, our self-produced premium drama series “The Narcotic Operation (掃毒風暴)” debuted on Tencent Video, achieving a popularity index of over 28,000 and earning favorable reviews from multiple mainstream media outlets. We have several additional premium drama projects planned for release in the second half of the year.

In the animation segment, we released new series from our classic animation franchises such as “Battle Through the Heavens (斗破蒼穹),” “Stellar Transformations (星辰變),” and “Martial Universe (武動乾坤).” They all achieved top rankings on platform popularity charts during their respective broadcasting runs. Notably, the annual series “Battle Through the Heavens (斗破蒼穹)” topped Tencent Video’s paid content chart in the first half of this year. According to Enlightent data, eight out of the top 10 animation series by cumulative views across all platforms in the first half of 2025 were adapted from our IPs.

In the comics segment, we maintained market leadership through our premium IPs while expanding our content ecosystem with high-quality new titles. Established IPs like “The Outcast (一人之下)” and “The Fox Spirit Matchmaker (狐妖小紅娘)” continued to thrive, highlighting their enduring influence. Meanwhile, standout new titles adapted from our IP performed strongly. Notably, “Dao of the Bizarre Immortal (道詭異仙)” broke into the top 20 paid bestsellers list within two months of release, setting an industry record for the fastest ascent by a new title. Another adaptation, “Martial Evolution: Start by Awakening the King of Monsters (高武進化：從覺醒怪獸之王開始)” also topped new release charts for four consecutive months since debuting in April, reflecting strong market appeal and long-term growth potential.

In the short drama segment, we achieved robust growth in the first half of 2025, with a significant increase in the success rate of blockbuster productions. This success is underpinned by our rich IP library, strong creator partnerships, and deep engagement across the IP industry chain. According to Enlightent data, we produced two out of the top 10 short dramas by viewership across all platforms in June 2025. One title generated record-breaking revenue of over RMB80 million, ranking second on Enlightent’s viewership charts with over 3 billion views this year. Another title topped Enlightent’s weekly charts during its broadcasting run, surpassing 1 billion views in its first month of release. In March, we further upgraded our short drama business by opening more than 2,000 online literature IPs for high-quality adaptation. We released an initial batch of 300 IPs and invited screenwriters and producers across the industry to collaborate. Going forward, we remain committed to our “IP-centric, quality-driven” strategy, strengthening our competitive edge while driving the high-quality development of the short drama industry.

CEO'S STATEMENT

IP Commercialization and Monetization

In the first half of 2025, physical and scenario-based IP merchandise products such as trendy toys, collectible cards, and goods saw rapid growth, highlighting a major shift in mass cultural consumption habits. We responded by capitalizing on this trend, and as a result, our IP merchandise business achieved major breakthroughs.

Our IP merchandise business generated GMV of RMB480 million in the first half of the year, nearly matching last year's full-year total of RMB500 million. This rapid growth was driven by our continued dedication to product development, channel development, user engagement, and licensing expansion.

- **Product Development:** We made significant progress advancing rapidly across the entire value chain for product development, including original artwork, design, and craftsmanship. This enabled us to accelerate new product launches to 3-4 times the previous year's pace while simultaneously enhancing product quality.
- **Channel Development:** Our online live-streaming rooms and offline stores have expanded steadily. During the 618 shopping festival, our Tmall flagship store ranked first on Taobao's "Trending Goods Store Dark Horse List." We now partner with nearly 10,000 online and offline distributors. Additionally, we are offering our channel development capabilities to empower others.
- **User Engagement:** We strengthened connections with fans and generated strong social media engagement by hosting themed events around our premium IPs, including "The King's Avatar (全職高手)," "Lord of the Mysteries (詭秘之主)," and "Dao of the Bizarre Immortal (道詭異仙)," and seamlessly integrating them with new product launches.
- **Licensing Expansion:** We partnered with 230 brands to further expand the influence of our IPs.

In the gaming segment, we continue to license premium IPs to our partners. The flagship title "Douluo Continent: Soul Hunting World (斗羅大陸獵魂世界)" generated immense enthusiasm from gamers upon its launch in July this year. Additionally, several licensed adaptations, including "The Hidden Ones (異人之下)" and "Lord of the Mysteries (詭秘之主)," have obtained publication licenses and are expected to release in the near future.

CEO'S STATEMENT

Exploration in New Technologies

We have been actively embracing and integrating AI across our business.

In the first half of the year, we introduced the industry's first AI-powered knowledge base for online literature, "Smart Pen Tongjian (妙筆通鑒)," built upon our existing AI tools available on the "Writer Assistant (作家助手)" creation platform. This feature enables full-text comprehension and Q&A for works spanning tens of millions of words, offering valuable support for writing, plot development, and inspiration for long-form content creation. Since its launch, interactions between writers and AI have increased by 40%, driving daily active users of "Writer Assistant (作家助手)" up by over 40% year-over-year, with weekly AI usage approaching 70%.

Our AI translation models have significantly accelerated the global spread of Chinese literary works. In the first half of 2025, revenue from AI-translated titles on our international reading platform, WebNovel, increased by 38% year-over-year, accounting for over 35% of total novel revenue on WebNovel. As of June 30, 2025, WebNovel offered overseas users over 10,000 Chinese translated works and approximately 770,000 locally created originals. The number of AI-translated titles reached 7,200, representing 70% of all Chinese translations.

Moreover, we continue to explore the integration of AI technology into various business lines to further unleash the value of our IP.

Outlook

Overall, 2025 will be a pivotal year for fostering long-term and sustainable growth momentum. The spreading influence of goods culture and the rise of short dramas are driving new types of content and consumption patterns into the mainstream at an unprecedented pace. This evolution not only highlights the vibrancy of the cultural consumption market but also reaffirms our fundamental core principle: major breakthroughs in growth are driven by the creative transformation and contextual development of premium IP. I believe that China Literature will benefit immensely from this historic opportunity.

Appreciation

Finally, I would like to express my sincere gratitude to our dedicated team, partners, the Board, and shareholders for their unwavering support. Together, we remain committed to driving progress and serving as a leading architect of China's evolving IP ecosystem.

Mr. Hou Xiaonan

Executive Director, Chief Executive Officer and President

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenues	3,190,584	4,190,933
Cost of revenues	(1,578,200)	(2,107,703)
Gross profit	1,612,384	2,083,230
Interest income	81,856	90,582
Other gains/(losses), net	582,499	(3,724)
Selling and marketing expenses	(922,398)	(1,158,882)
General and administrative expenses	(484,739)	(544,789)
Net reversal of/(provision for) impairment losses on financial assets	6,197	(11,968)
Operating profit	875,799	454,449
Finance costs, net	(4,005)	(2,099)
Share of net profit of associates and joint ventures	127,250	150,646
Profit before income tax	999,044	602,996
Income tax expense	(149,479)	(99,064)
Profit for the period	849,565	503,932
Attributable to:		
Equity holders of the Company	849,755	504,303
Non-controlling interests	(190)	(371)
	849,565	503,932
Non-IFRS profit for the period	507,617	701,690
Attributable to:		
Equity holders of the Company	507,807	702,061
Non-controlling interests	(190)	(371)
	507,617	701,690

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues. Revenues decreased by 23.9% year-over-year to RMB3,190.6 million for the six months ended June 30, 2025, mainly due to uneven release schedules for our TV series and films within this year. The following table sets forth our revenues by segment for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,			
	2025		2024	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Online business⁽¹⁾				
On our self-owned platform products	1,746,026	54.7	1,694,169	40.4
On our channels on Tencent products	97,147	3.0	130,659	3.1
On third-party platforms	142,186	4.5	115,549	2.8
Subtotal	1,985,359	62.2	1,940,377	46.3
Intellectual property operations and others⁽²⁾				
Intellectual property operations	1,137,504	35.7	2,202,827	52.6
Others	67,721	2.1	47,729	1.1
Subtotal	1,205,225	37.8	2,250,556	53.7
Total revenues	3,190,584	100.0	4,190,933	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, licensing of copyrights, operation of self-operated online games, distribution of short dramas, sales of IP merchandise products and sales of physical books.

– Revenues from online business increased by 2.3% year-over-year to RMB1,985.4 million for the six months ended June 30, 2025, accounting for 62.2% of total revenues.

Revenues from online business on our self-owned platform products increased by 3.1% year-over-year to RMB1,746.0 million for the six months ended June 30, 2025, mainly due to our focus on improving core product operations and continuous production of high-quality content.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues from online business on our channels on Tencent products decreased by 25.6% year-over-year to RMB97.1 million for the six months ended June 30, 2025, primarily due to a decline in advertising revenues associated with the continuous refinement of content distribution practices on Tencent channels and prioritization of distribution through core pay-to-read products.

Revenues from online business on third-party platforms increased by 23.1% year-over-year to RMB142.2 million for the six months ended June 30, 2025, reflecting the increasing value of our high-quality content to our partners.

The following table summarizes our key operating data for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,	
	2025	2024
Average MAUs on our self-owned platform products and self-operated channels on Tencent products (average of MAUs for each calendar month)	141.3 million	176.0 million
Average MPUs on our self-owned platform products and self-operated channels on Tencent products (average of MPUs for each calendar month)	9.2 million	8.8 million
Monthly average revenue per paying user ("ARPU") ⁽¹⁾	RMB31.3	RMB31.7

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.

MANAGEMENT DISCUSSION AND ANALYSIS

- For the six months ended June 30, 2025, average MAUs on our self-owned platform products and self-operated channels on Tencent products were 141.3 million, a decrease of 19.7% year-over-year from 176.0 million. Specifically, MAUs on our self-owned platform products declined by 2.5% year-over-year from 105.3 million to 102.7 million, but remained largely stable compared with 102.3 million for the six months ended December 31, 2024. MAUs on our self-operated channels on Tencent products decreased by 45.5% year-over-year from 70.7 million to 38.5 million, primarily due to our ongoing optimization of operational efficiency by concentrating more content distribution through our core pay-to-read products which resulted in a decline in active users on free-to-read channels.
 - Average MPUs on our self-owned platform products and self-operated channels on Tencent products increased by 4.5% year-over-year to 9.2 million for the six months ended June 30, 2025, primarily driven by the launch of additional membership content on our self-owned platforms since the second half of last year.
 - Monthly ARPU for our pay-to-read business decreased by 1.3% year-over-year to RMB31.3 for the six months ended June 30, 2025, mainly due to a mix effect from lower ARPU contributions from newly acquired membership users.
 - Revenues from intellectual property operations and others decreased by 46.4% year-over-year to RMB1,205.2 million for the six months ended June 30, 2025.

Revenues from intellectual property operations decreased by 48.4% year-over-year to RMB1,137.5 million for the six months ended June 30, 2025. The decrease was mainly attributable to the absence of new TV series or film releases from New Classics Media in the first half of the year, reflecting the inherent development cycles and scheduling of TV series and film projects. As a result, New Classics Media did not contribute meaningful revenue for the six months ended June 30, 2025, compared with RMB1,050.3 million for the six months ended June 30, 2024. Several of our new businesses have been developing rapidly, particularly our IP merchandise business, which generated strong growth with GMV increasing to RMB480 million in the first half of the year, nearly reaching the full-year total of RMB500 million in 2024.

Revenues from others increased by 41.9% year-over-year to RMB67.7 million for the six months ended June 30, 2025. These revenues were generated primarily by sales of physical books.
- Cost of revenues.* Cost of revenues decreased by 25.1% year-over-year to RMB1,578.2 million for the six months ended June 30, 2025. The decrease was primarily due to the absence of new TV series or film releases in the first half of the year, which resulted in no corresponding production costs being recognized during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

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,			
	2025		2024	
	RMB'000 (Unaudited)	% of revenues	RMB'000 (Unaudited)	% of revenues
Content costs	788,901	24.7%	856,281	20.4%
Platform distribution costs	325,443	10.2%	366,778	8.8%
Production costs of TV, web and animated series, films and short dramas	194,958	6.1%	627,382	15.0%
Amortization of intangible assets	38,670	1.2%	62,916	1.5%
Cost of inventories	89,955	2.8%	49,508	1.2%
Others	140,273	4.5%	144,838	3.4%
Total	1,578,200	49.5%	2,107,703	50.3%

Gross profit and gross margin. As a result of the foregoing, gross profit decreased by 22.6% year-over-year to RMB1,612.4 million for the six months ended June 30, 2025. Gross margin was 50.5% for the six months ended June 30, 2025, compared with 49.7% for the six months ended June 30, 2024.

Interest income. We recorded interest income of RMB81.9 million for the six months ended June 30, 2025, compared with RMB90.6 million for the six months ended June 30, 2024.

Other gains/(losses), net. We recorded net other gains of RMB582.5 million for the six months ended June 30, 2025, compared with net other losses of RMB3.7 million for the six months ended June 30, 2024. The net other gains for the six months ended June 30, 2025 were primarily attributable to net gains on deemed disposal of our investee company.

Selling and marketing expenses. Selling and marketing expenses decreased by 20.4% year-over-year to RMB922.4 million for the six months ended June 30, 2025, mainly due to a decrease in marketing and promotional expenses associated with TV series and films.

General and administrative expenses. General and administrative expenses decreased by 11.0% year-over-year to RMB484.7 million for the six months ended June 30, 2025, primarily due to lower employee-related expenses.

Net reversal of/(provision for) impairment losses on financial assets. Impairment losses on financial assets reflect the provision for doubtful receivables. For the six months ended June 30, 2025, the reversal of doubtful receivables was RMB6.2 million on a net basis, mainly due to the recovery of previously impaired receivables related to IP operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating profit. As a result of the foregoing, operating profit increased by 92.7% year-over-year to RMB875.8 million for the six months ended June 30, 2025.

Finance costs, net. Finance costs increased to RMB4.0 million for the six months ended June 30, 2025 from RMB2.1 million for the six months ended June 30, 2024, 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 RMB127.3 million for the six months ended June 30, 2025, compared with RMB150.6 million for the six months ended June 30, 2024.

Income tax expense. Income tax expense increased from RMB99.1 million for the six months ended June 30, 2024 to RMB149.5 million for the six months ended June 30, 2025, primarily driven by the increase in taxable income.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 68.5% year-over-year from RMB504.3 million for the six months ended June 30, 2024 to 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 RMB507.8 million for the six months ended June 30, 2025, compared with RMB702.1 million for the six months ended June 30, 2024. The decrease was primarily attributable to uneven release schedules for TV series and films of New Classics Media within this year. Excluding the impact of New Classics Media, our non-IFRS profit attributable to equity holders of the Company increased by 35.7% year-over-year from RMB401.7 million for the six months ended June 30, 2024 to RMB545.3 million for the six months ended June 30, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2025 and 2024:

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

	Six months ended June 30, 2024		
	Online business RMB'000 (Unaudited)	Intellectual property operations and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenues	1,940,377	2,250,556	4,190,933
Cost of revenues	965,951	1,141,752	2,107,703
Gross profit	974,426	1,108,804	2,083,230
Gross margin	50.2%	49.3%	49.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Other Financial Information

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
EBITDA ⁽¹⁾	318,231	501,518
Adjusted EBITDA ⁽²⁾	386,856	587,619
Adjusted EBITDA margin ⁽³⁾	12.1%	14.0%
Interest expense	3,570	4,624
Net cash ⁽⁴⁾	9,572,967	9,208,076
Capital expenditures ⁽⁵⁾	54,871	49,824

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following table reconciles our operating profit to our EBITDA and adjusted EBITDA for the periods presented:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Operating profit	875,799	454,449
Adjustments:		
Interest income	(81,856)	(90,582)
Other (gains)/losses, net	(582,499)	3,724
Depreciation of property, plant and equipment	18,798	17,817
Depreciation of right-of-use assets	34,215	36,166
Amortization of intangible assets	53,774	79,944
EBITDA	318,231	501,518
Adjustments:		
Share-based compensation	65,916	55,440
Expenditures related to acquisition	2,709	30,661
Adjusted EBITDA	386,856	587,619

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 as additional financial measures, have been presented in this interim report 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 non-IFRS adjustments for the Group'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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 performances. 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, 2025 and 2024 to the nearest measures prepared in accordance with IFRS:

Non-IFRS Financial Measures

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

	Unaudited six months ended June 30, 2024					
	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	454,449	55,440	104,746	9,539	–	624,174
Profit for the period	503,932	55,440	104,746	9,539	28,033	701,690
Profit attributable to equity holders of the Company	504,303	55,440	104,746	9,539	28,033	702,061
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%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) This item mainly includes gains on disposal and deemed disposal, 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 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 increased from RMB22,945.4 million as of December 31, 2024 to RMB23,203.0 million as of June 30, 2025, while our total liabilities decreased from RMB4,569.3 million as of December 31, 2024 to RMB4,043.2 million as of June 30, 2025. The liabilities-to-assets ratio decreased from 19.9% as of December 31, 2024 to 17.4% as of June 30, 2025.

As of June 30, 2025, the current ratio (the ratio of total current assets to total current liabilities) was 292.7%, compared with 265.2% as of December 31, 2024.

As of June 30, 2025, our Group had no pledged trade receivables.

Liquidity and Financial Resources

Our Group funds our cash requirements principally from capital contributions from shareholders, and cash generated from our operations. As of June 30, 2025, our Group had net cash of RMB9,573.0 million, compared with RMB9,935.7 million as of December 31, 2024. The decrease in net cash in the first half of 2025 was mainly due to payments for repurchase of shares by the Company, working capital variation and capital expenditures. For the six months ended June 30, 2025, our Group had free cash outflow of RMB166.2 million. This was a result of net cash outflow used in operating activities of RMB72.5 million, payments for lease liabilities of RMB38.8 million and payments for capital

expenditures of RMB54.9 million. Our bank balances and term deposits are primarily in RMB, USD and HKD. Our Group monitors capital on the basis of gearing ratio, which is calculated as debt divided by total equity. As of June 30, 2025:

- Our gearing ratio was nil.
- Our total borrowing was nil.
- Our unutilized banking facility was RMB1,570 million.

As of June 30, 2025 and December 31, 2024, our Group had no significant contingent liabilities.

As of June 30, 2025 and December 31, 2024, our Group had not used any financial instruments for hedging purposes.

Capital Expenditures and Long-term Investments

Our Group's capital expenditures were primarily expenditures 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, 2025 totalled RMB60.5 million, compared with RMB115.9 million for the six months ended June 30, 2024, representing a year-over-year decrease of RMB55.4 million, primarily due to lower long-term investments in the first half of 2025. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 tries 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, 2025 and 2024.

No Material Changes

Since the publication of our audited financial statements for the year ended December 31, 2024 on March 18, 2025, there have been no material changes to our business.

Employees

As of June 30, 2025, we had approximately 1,730 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 a 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 that are 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.

OTHER INFORMATION

Corporate Governance

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 Company's business. The Company has adopted the CG Code as its own code of corporate governance.

During the six months ended June 30, 2025, the Company has complied with all the applicable code provisions of the CG Code.

Model Code for Dealing in Securities by Directors

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having been made specific enquiries of all Directors, 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, 2025.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2025 (2024: Nil).

Audit Committee

The Audit Committee, together with the Board and the Auditor, has reviewed the interim report of the Group for the six months ended June 30, 2025. 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.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2025, the Company purchased a total of 6,338,800 Shares on the Stock Exchange for an aggregate consideration of HKD158,023,200 before expenses pursuant to the share buy-back mandates approved by the Shareholders at the annual general meetings held on June 3, 2024 and May 30, 2025, respectively. The purchased Shares were subsequently cancelled. As at the date of June 30, 2025, 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:

Month for purchase in the six months ended June 30, 2025	Number of Shares purchased	Purchase consideration per Share		Aggregate consideration paid
		Lowest price paid	Highest price paid	
		HKD	HKD	HKD
January	2,400,000	23.65	25.10	58,929,370
April	2,738,800	22.55	26.95	68,997,960
May	1,000,000	24.15	26.50	24,917,320
June	200,000	25.20	26.65	5,178,550
Total	6,338,800			158,023,200

Save as disclosed above, during the six months ended June 30, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

Changes of Directors' Information

Changes of Directors' information since the publication of the Company's 2024 Annual Report are set out below:

- Mr. Liu Junmin has been re-designated as a non-executive director of Chinese People Holdings Company Limited (HKEX: 681) since July 1, 2025.
- Mr. Xie Qinghua retired as a non-executive director of Yixin Group Limited (HKEX: 2858) since May 12, 2025.

Save as disclosed above, there is no other information in respect of the Directors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As of June 30, 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept, pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of Directors and Chief Executive of the Company

Name	Capacity/ Nature of Interest	Number of Shares	Long/ short position	Approximate Percentage of Shareholding in the Company ⁽¹⁾ (%)
Mr. Hou Xiaonan	Beneficial owner	5,188,674 ⁽²⁾	Long position	0.51
Mr. Huang Yan	Beneficial owner	3,377,821 ⁽³⁾	Long position	0.33
Mr. Cao Huayi	Interest in controlled corporations	39,645,856 ⁽⁴⁾	Long position	3.88

Interests of Directors and Chief Executive in Associated Corporations of the Company

Name	Name of Associated Corporations	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in Associated Corporations ⁽⁸⁾ (%)
Mr. Pu Hai Tao	Tencent Holdings Limited	Beneficial owner	57,342 ⁽⁵⁾	0.00
Mr. Hou Xiaonan	Tencent Holdings Limited	Beneficial owner	138,550	0.00
Mr. Huang Yan	Tencent Holdings Limited	Beneficial owner	12,500	0.00
Mr. Xie Qinghua	Tencent Holdings Limited	Beneficial owner	146,941 ⁽⁶⁾	0.00
Mr. Cao Huayi	Tencent Holdings Limited	Interest in controlled corporations	300,000 ⁽⁷⁾	0.00
	Tencent Holdings Limited	Beneficial owner	21,800	0.00

OTHER INFORMATION

Notes:

- (1) The calculation is based on the total number of 1,021,089,227 Shares in issue as of June 30, 2025.
- (2) As at June 30, 2025, these interests comprised (i) 20,872 Shares, (ii) 1,000,000 underlying Shares in respect of the RSUs granted to Mr. Hou Xiaonan under 2020 Restricted Share Unit Scheme of the Company, and (iii) 4,167,802 underlying Shares in respect of the Options granted to Mr. Hou Xiaonan under the 2021 Share Option Plan.
- (3) As at June 30, 2025, these interests comprised (i) 257,844 Shares, (ii) 184,240 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2014 RSU Scheme of the Company, (iii) 285,106 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2020 Restricted Share Unit Scheme of the Company, and (iv) 2,650,631 underlying Shares in respect of the Options granted to Mr. Huang Yan under the 2021 Share Option Plan.
- (4) As at June 30, 2025, Mr. Cao Huayi was interested in 100% and 43.63% of C-Hero Limited and X-Poem Limited respectively and was therefore deemed to be interested in the 34,931,550 Shares and 4,714,306 Shares by C-Hero Limited and X-Poem Limited pursuant to the share purchase agreement, respectively.
- (5) As at June 30, 2025, these interests of Mr. Pu Hai Tao (being an employee of Tencent) comprised (i) 23 shares of Tencent, and (ii) 57,319 shares underlying Tencent in respect of the awarded shares granted to Mr. Pu Hai Tao under share award schemes of Tencent. Tencent is the controlling shareholder of the Company and thus is an associated corporation of the Company.
- (6) As at June 30, 2025, these interests of Mr. Xie Qinghua (being an employee of Tencent) comprised (i) 22,006 shares of Tencent, and (ii) 124,935 shares underlying Tencent in respect of the awarded shares granted to Mr. Xie Qinghua under share award schemes of Tencent. Tencent is the controlling shareholder of the Company and thus is an associated corporation of the Company.
- (7) As at June 30, 2025, Mr. Cao Huayi was interested in 100% of C-Hero Limited and was therefore deemed to be interested in the 300,000 shares interested in by C-Hero Limited.
- (8) The calculation is based on the total number of 9,165,513,622 shares of Tencent in issue as at June 30, 2025.

Save as disclosed above, as of June 30, 2025, none of the Directors and chief executive of the Company had or was deemed to have any other interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Furthermore, save as disclosed in the foregoing, during the six months ended June 30, 2025, none of the Directors or chief executive of the Company (including their spouses and children under the age of 18) had any other interests in or was granted any right to subscribe in any shares, underlying shares, or debentures of the Company or any of its associated corporations, or had exercised any such rights.

OTHER INFORMATION

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of June 30, 2025, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares	Long/ short position	Approximate Percentage of Shareholding in the Company ⁽¹⁾ (%)
Tencent Holdings Limited ⁽²⁾	Interest in controlled corporations	577,643,604	Long position	56.57
THL A13 ⁽²⁾	Beneficial owner	268,600,500	Long position	26.31
Qinghai Lake ⁽²⁾	Beneficial owner	230,705,634	Long position	22.59
Tencent Mobility Limited ⁽²⁾	Beneficial owner	78,337,470	Long position	7.67

Notes:

(1) The calculation is based on the total number of 1,021,089,227 Shares in issue as of June 30, 2025.

(2) As at June 30, 2025, THL A13, Qinghai Lake, Tencent Mobility Limited were wholly-owned subsidiaries of Tencent. Under the SFO, Tencent was deemed to be interested in 577,643,604 Shares directly held by THL A13, Qinghai Lake, and Tencent Mobility Limited in aggregate.

Save as disclosed above, as of June 30, 2025, the Directors and the chief executive of the Company were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Restricted Stock Unit Plan

The Company adopted its RSU Plan as approved by the Board resolution passed on December 23, 2014 and amended by the Board resolution passed on March 12, 2016. The RSU Plan commenced on December 23, 2014 and expired on December 22, 2024. In accordance with its terms, no new RSUs may be granted under this plan, although outstanding RSUs granted previously will remain governed by it. During the Reporting Period, no new RSUs were granted. Please refer to the 2024 annual report of the Company for a summary of the RSU plan.

OTHER INFORMATION

Details of the RSUs Granted under the RSU Plan

The RSUs granted in respect of 18,552,500 underlying Shares on December 23, 2014 have a vesting period of five years, one-fifth of which will each vest on December 23, 2015, 2016, 2017, 2018 and 2019 respectively.

The RSUs granted in respect of 5,782,500 underlying Shares on January 17, 2017 have a vesting period of five years, one-fifth of which will each vest on January 17, 2018, 2019, 2020, 2021 and 2022 respectively.

The RSUs granted in respect of 7,160,000 underlying Shares on September 4, 2017 have a vesting period of five years, one-fifth of which will each vest on September 4, 2018, 2019, 2020, 2021 and 2022 respectively.

The RSUs granted in respect of 3,900,500 underlying Shares on October 29, 2018 have a vesting period of five years, one-fifth of which will each vest on October 29, 2019, 2020, 2021, 2022 and 2023 respectively.

The RSUs granted in respect of 5,690,000 underlying Shares on April 10, July 10 and November 5, 2019 have a vesting period of five years, one-fifth of which will each vest on April 10, July 10, and November 5, 2020, 2021, 2022, 2023 and 2024 respectively.

The RSUs granted in respect of 1,574,360 underlying Shares on April 9 and September 4, 2020 have a vesting period of five years, one-fifth of which will each vest on April 9 and September 4, 2021, 2022, 2023, 2024 and 2025 respectively.

The RSUs granted in respect of 1,886,489 underlying Shares on January 4, April 12, July 12, October 18 and November 5, 2021 have a vesting period of five years, one-fifth of which will each vest on January 4, April 12, July 12, October 18 and November 5, 2022, 2023, 2024, 2025 and 2026 respectively.

The RSUs granted in respect of 2,035,302 underlying Shares on January 10, April 6, August 18 and December 28, 2022 have a vesting period of five years, one-fifth of which will each vest on January 10, April 6, August 18 and December 28, 2023, 2024, 2025, 2026 and 2027 respectively.

The RSUs granted in respect of 940,097 underlying Shares on May 23, August 21, and December 28, 2023 have a vesting period of five years, one-fifth of which will each vest on May 23, August 21 and December 28, 2024, 2025, 2026, 2027 and 2028 respectively.

OTHER INFORMATION

Details of movements of the outstanding RSUs granted by the Company pursuant to the RSU Plan during the Reporting Period are set out below:

		Number of RSUs							Closing Price of the Shares immediately before the Date of Grant HKD
Selected Grantees	Date of Grant	As at January 1, 2025	Granted during the six months ended June 30, 2025	Vested during the six months ended June 30, 2025	Forfeited during the six months ended June 30, 2025	Cancelled during the six months ended June 30, 2025	As at June 30, 2025	Vesting Period	
Huang Yan	November 5, 2021	184,240	–	–	–	–	184,240	November 5, 2022 – November 5, 2026	53.25
Employee Participants 5 highest paid individuals during the financial year (in aggregate)	January 4, 2021	20,598	–	10,297	–	–	10,301	January 4, 2022 – January 4, 2026	60.85
	January 10, 2022	64,121	–	21,373	–	–	42,748	January 10, 2023 – January 10, 2027	48.25
Employees (excluding 5 highest paid individuals) (in aggregate)	April 9, 2020	39,000	–	39,000	–	–	–	April 9, 2021 – April 9, 2025	31.05
	September 4, 2020	22,000	–	–	–	–	22,000	September 4, 2021 – September 4, 2025	55.95
	January 4, 2021	88,729	–	44,357	8,914	–	35,458	January 4, 2022 – January 4, 2026	60.85
	April 12, 2021	22,712	–	11,353	1,646	–	9,713	April 12, 2022 – April 12, 2026	78.00
	October 18, 2021	58,439	–	–	21,661	–	36,778	October 18, 2022 – October 18, 2026	56.80
	November 5, 2021	43,760	–	–	–	–	43,760	November 5, 2022 – November 5, 2026	53.25
	January 10, 2022	164,715	–	54,902	–	–	109,813	January 10, 2023 – January 10, 2027	48.25
	April 6, 2022	70,787	–	15,508	24,256	–	31,023	April 6, 2023 – April 6, 2027	34.40
	August 18, 2022	72,000	–	–	72,000	–	–	August 18, 2023 – August 18, 2027	29.40
	December 28, 2022	53,534	–	–	–	–	53,534	December 28, 2023 – December 28, 2027	29.85
	May 23, 2023	80,196	–	20,047	–	–	60,149	May 23, 2024 – May 23, 2028	31.85
	August 21, 2023	134,708	–	–	–	–	134,708	August 21, 2024 – August 21, 2028	31.55
December 28, 2023	445,010	–	–	–	–	445,010	December 28, 2024 – December 28, 2028	28.00	
Total		1,564,549	–	216,837	128,477	–	1,219,235		

OTHER INFORMATION

Notes:

1. The RSUs were granted at nil purchase price.
2. For Employee Participants (including Directors) as set out in the table above, the weighted average closing price of the Shares immediately before the dates on which the awards were vested in the six months ended June 30, 2025 was HKD24.62 per Share.
3. The fair value of each RSUs was calculated based on the market price of the 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.
4. During the Reporting Period, no RSUs were lapsed or cancelled under the RSU Plan.

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
As of January 1, 2025	1,564,549
Granted	–
Forfeited	(128,477)
Vested	(216,837)
Cancelled	–
Outstanding balance as of June 30, 2025	1,219,235
As of January 1, 2024	3,561,705
Granted	–
Forfeited	(503,865)
Vested	(411,626)
Cancelled	–
Outstanding balance as of June 30, 2024	2,646,214

2020 Restricted Share Unit Scheme

The 2020 Restricted Share Unit Scheme was adopted by the Board resolution passed on May 15, 2020 and amended by the Shareholders' resolution passed on May 22, 2023. For further details of the 2020 Restricted Share Unit Scheme, please refer to the announcement of the Company dated April 28, 2023 and the circular of the Company dated April 28, 2023.

Effectiveness and Duration

Subject to the terms and conditions of the 2020 Restricted Share Unit Scheme, the 2020 Restricted Share Unit Scheme shall be valid and effective for a period of ten years commencing on May 15, 2020, after which no awards will be granted, but the provisions of the 2020 Restricted Share Unit Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the 2020 Restricted Share Unit Scheme may continue to be valid in accordance with their respective terms of grant.

OTHER INFORMATION

Purposes and Objectives

The purposes of the 2020 Restricted Share Unit Scheme are to (i) recognise the contributions by the participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the participants to maximize the value of the Company for the benefits of both the participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the participants directly to the Shareholders through ownership of Shares.

Eligible Participants

The participants of the 2020 Restricted Share Unit Scheme include (i) any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any subsidiary of the Group or any related entity; and (ii) any service provider who, in the sole opinion of the Board, has contributed or will contribute to the growth and development of the Group and qualifies by in the interests of the long term growth of the Group. For the avoidance of doubt, the participants shall exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity. The basis of eligibility of any participant to be granted RSUs under the 2020 Restricted Share Unit Scheme shall be determined by the Board/Chairman (as the case may be) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group, or such other factors as the Board may deem appropriate.

Scheme Limit

Subject to the terms and conditions of the 2020 Restricted Share Unit Scheme, the total number of Shares underlying the 2020 Restricted Share Unit Scheme shall not in aggregate exceed 45,710,177 Shares, representing 4.5% of the issued share capital of the Company as of June 30, 2020. Without prejudice to the foregoing, the total number of Shares underlying the RSUs to be granted under the 2020 Restricted Share Unit Scheme in any financial year will not exceed three per cent (3%) of the issued Shares as at the beginning of that financial year.

Without prejudice to the foregoing, the total number of Shares to be issued to the service providers underlying the 2020 Restricted Share Unit Scheme and other share schemes of the Group shall not in aggregate exceed 5,076,192 Shares, representing approximately 0.5% of the total number of Shares as at May 22, 2023.

The total number of Shares which may be issued in respect of all RSUs to be granted under the 2020 Restricted Share Unit Scheme, and all options and awards to be granted under any other schemes of the Group as refreshed must not exceed 10% of the total issued Shares as at the date of approval of the 2020 Restricted Share Unit Scheme, being May 15, 2020, as at the date of passing of the Shareholders' resolution in relation to the amendments to the 2020 Restricted Share Unit Scheme, being May 22, 2023 or the maximum number of Shares in accordance with the 2021 Share Option Plan (whichever is lower).

The maximum number of Shares which may be awarded to any one participant under the 2020 Restricted Share Unit Scheme may not exceed one per cent (1%) of the issued Shares in issue.

OTHER INFORMATION

Administration

Subject to the terms and conditions of the 2020 Restricted Share Unit Scheme, the 2020 Restricted Share Unit Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of the 2020 Restricted Share Unit Scheme, and the Company appointed a trustee to assist with the administration and vesting of RSUs granted pursuant to the 2020 Restricted Share Unit Scheme. The trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Subject to the terms and conditions of the 2020 Restricted Share Unit Scheme, the Board shall have the sole and absolute right to, among others, determine the grantee who is either (i) a Director, or (ii) a member of the senior management of the Company as included in the latest annual report of the Company published on the website of the Stock Exchange immediately before the date of grant ("Senior Grantees") who will be granted awards under the 2020 Restricted Share Unit Scheme, the terms and conditions on which awards are granted to Senior Grantees and when the awards granted to Senior Grantees pursuant to the 2020 Restricted Share Unit Scheme may vest. The Chairman shall have the sole and absolute right to, among others, determine any grantee other than a Senior Grantee (the "Junior Grantees") who will be granted awards under the 2020 Restricted Share Unit Scheme, the terms and conditions on which awards are granted to Junior Grantees and when the awards granted to Junior Grantees pursuant to the 2020 Restricted Share Unit Scheme may vest.

The Administrative Committee may (i) exercise the mandate granted by the Shareholders at general meetings of the Company and direct the Company to allot and issue Shares to the trustee to be held by the trustee to satisfy the RSUs upon vesting; and/or (ii) direct and procure the trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon vesting.

Any change to the terms of awards granted to a participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the awards was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2020 Restricted Share Unit Scheme.

The 2020 Restricted Share Unit Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of the 2020 Restricted Share Unit Scheme, and the Company may appoint a trustee to assist with the administration and vesting of RSUs granted pursuant to the 2020 Restricted Share Unit Scheme. The trustee does not exercise any voting rights in respect of any Shares held under the trust or as nominee.

Grant and Vesting

Subject to otherwise determined by the Board at its sole absolute discretion, the Senior Grantee is not required to pay any grant or purchase price or make any other payment to the Company to accept the RSUs granted; and subject to otherwise determined by the Chairman at his sole absolute discretion, the Junior Grantee is not required to pay any grant or purchase price or make any other payment to the Company to accept the RSUs granted.

OTHER INFORMATION

Subject to the terms of the 2020 Restricted Share Unit Scheme and the specific terms and conditions applicable to each award, the vesting period shall be determined by the Board or the Chairman (as the case may be), and in no case the vesting period of shall be less than twelve (12) months or such period as the Listing Rules may prescribe or permit.

The RSUs which have vested shall be satisfied within a reasonable period from the vesting date of such RSUs, either by: (a) the administrative committee directing and procuring the relevant trustee to transfer the Shares underlying the RSUs; and/or (b) the administrative committee directing and procuring the trustee to pay to the grantee in cash an amount which is equivalent to the market value of the Shares.

The 2020 Restricted Share Unit Scheme does not provide for any performance target that must be achieved before the award(s) can be vested.

Details of the RSUs Granted under the 2020 Restricted Share Unit Scheme

The RSUs granted in respect of 4,162,633 underlying Shares on September 1, 2020 have a vesting period of four years, one-fourth of which will each vest on September 1, 2021, 2022, 2023, and 2024 respectively.

The RSUs granted in respect of 1,960,258 underlying Shares on April 12, July 12 and September 16, 2021 have a vesting period of four years, one-fourth of which will each vest on April 12, July 12 and September 16, 2022, 2023, 2024, and 2025 respectively.

The RSUs granted in respect of 4,205,077 underlying Shares on August 18, October 12 and December 28, 2022 have a vesting period of four years, one-fourth of which will each vest on August 18, October 12 and December 28, 2023, 2024, 2025 and 2026 respectively.

The RSUs granted in respect of 2,187 underlying Shares on May 23, 2023 have a vesting period of two years, one half of which will each vest on May 23, 2024 and 2025 respectively.

The RSUs granted in respect of 3,057,072 underlying Shares on August 21, 2023 have a vesting period of four years, one-fourth of which will each vest on August 21, 2024, 2025, 2026 and 2027 respectively.

The RSUs granted in respect of 8,141,745 underlying Shares on August 14, 2024 have a vesting period of four years, one-fourth of which will each vest on August 14, 2025, 2026, 2027 and 2028, respectively.

The RSUs granted in respect of 552,549 underlying Shares on January 10, 2025 have a vesting period of four years, one-fourth of which will each vest on January 10, 2026, 2027, 2028 and 2029, respectively.

OTHER INFORMATION

Details of movements of the outstanding RSUs granted by the Company pursuant to the 2020 Restricted Share Unit Scheme during the Reporting Period are set out below:

Selected Grantees	Date of Grant	Number of RSUs					As at June 30, 2025	Vesting Period	Closing Price of the Shares immediately before the Date of Grant HKD	Fair value of RSUs at the Date of Grant per Share during the six months ended June 30, 2025 HKD
		As at January 1, 2025	Granted during the six months ended June 30, 2025	Vested during the six months ended June 30, 2025	Lapsed during the six months ended June 30, 2025	Cancelled during the six months ended June 30, 2025				
Hou Xiaonan	August 14, 2024	1,000,000	-	-	-	-	1,000,000	August 14, 2025 – August 14, 2028	24.75	-
Huang Yan	August 14, 2024	285,106	-	-	-	-	285,106	August 14, 2025 – August 14, 2028	24.75	-
Employee Participants 5 highest paid individuals during the financial year (in aggregate)	August 18, 2022	60,000	-	-	-	-	60,000	August 18, 2023 – August 18, 2026	29.40	-
	August 21, 2023	39,881	-	-	-	-	39,881	August 21, 2024 – August 21, 2027	31.55	-
	August 14, 2024	889,532	-	-	-	-	889,532	August 14, 2025 – August 14, 2028	24.75	-
Employees (excluding 5 highest paid individuals) (in aggregate)	July 12, 2021	315,715	-	-	12,893	-	302,822	July 12, 2022 – July 12, 2025	80.65	-
	September 16, 2021	11,868	-	-	-	-	11,868	September 16, 2022 – September 16, 2025	65.10	-
	August 18, 2022	1,269,360	-	-	42,080	-	1,227,280	August 18, 2023 – August 18, 2026	29.40	-
	October 12, 2022	68,556	-	-	-	-	68,556	October 12, 2023 – October 12, 2026	20.30	-
	December 28, 2022	28,551	-	-	-	-	28,551	December 28, 2023 – December 28, 2026	29.85	-
	August 21, 2023	1,975,120	-	-	82,324	-	1,892,796	August 21, 2024 – August 21, 2027	31.55	-
	August 14, 2024	5,852,613	-	-	284,460	-	5,568,153	August 14, 2025 – August 14, 2028	24.75	-
	January 10, 2025	-	552,549	-	8,999	-	543,550	January 10, 2026 – January 10, 2029	24.40	24.00
Total		11,796,302	552,549	-	430,756	-	11,918,095			

Notes:

- The RSUs were granted at nil purchase price.
- The fair value of each RSUs was calculated based on the market price of the 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. For details of the accounting standards and policies adopted in respect of fair value of RSUs granted under the 2020 Restricted Share Unit Scheme, please refer to Note 2.18 to the consolidated financial statements in the annual report of the Company for the financial year ended December 31, 2024 and Note 27 to the interim financial information.
- None of the grants of awards to any participant is in excess of the 1% individual limit. Save for Mr. Hou Xiaonan and Mr. Huang Yan, none of the participant mentioned in the table above is a Director, chief executive or substantial shareholder of the Company or any of their respective associate, or a related entity participant or service provider of the Company.
- All of the grants made during the six months ended June 30, 2025 were made without any performance targets.
- As at January 1, 2025 and June 30, 2025, the total numbers of RSUs available for grant under the 2020 Restricted Share Unit Scheme were 27,668,479 and 27,546,686, respectively.
- As at January 1, 2025 and June 30, 2025, the total numbers of Shares underlying the RSUs available for grant under the Service Provider Sublimit were 5,076,192 and 5,076,192, respectively.
- During the Reporting Period, no RSUs were vested or cancelled under the 2020 Restricted Share Unit Scheme.

OTHER INFORMATION

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
As of January 1, 2025	11,796,302
Granted	552,549
Lapsed	(430,756)
Vested	–
Cancelled	–
Outstanding balance as of June 30, 2025	11,918,095
As of January 1, 2024	6,826,174
Granted	–
Lapsed	(420,807)
Vested	(1,093)
Cancelled	–
Outstanding balance as of June 30, 2024	6,404,274

2021 Share Option Plan

The 2021 Share Option Plan was approved by the Shareholders' resolution passed on May 24, 2021, and amended by the Shareholders' resolution passed on May 22, 2023. For further details of the 2021 Share Option Plan, please refer to the announcement of the Company dated April 28, 2023 and the circular of the Company dated April 28, 2023.

Effectiveness and Duration

The 2021 Share Option Plan is valid and effective for a period of 10 years commencing on May 24, 2021. Following the expiry of the 2021 Share Option Plan, no further share option can be granted under the 2021 Share Option Plan (the "Option"), but the provisions of the 2021 Share Option Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2021 Share Option Plan.

Purpose

The purpose of the 2021 Share Option Plan was to provide incentives and rewards to the directors, employees, advisors, consultants and business partners of the Group for their contributions to, and continuing efforts to promote the interest of, the Company.

OTHER INFORMATION

Administration

The Board shall have the sole and absolute right to, among others, interpret and construe the provisions of the 2021 Share Option Plan, determine the Senior Grantees who will be offered Options under the 2021 Share Option Plan and the Subscription Price in relation to such Options in accordance with the provisions of the 2021 Share Option Plan. The Chairman shall have the sole and absolute right to, among other things, determine the Junior Grantees who will be offered Options under the 2021 Share Option Plan and the Subscription Price in relation to such Options in accordance with the provisions of the 2021 Share Option Plan.

The Administrative Committee shall be responsible for, among other things, applying to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the 2021 Share Option Plan on the Stock Exchange and approving the draft announcement to be published by the Company in connection with the grant of Options.

An amount of RMB1.00 is payable by the Grantee to the Company upon acceptance of the offer of Options within three (3) days after such acceptance or other time as prescribed by the Company, and such remittance shall not be refundable and shall not be deemed to be a part payment of the subscription price of the Option.

Eligible Participants

The Eligible Participants for the 2021 Share Option Plan include (i) any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any member of the Group or any Related Entity (as defined in the 2021 Share Option Plan), and (ii) any Service Provider (as defined in the 2021 Share Option Plan) who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group. The Eligible Participants shall exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

Scheme Limit

A total of 25,470,141 Shares may be granted under the 2021 Share Option Plan, representing 2.5% of the issued share capital as at the date of general meeting of the Company approving the adoption of the 2021 Share Option Plan (the "Scheme Limit") unless otherwise permitted by the Listing Rules or the Company obtains the approval of the Shareholders to refresh the Scheme Limit.

Without prejudice to the foregoing, the total number of Shares to be issued to the service providers underlying the 2021 Share Option Plan and other share schemes of the Group shall not in aggregate exceed 5,076,192 Shares, representing approximately 0.5% of the total number of Shares as at May 22, 2023.

OTHER INFORMATION

The maximum number of Shares which may be issued in respect of all Options to be granted under the 2021 Share Option Plan, and all options and awards to be granted under any other schemes of the Group as refreshed must not exceed 10% of the total issued Shares as at the date of approval of the 2021 Share Option Plan, being May 24, 2021, as at the date of passing of the Shareholders' resolution in relation to the amendments to the 2021 Share Option Plan, being May 22, 2023, or the maximum number of Shares in accordance with the 2020 Restricted Share Unit Scheme (whichever is lower).

No Option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under the 2021 Share Option Plan (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the grant date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at the grant date of such new grant.

Option Terms and Exercise of Options

The subscription price of Options shall be a price determined by the Board or the Chairman (as the case may be) and notified to any Grantee and will be the highest of: (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Grant Date of the relevant Options, which must be a business day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the grant date of the relevant Options; and (c) the nominal value per Share on the grant date of the relevant Options.

The vesting period of the Options shall be determined by the Board or the Chairman (as the case may be) and in no case the vesting period of shall be less than twelve (12) months or such period as the Listing Rules may prescribe or permit.

The 2021 Share Option Plan does not provide for any performance target that must be achieved before the Option(s) can be vested or exercised.

OTHER INFORMATION

Details of the Options Granted under the 2021 Share Option Plan

Details of movements of outstanding Options granted to Directors during the six months ended June 30, 2025 are as follows:

Name	Position	Date of Grant	Number of Options					As at June 30, 2025	Exercise price HKD	Exercise Period	Closing Price of the Shares immediately before the Date of Grant HKD	Fair value of Options at the Date of Grant per Share during the six months ended June 30, 2025 HKD
			As at January 1, 2025	Granted during the six months ended June 30, 2025	Exercised during the six months ended June 30, 2025	Lapsed during the six months ended June 30, 2025	Cancelled during the six months ended June 30, 2025					
Hou Xiaonan	Director	July 12, 2021	543,750	-	-	-	-	543,750	82.85	July 12, 2021 – July 11, 2031 (Note 1)	80.65	-
	Director	August 18, 2022	1,150,000	-	-	-	-	1,150,000	30.69	August 18, 2022 – August 17, 2032 (Note 2)	29.40	-
	Director	August 14, 2024	2,474,052	-	-	-	-	2,474,052	25.29	August 14, 2024 – August 13, 2034 (Note 3)	24.75	-
Huang Yan	Director	November 5, 2021	1,786,539	-	-	-	-	1,786,539	53.14	November 5, 2021 – November 4, 2031 (Note 3)	53.25	-
	Director	August 18, 2022	360,002	-	-	-	-	360,002	30.69	August 18, 2022 – August 17, 2032 (Note 3)	29.40	-
	Director	August 21, 2023	504,090	-	-	-	-	504,090	32.06	August 21, 2023 – August 20, 2033 (Note 3)	31.55	-
Total			6,818,433	-	-	-	-	6,818,433				

Notes:

- For Options granted with exercisable date determined based on the grant date of Options, the first 25% of the total Options can be exercised after the grant date, and each 25% of the total Options will become exercisable in each subsequent year.
- For Options granted with exercisable date determined based on the grant date of Options, the first 33.33% of the total Options can be exercised after the grant date, and each 33.33% of the total Options will become exercisable in each subsequent year.
- For Options granted with exercisable date determined based on the grant date of Options, the first 25% of the total Options shall be vested and can be exercised one year after the grant date, and each 25% of the total Options will become exercisable in each subsequent year.
- During the Reporting Period, no Options granted to the Directors were exercised, lapsed, or cancelled.
- An amount of RMB1.00 was paid by each grantee to the Company upon acceptance of the offer of Options.

OTHER INFORMATION

Details of movements of outstanding Options granted to employees of the Group (apart from Directors) during the six months ended June 30, 2025 are as follows:

Position	Date of Grant	Number of Options					As at June 30, 2025	Exercise price HKD	Exercise Period	Closing Price of the Shares immediately before the Date of Grant HKD	Fair value of Options at the Date of Grant during the six months ended June 30, 2025 ^(b) HKD
		As at January 1, 2025	Granted during the six months ended June 30, 2025	Exercised during the six months ended June 30, 2025	Lapsed during the six months ended June 30, 2025	Cancelled during the six months ended June 30, 2025					
Employee	July 12, 2021	650,485	-	-	82,030	-	568,455	82.85	July 12, 2021 – July 11, 2031 (Note 1)	80.65	-
Employee	August 18, 2022	763,682	-	-	114,840	-	648,842	30.69	August 18, 2022 – August 17, 2032 (Note 1)	29.40	-
Employee	August 21, 2023	858,201	-	-	-	-	858,201	32.06	August 21, 2023 – August 20, 2033 (Note 1)	31.55	-
Employee	August 14, 2024	273,905	-	-	-	-	273,905	25.29	August 14, 2024 – August 13, 2034 (Note 1)	24.75	-
Total		2,546,273	-	-	196,870	-	2,349,403				

Notes:

1. For Options granted with exercisable date determined based on the grant date of Options, the first 25% of the total Options shall be vested and can be exercised one year after the grant date, and each 25% of the total Options will be vested and become exercisable in each subsequent year.
2. During the Reporting Period, 196,870 Options granted to the employees of the Group (apart from Directors) were lapsed and the exercise prices of the lapsed Options were ranging from HKD 30.69 and HKD 82.85. No Options granted to the employees of the Group (apart from Directors) were exercised or cancelled during the Reporting Period.
3. An amount of RMB1.00 was paid by the grantee to the Company upon acceptance of the offer of Options.
4. As at January 1, 2025 and June 30, 2025, the total numbers of Shares underlying Options available for grant under the Service Provider Sublimit were 5,076,192 and 5,076,192 respectively.

OTHER INFORMATION

Movements in the number of Options outstanding are as follows:

	Number of Options
As of January 1, 2025	9,364,706
Granted	–
Lapsed	(196,870)
Cancelled	–
Outstanding balance as of June 30, 2025	9,167,836
Exercisable as of June 30, 2025	4,304,972

As at January 1, 2025 and June 30, 2025, the total numbers of Options available for grant under the Share Option Plan were 11,799,185 and 11,996,055, respectively.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended June 30, 2025 divided by the weighted average number of Shares in issue (excluding treasury shares) for the six months ended June 30, 2025 was 0.055%.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of China Literature Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 42 to 89, which comprises the interim condensed consolidated statement of financial position of China Literature Limited (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2025 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 12, 2025

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	Note	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenues	7	3,190,584	4,190,933
Cost of revenues	8	(1,578,200)	(2,107,703)
Gross profit		1,612,384	2,083,230
Interest income	9	81,856	90,582
Other gains/(losses), net	10	582,499	(3,724)
Selling and marketing expenses	8	(922,398)	(1,158,882)
General and administrative expenses	8	(484,739)	(544,789)
Net reversal of/(provision for) impairment losses on financial assets		6,197	(11,968)
Operating profit		875,799	454,449
Finance costs, net	11	(4,005)	(2,099)
Share of net profit of associates and joint ventures	18	127,250	150,646
Profit before income tax		999,044	602,996
Income tax expense	12	(149,479)	(99,064)
Profit for the period		849,565	503,932
Other comprehensive income, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of other comprehensive income/(loss) of an associate		205	(185)
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		(1,280)	–
Currency translation differences		49,861	(18,972)
<i>Items that will not be reclassified to profit or loss</i>			
Net gains from changes in fair value of financial assets at fair value through other comprehensive income		24,447	1,400
Currency translation differences		(55,123)	47,943
		18,110	30,186
Total comprehensive income for the period		867,675	534,118
Profit attributable to:			
– Equity holders of the Company		849,755	504,303
– Non-controlling interests		(190)	(371)
		849,565	503,932
Total comprehensive income attributable to:			
– Equity holders of the Company		867,865	534,497
– Non-controlling interests		(190)	(379)
		867,675	534,118
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	13(a)	0.84	0.50
– Diluted earnings per share	13(b)	0.83	0.49

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

	Note	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	83,261	97,845
Right-of-use assets	16	194,575	149,835
Intangible assets	17	6,137,680	6,158,839
Investments in associates and joint ventures	18	725,216	928,179
Financial assets at fair value through profit or loss	19	1,031,022	1,039,643
Financial assets at fair value through other comprehensive income	20	874,287	6,312
Deferred income tax assets	21	413,039	497,189
Prepayments, deposits and other assets	23	257,168	298,188
Term deposits		2,523,000	2,308,000
		12,239,248	11,484,030
Current assets			
Inventories	24	676,306	693,041
Television series and film rights	25	839,796	529,817
Financial assets at fair value through profit or loss	19	2,945,655	3,252,900
Trade and notes receivables	26	1,352,741	1,703,425
Prepayments, deposits and other assets	23	1,044,958	907,391
Restricted bank deposits		4,464	4,464
Term deposits		2,074,563	1,106,186
Cash and cash equivalents		2,025,285	3,264,188
		10,963,768	11,461,412
Total assets		23,203,016	22,945,442
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	648	644
Shares held for RSU schemes	22	(14,643)	(14,635)
Share premium	22	15,969,228	16,117,867
Other reserves		2,036,589	1,975,834
Retained earnings		1,166,388	294,731
		19,158,210	18,374,441
Non-controlling interests		1,557	1,747
Total equity		19,159,767	18,376,188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

	Note	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	135,690	85,037
Long-term payables		13,542	10,833
Deferred income tax liabilities	21	127,068	129,442
Deferred revenue		20,769	21,921
		297,069	247,233
Current liabilities			
Lease liabilities	16	70,777	81,176
Trade payables	28	1,101,452	1,044,602
Other payables and accruals	29	1,062,715	1,662,037
Deferred revenue		1,140,094	1,148,916
Current income tax liabilities		196,817	217,704
Financial liabilities at fair value through profit or loss	30	174,325	167,586
		3,746,180	4,322,021
Total liabilities		4,043,249	4,569,254
Total equity and liabilities		23,203,016	22,945,442

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

On behalf of the board of directors

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025

	Attributable to equity holders of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held				Non- controlling interests RMB'000	
			for RSU schemes RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-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 18)	-	-	-	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 (Note 22)	-	(1,936)	-	-	-	(1,936)	-	(1,936)
Issue of new share pursuant to RSU scheme (Note 22)	8	-	(8)	-	-	-	-	-
Repurchase and cancellation of shares (Note 22)	(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 CHANGES IN EQUITY

For the six months ended June 30, 2024

	Attributable to equity holders of the Company								Non-controlling interests	Total
	Share capital RMB'000	Treasury shares RMB'000	Shares held					Sub-total RMB'000		
			Share premium RMB'000	for RSU schemes RMB'000	Other reserves RMB'000	Retained earnings RMB'000				
(Unaudited)										
As of January 1, 2024	650	–	16,312,648	(16,647)	2,173,341	554,953	19,024,945	(538)	19,024,407	
Comprehensive income										
Profit for the period	–	–	–	–	–	504,303	504,303	(371)	503,932	
Other comprehensive income, net of tax:										
– Share of other comprehensive loss of an associate (Note 18)	–	–	–	–	(185)	–	(185)	–	(185)	
– Currency translation differences	–	–	–	–	28,979	–	28,979	(8)	28,971	
- Net income from change in fair value of financial asset at fair value through other comprehensive income	–	–	–	–	1,400	–	1,400	–	1,400	
Total comprehensive income for the period	–	–	–	–	30,194	504,303	534,497	(379)	534,118	
Share of other changes in net assets of an associate	–	–	–	–	(557)	–	(557)	–	(557)	
Transaction with owners										
Share-based compensation expenses	–	–	–	–	55,440	–	55,440	–	55,440	
Transfer of vested RSUs (Note 22)	–	–	(144)	–	–	–	(144)	–	(144)	
Issue of ordinary shares as consideration for a business combination (Note 22)	2	–	72,161	–	–	–	72,163	–	72,163	
Business combination under common control (Note 32)	–	–	–	–	(427,240)	–	(427,240)	–	(427,240)	
Repurchase of shares (to be cancelled) (Note 22)	–	(16,512)	–	–	–	–	(16,512)	–	(16,512)	
Repurchase and cancellation of shares (Note 22)	(1)	–	(9,926)	–	–	–	(9,927)	–	(9,927)	
Transactions with owners in their capacity for the period	1	(16,512)	62,091	–	(371,800)	–	(326,220)	–	(326,220)	
As of June 30, 2024	651	(16,512)	16,374,739	(16,647)	1,831,178	1,059,256	19,232,665	(917)	19,231,748	

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2025

		Six months ended June 30,	
	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		39,418	1,769,655
Income tax paid		(111,892)	(155,812)
Net cash flows (used in)/generated from operating activities		(72,474)	1,613,843
Cash flows from investing activities			
Payment for business combination under common control, net of cash acquired	32	(120,000)	(474,092)
Placements of term deposits with initial term of over three months		(1,542,226)	(1,030,454)
Receipts from maturity of term deposits with initial term of over three months		357,031	399,454
Payment for acquisition of financial assets at fair value through profit or loss		(6,391,300)	(6,313,361)
Proceeds from disposals or settlement of financial assets at fair value through profit or loss		6,725,049	5,929,524
Payment for investments in joint ventures		(300)	(23,377)
Purchase of property, plant and equipment		(5,273)	(5,181)
Purchase of intangible assets		(49,598)	(44,643)
Proceeds from disposals of property, plant and equipment		11	393
Interest received		32,957	29,418
Dividends received		17,531	196,332
Settlement of contingent consideration payable		–	(146,907)
Proceeds from disposal of investment in associates and joint ventures		555	5,068
Net cash flows used in investing activities		(975,563)	(1,477,826)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2025

	Note	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from financing activities			
Interests paid		(3,436)	(4,624)
Principal elements of lease payments		(38,834)	(32,168)
Payment for repurchase of ordinary shares	22	(146,707)	(26,439)
Net cash flows used in financing activities		(188,977)	(63,231)
Net (decrease)/increase in cash and cash equivalents		(1,237,014)	72,786
Cash and cash equivalents at beginning of the period		3,264,188	2,801,796
Exchange (losses)/gains on cash and cash equivalents		(1,889)	23,724
Cash and cash equivalents at end of the period		2,025,285	2,898,306

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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, including structured entities (collectively, the “Group”), are principally engaged in the provision of reading services (either free or paid), copyright commercialisation (either by self-operation or collaboration with others), writer cultivation and brokerage, operation of text work reading and related open platform, and the realisation of these activities through technology methods and digital media including but not limited to personal computers, Internet and mobile network in the People's Republic of China (the “PRC”). On October 31, 2018, the Group acquired 100% equity interest of New Classics Media Holdings Limited (or referred to as the “New Classics Media” and previously known as “Qiandao Lake Holdings Limited”). New Classics Media and its subsidiaries are principally engaged in production and distribution of television series, web series and films in the PRC, which has further expanded the Group's intellectual property operation business, in particular for the production and distribution of film and TV programs. On April 30, 2024, the Group acquired from Tencent Holdings Limited (“Tencent”), the ultimate holding company, the animation and comics business. The transaction constitutes a business combination under common control.

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, 2025, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 2024, 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 2024 annual report of the Company dated March 18, 2025 (the “2024 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 2024 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 amendment has been adopted by the Group for the first time for the financial year beginning on January 1, 2025:

Amendments to IAS 21	Lack of Exchangeability
----------------------	-------------------------

The adoption of the new amendment to standard does not have significant impact on the condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 2025 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. The adoption of IFRS 18 will not affect the recognition or measurement of items in the condensed consolidated financial statements. 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 statements. Except for IFRS 18, none of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent-Electricity	January 1, 2026
Amendments to IFRS accounting standards	Annual Improvements to IFRS accounting standards – Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027

4 Estimates

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 Financial Statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2024 Financial Statements.

There was no changes in the risk management policies during the six months ended June 30, 2025.

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as of June 30, 2025 and December 31, 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1;
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments (Continued)

5.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair values as of June 30, 2025.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of June 30, 2025				
Financial assets:				
– Financial assets at fair value through profit or loss (“FVPL”)	2,476	–	3,974,201	3,976,677
– Financial assets at fair value through other comprehensive income (“FVOCI”)	874,287	–	–	874,287
	876,763	–	3,974,201	4,850,964
Financial liabilities at fair value through profit or loss	–	–	174,325	174,325

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2024				
Financial assets:				
– FVPL	4,003	–	4,288,540	4,292,543
– FVOCI	6,312	–	–	6,312
	10,315	–	4,288,540	4,298,855
Financial liabilities at fair value through profit or loss	–	–	167,586	167,586

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the six months ended June 30, 2025 and 2024.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments (Continued)

5.2 Fair value estimation (Continued)

There were no changes in valuation techniques during the six months ended June 30, 2025 and 2024.

The changes in level 3 financial instruments for the six months ended June 30, 2025 and 2024 are represented in the following table:

	Financial assets		Financial liabilities	
	Six months ended June 30,		Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Opening balance	4,288,540	3,292,187	167,586	502,973
Additions	6,391,300	6,313,361	–	–
Compensation cost	–	–	–	1,800
Changes in fair value recognised in profit or loss	21,163	(12,462)	6,739	(501)
Disposals	(6,725,049)	(5,929,524)	–	–
Settlement of contingent consideration payable (Note 30)	–	–	–	(219,070)
Currency translation differences	(1,753)	2,646	–	–
Closing balance	3,974,201	3,666,208	174,325	285,202
Include unrealised gains and losses recognised in profit or loss attributable to balances held at the end of the reporting period	(1,487)	(40,552)	6,739	(1,204)

6 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

The Group had the following reportable segments for the six months ended June 30, 2025 and 2024:

- 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, 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.).

As of June 30, 2025 and 2024, 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 gains/(losses), net, finance costs, net, net reversal of/(provision for) 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, 2025 and 2024. 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 these condensed consolidated financial statements. 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

The segment information provided to the chief operating decision-makers for the reportable segments for the six months ended June 30, 2025 and 2024 is as follows:

	Six months ended June 30, 2025		
	Online business RMB'000	Intellectual property operations and others RMB'000	Total 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
	Six months ended June 30, 2024		
	Online business RMB'000	Intellectual property operations and others RMB'000	Total RMB'000
(Unaudited)			
Segment revenues	1,940,377	2,250,556	4,190,933
Gross profit	974,426	1,108,804	2,083,230
Cost of revenues			
Depreciation	446	7	453
Amortisation	44,155	18,761	62,916

The reconciliation of gross profit to profit before income tax during the six months ended June 30, 2025 and 2024 is shown in the condensed consolidated statement of comprehensive income.

For the six months ended June 30, 2025, the Group's customer base was diversified but included only Tencent, whose transactions enacted with the Group had exceeded 10% of the Group's revenues (for the six months ended June 30, 2024: only Tencent).

As of June 30, 2025 and 2024, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 Revenues

7.1 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:

(Unaudited) Six months ended June 30, 2025	Online business			Intellectual property operations and others		
	On	On the		Intellectual		
	self-owned	channels on	On	property	Others	Total
	platform	Tencent	third-party	operations		
	products	products	platforms	RMB'000	RMB'000	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

(Unaudited) Six months ended June 30, 2024	Online business			Intellectual property operations and others		
	On	On the		Intellectual		
	self-owned	channels on	On	property	Others	Total
	platform	Tencent	third-party	operations	RMB'000	RMB'000
	products	products	platforms	RMB'000		
Timing of revenue recognition:						
– At a point in time	1,500,919	122,162	115,549	1,193,304	44,848	2,976,782
– Over time	193,250	8,497	–	1,009,523	2,881	1,214,151
	1,694,169	130,659	115,549	2,202,827	47,729	4,190,933

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Expenses by nature

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Content costs (Note a)	788,901	856,281
Promotion and advertising expenses	597,486	866,253
Employee benefits expenses (Note b)	531,844	532,208
Platform distribution costs	325,443	366,778
Production costs of television, web and animated series, films and short dramas (Note 25)	184,333	442,026
Payment handling costs	137,486	145,802
Cost of physical inventories sold	88,257	46,266
Amortisation of intangible assets (Note c and Note 17)	53,774	79,944
Bandwidth and server custody fees	51,621	56,980
Depreciation of right-of-use assets (Note 16)	34,215	36,166
Travelling, entertainment and general office expenses	26,791	23,635
Professional service fees	20,324	12,395
Depreciation of property, plant and equipment (Note 15)	18,798	17,817
Game development outsourcing costs	13,760	42,736
Impairment loss on television series and film rights (Note 25(a))	10,625	185,356
Tax surcharge expenses	9,570	10,617
Logistic expenses	6,571	4,034
Auditors' remuneration		
– Audit services	5,315	5,315
– Non-audit services	799	442
Expense relating to short-term and low value leases (Note 16)	1,767	2,507
Provision for physical inventory obsolescence	1,698	3,242
Others	75,959	74,574
	2,985,337	3,811,374

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.
- (b) During the six months ended June 30, 2025, employee benefits expenses included the share-based compensation expenses of approximately RMB65,916,000 (for the six months ended June 30, 2024: RMB55,440,000), and other compensation costs of approximately RMB2,709,000 (for the six months ended June 30, 2024: RMB30,661,000).
- (c) During the six months ended June 30, 2025, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB9,500,000 (for the six months ended June 30, 2024: RMB9,539,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Expenses by nature (Continued)

Notes: (Continued)

- (d) Research and development expenses (being included in the Group's general and administrative expenses) for the six months ended June 30, 2025 was approximately RMB214,377,000 (for the six months ended June 30, 2024: RMB264,497,000), which mainly included employee benefits expenses of research and development function staff.

9 Interest income

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income on bank deposits	81,856	90,462
Others	–	120
	81,856	90,582

10 Other gains/(losses), net

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Gain on deemed disposal of an associate (Note 18)	597,572	–
Government subsidies	32,929	48,634
Compensation received for copyright infringements	13,840	5,516
Net fair value gains/(losses) of financial assets and financial liabilities at FVPL (Note)	12,937	(13,918)
Gain on disposal of investments in joint ventures	555	–
Impairment loss of intangible assets (Note 17)	(13,904)	(22,591)
Impairment provision for investments in associates and joint ventures (Note 18)	(70,318)	(26,157)
Others, net	8,888	4,792
	582,499	(3,724)

Note:

During the six months ended June 30, 2025, the net fair value gains/(losses) of financial assets and financial liabilities at FVPL mainly comprised net losses of approximately RMB15,827,000 as a result of changes in valuations of certain investee companies (net losses for the six months ended June 30, 2024: RMB48,429,000), fair value loss on contingent consideration payable of approximately RMB6,739,000 (fair value gain for the six months ended June 30, 2024: RMB501,000) and fair value gains on investments in structured deposits of approximately RMB31,804,000 (fair value gains for the six months ended June 30, 2024: RMB34,503,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Finance costs, net

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest expenses on lease liabilities (Note 16)	3,436	4,624
Foreign exchange losses/(gains), net	435	(2,525)
Interest expenses on borrowings	134	–
	4,005	2,099

12 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, 2025 and 2024.

(b) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. The operations in Hong Kong incurred net accumulated operating losses for income tax purposes and no income tax provision was recorded for the periods 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.

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Income tax expense (Continued)

(c) PRC corporate income tax (Continued)

The amount of income tax charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax	71,825	119,203
Deferred income tax (Note 21)	77,654	(20,139)
Income tax expense	149,479	99,064

13 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,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net profit attributable to the equity holders of the Company	849,755	504,303
Weighted average number of ordinary shares in issue (thousand)	1,009,157	1,014,153
Basic earnings per share (expressed in RMB per share)	0.84	0.50

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 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, 2025 and 2024, 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 was included in the computation of earnings per share for the six months ended June 30, 2025 and 2024 as the impact would be dilutive.

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net profit attributable to the equity holders of the Company	849,755	504,303
Net profit used to determine earnings per share	849,755	504,303
Weighted average number of ordinary shares outstanding (thousand)	1,009,157	1,014,153
Effect of deemed issuance of ordinary shares in connection with the acquisition of New Classics Media (thousand)	1,840	–
Adjustments for share-based compensation (thousand)	8,550	6,511
Weighted average number of ordinary shares for diluted earnings per share (thousand)	1,019,547	1,020,664
Diluted earnings per share (expressed in RMB per share)	0.83	0.49

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Dividends

No dividends was paid or declared by the Company during the six months ended June 30, 2025 and 2024.

15 Property, plant and equipment

	Computer equipment RMB'000	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
(Unaudited)						
Six months ended						
June 30, 2025						
Opening net book amount as of January 1, 2025	20,655	47,640	9,815	1,980	17,755	97,845
Additions	2,921	1,219	29	148	–	4,317
Disposals	(90)	–	–	(6)	–	(96)
Depreciation	(4,626)	(12,073)	(1,542)	(301)	(256)	(18,798)
Currency translation differences	–	(7)	–	–	–	(7)
Closing net book amount as of June 30, 2025	18,860	36,779	8,302	1,821	17,499	83,261
	Computer equipment RMB'000	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
(Unaudited)						
Six months ended						
June 30, 2024						
Opening net book amount as of January 1, 2024	25,173	70,501	12,570	1,748	18,335	128,327
Additions	2,185	2,730	260	–	–	5,175
Business combination under common control	32	–	2	–	–	34
Disposals	(375)	–	(1)	(1)	–	(377)
Depreciation	(5,175)	(10,465)	(1,507)	(230)	(440)	(17,817)
Closing net book amount as of June 30, 2024	21,840	62,766	11,324	1,517	17,895	115,342

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the condensed consolidated statement of financial position

The condensed consolidated statement of financial position shows the following amounts relating to leases:

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Right-of-use assets		
Properties	194,575	149,835
Lease liabilities		
Current	70,777	81,176
Non-current	135,690	85,037
	206,467	166,213

Additions to the right-of-use assets during the six months ended June 30, 2025 were approximately RMB78,966,000 (for the six months ended June 30, 2024: RMB6,714,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 Leases (Continued)

(b) Amounts recognised in the condensed consolidated statement of comprehensive income

The condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets		
Properties	(34,215)	(36,166)
Interest expense (included in finance costs, net)	3,436	4,624
Expense relating to short-term leases (included in selling and marketing expenses and general and administrative expenses)	1,042	2,260
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in selling and marketing expenses and general and administrative expenses)	725	247
	5,203	7,131

The total cash outflow for leases during the six months ended June 30, 2025 was approximately RMB42,270,000 (for the six months ended June 30, 2024: RMB36,792,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various properties rental contracts are typically made for fixed periods of no longer than 9 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Intangible assets

	Goodwill RMB'000	Non- complete 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 10)	-	-	-	(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

	Goodwill RMB'000	Non- complete 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, 2024							
Opening net book amount as of January 1, 2024	6,632,807	8,245	536,440	138,492	12,090	2,050	7,330,124
Additions	-	-	-	37,452	7,744	-	45,196
Amortisation	-	(3,298)	(9,766)	(62,811)	(4,063)	(6)	(79,944)
Business combination under common control (Note 32)	-	-	-	54,630	-	-	54,630
Impairment (Note 10)	-	-	-	(22,591)	-	-	(22,591)
Closing net book amount as of June 30, 2024	6,632,807	4,947	526,674	145,172	15,771	2,044	7,327,415

Impairment tests for goodwill

As of June 30, 2025 and December 31, 2024, goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Online business	3,715,659	3,715,659
Acquired TV and film business	1,812,556	1,812,556
	5,528,215	5,528,215

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Intangible assets (Continued)

Impairment tests for goodwill (Continued)

During the six months ended June 30, 2025 and 2024, impairment review on goodwill arising from acquired TV and film business had been conducted by the management according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amount of goodwill was determined based on the higher amount of the fair value less cost of disposal (“FVLCD”) and value-in-use calculations.

As of June 30, 2025, the recoverable amount of goodwill was determined based on FVLCD calculations. The FVLCD calculations used market approach based on historical financial data, selection of comparable companies as well as the determination of liquidity discount. The accuracy and reliability of the information was reasonably assured by the appropriate market approach and reasonable key assumptions. The key assumptions adopted by management included the selection of comparable companies and their price multiples, along with liquidity discounts adopted for lack of marketability.

The Group has engaged an independent external valuer to assist in performing the goodwill impairment assessment. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to the acquired TV and film business had been recognised as of June 30, 2025 and 2024.

Impairment tests for copyrights

Impairment review on the copyrights of certain contents had been conducted by the management as of June 30, 2025 according to IAS 36 “Impairment of assets”. As of June 30, 2025, the recoverable amount of the copyrights is determined based on the value-in-use calculations. During the six months ended June 30, 2025, an impairment provision of approximately RMB13,904,000 (for the six months ended June 30, 2024: RMB22,591,000) was made against the carrying amount of such copyrights.

18 Investments in associates and joint ventures

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Investments in associates (a)	97,386	410,719
Investments in joint ventures (b)	627,830	517,460
	725,216	928,179

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Investments in associates and joint ventures (Continued)

(a) Investments in associates

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	410,719	409,405
Share of net losses of associates	(351)	(8,823)
Share of other comprehensive income/(loss) of an associate	205	(185)
Transfer (Note a)	(242,745)	–
Impairment provision (Note b)	(70,318)	–
Share of other changes in net assets of an associate	–	(557)
Currency translation differences	(124)	386
At the end of the period	97,386	400,226

Notes:

- (a) 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.
- (b) Both external and internal sources of information of associates are considered in assessing whether there is any indication that the investments may be impaired, including but not limited to financial position, business performance and market capitalisation. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

The Group made an aggregate impairment provision of approximately RMB70,318,000 against the carrying amounts of certain investments in associates during the six months ended June 30, 2025 (for the six months ended June 30, 2024: nil). The impairment losses were mainly resulted from revisions of financial and business outlook of these associates.

(b) Investments in joint ventures

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	517,460	515,278
Additions	300	20,437
Share of net profit of joint ventures	127,601	159,469
Dividend from a joint venture	(17,531)	–
Disposal	–	(5,068)
Impairment provision (Note)	–	(26,157)
Currency translation differences	–	19
At the end of the period	627,830	663,978

Note:

Both external and internal sources of information of joint ventures are considered in assessing whether there is any indication that the investments may be impaired, including but not limited to financial position, business performance and market capitalisation. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 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, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Included in non-current assets:		
Investments in unlisted entities (Note)	1,028,546	1,035,640
Investment in a listed entity	2,476	4,003
	1,031,022	1,039,643
Included in current assets:		
Investments in structured deposits	2,945,655	3,252,900
	3,976,677	4,292,543

Note:

As of June 30, 2025, the Group's investments in unlisted companies included investments in redeemable shares of approximately RMB870,834,000 and investment in convertible bond of approximately RMB157,712,000.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Financial assets at fair value through profit or loss (Continued)

(a) Classification of financial assets at fair value through profit or loss (Continued)

Movement of FVPL is analysed as follows:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	4,292,543	3,298,766
Additions (Note a)	6,391,300	6,313,361
Changes in fair value	19,676	(14,490)
Settlements/disposals (Note b)	(6,725,049)	(5,929,524)
Currency translation differences	(1,793)	2,698
At the end of the period	3,976,677	3,670,811

Notes:

- (a) During the six months ended June 30, 2025, the Group invested in structured deposits with guaranteed principal and floating return at a cash consideration of approximately RMB6,386,000,000. Fair value gain from these investments was recognised in "other gains/(losses), net" in the condensed consolidated statement of comprehensive income.

In May 2025, the Group invested in redeemable preferred shares of an investee company that was principally engaged in the development and operation of animation and gaming content.

- (b) During the six months ended June 30, 2025, the Group's disposals of financial assets at FVPL included the receipts of principals and related interests upon the maturity of certain structured deposits amounting to approximately RMB6,725,049,000.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Included in non-current assets:		
Investment in listed entities	874,287	6,312

Movement of FVOCI is analysed as follows:

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	6,312	4,071
Addition and transfer (Note 18)	839,466	–
Changes in fair value	28,569	1,400
Currency translation difference	(60)	88
At the end of the period	874,287	5,559

21 Deferred income taxes

The movements of deferred income tax assets/liabilities are as follows:

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Gross deferred income tax assets	533,527	523,050
Set-off of deferred income tax assets pursuant to set-off provisions	(120,488)	(25,861)
Net deferred income tax assets	413,039	497,189

NOTES TO THE INTERIM FINANCIAL INFORMATION

21 Deferred income taxes (Continued)

The movements of deferred income tax assets/liabilities are as follows (Continued):

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Gross deferred income tax liabilities	(247,556)	(155,303)
Set-off of deferred income tax liabilities pursuant to set-off provisions	120,488	25,861
Net deferred income tax liabilities	(127,068)	(129,442)

	Deferred income tax assets RMB'000 (Unaudited)	Deferred income tax liabilities RMB'000 (Unaudited)	Deferred income tax, net RMB'000 (Unaudited)
As of January 1, 2025	523,050	(155,303)	367,747
Credited/(charged) to condensed consolidated income statement	10,477	(88,131)	(77,654)
Charged to condensed consolidated statement of changes in equity	–	(4,122)	(4,122)
As of June 30, 2025	533,527	(247,556)	285,971
As of January 1, 2024	434,825	(175,224)	259,601
Credited to condensed consolidated income statement	5,964	14,175	20,139
Business combination under common control (Note 32)	76,878	–	76,878
As of June 30, 2024	517,667	(161,049)	356,618

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Share capital, treasury shares, share premium and shares held for RSU schemes

	Number of ordinary shares	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Shares held for RSU schemes RMB'000	Total RMB'000
As of January 1, 2025	1,015,676,661	644	–	16,117,867	(14,635)	16,103,876
Transfer of vested RSUs	–	–	–	(1,936)	–	(1,936)
Repurchase and cancellation of shares (Note a)	(6,338,800)	(4)	–	(146,703)	–	(146,707)
Issue of new shares pursuant to the RSU scheme	11,751,366	8	–	–	(8)	–
As of June 30, 2025	1,021,089,227	648	–	15,969,228	(14,643)	15,955,233
As of January 1, 2024	1,023,393,477	650	–	16,312,648	(16,647)	16,296,651
Transfer of vested RSUs	–	–	–	(144)	–	(144)
Issue of ordinary shares as consideration for a business combination	2,719,384	2	–	72,161	–	72,163
Repurchase and cancellation of shares (Note a)	(432,800)	(1)	–	(9,926)	–	(9,927)
Repurchase of shares (to be cancelled) (Note a)	–	–	(16,512)	–	–	(16,512)
As of June 30, 2024	1,025,680,061	651	(16,512)	16,374,739	(16,647)	16,342,231

Note:

- (a) During the six months ended June 30, 2025, the Group repurchased a total of 6,338,800 (for the six months ended June 30, 2024: 1,152,800) ordinary shares that listed on The Stock Exchange of Hong Kong Limited. The total amount paid to repurchase these ordinary shares was approximately HKD158,471,000 (approximately RMB146,707,000) (for the six months ended June 30, 2024: HKD29,001,000, approximately RMB26,439,000). As of June 30, 2025, all repurchased ordinary shares (as of June 30, 2024: 432,800 out of 1,152,800 repurchased ordinary shares) had been cancelled and deducted from the share capital and share premium within shareholders' equity, and none of the shares (as of June 30, 2024: the remaining 720,000 shares) were recorded as treasury shares as of June 30, 2025.

NOTES TO THE INTERIM FINANCIAL INFORMATION

23 Prepayments, deposits and other assets

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Non-current:		
Prepayments to directors and writers	149,865	103,985
Interests receivable	82,706	79,636
Deposits and prepayments	24,407	24,422
Prepayments for overseas licensed film rights	111	1,633
Amount due from a related party (Note 31)	79	314
Prepayments for production of television series and films	—	88,198
	257,168	298,188
Current:		
Amounts due from related parties (Note 31)	217,408	307,937
Receivables from co-producers and others for production of television series and films	146,221	114,312
Prepayments for production of television series and films	137,539	25,390
Recoverable value-added tax	109,135	118,068
Deferred costs	98,025	95,381
Prepaid corporate income tax	95,663	76,483
Interests receivable	83,898	38,069
Prepayments to vendors and online writers	39,861	41,711
Prepayments to directors	15,322	4,717
Rental and other deposits	8,561	8,470
Royalty advances	7,101	3,950
Staff advances	2,853	1,494
Others	83,371	71,409
	1,044,958	907,391

Note:

The directors of the Group considered that the carrying amounts of "prepayments, deposits and other assets" (excluding prepayments) approximated their respective fair values as of June 30, 2025 and December 31, 2024. At each period end, deposits and other assets are assessed for impairment with respect to their recoverability by considering the credit status of the payees.

NOTES TO THE INTERIM FINANCIAL INFORMATION

24 Inventories

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Adaptation rights and scripts	615,885	651,131
Physical inventories:		
Raw materials	3,176	1,771
Work in progress	4,018	4,328
Inventories in warehouse	84,774	81,830
Inventories held with distributors on consignment	43,776	27,606
	751,629	766,666
Less: provision for physical inventory obsolescence	(75,323)	(73,625)
	676,306	693,041

Raw materials primarily consist of paper which will be transferred into work in progress when book production process starts and the paper is delivered to printers for printing.

Inventories mainly consist of adaptation rights and scripts, paper and books and intellectual property merchandise for sale. Inventories are stated at the lower of cost or net realisable value. During the six months ended June 30, 2025, the cost of inventories recognised as expenses amounted to approximately RMB148,813,000 (for the six months ended June 30, 2024: RMB157,556,000) and the provision for impairment of inventories amounted to approximately RMB41,449,000 (for the six months ended June 30, 2024: RMB20,183,000). All these expenses and impairment charge have been included in "cost of revenues" in the condensed consolidated statements of comprehensive income.

During the six months ended June 30, 2025, the provision for impairment of inventories as utilised upon the Group's ultimate sales of the related inventories amounted to approximately RMB6,383,000 (for the six months ended June 30, 2024: RMB5,807,000).

25 Television series and film rights

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Television series and film rights		
– production in progress	603,529	517,936
– completed	236,267	11,881
	839,796	529,817

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 Television series and film rights (Continued)

	Production in progress RMB'000	Completed RMB'000	Total 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 (Note a)	–	(194,958)	(194,958)
As of June 30, 2025 (Note b)	603,529	236,267	839,796

	Production in progress RMB'000	Completed RMB'000	Total RMB'000
(Unaudited)			
As of January 1, 2024	951,533	43,545	995,078
Additions	407,658	–	407,658
Business combination under common control (Note 32)	19,585	–	19,585
Transfer from adaptation rights and scripts to under production	62,747	–	62,747
Transfer from production in progress to completed	(604,383)	604,383	–
Recognised in cost of revenues (Note a)	(2,260)	(625,122)	(627,382)
As of June 30, 2024 (Note b)	834,880	22,806	857,686

Notes:

- (a) During the six months ended June 30, 2025, the Group considered the expected recoverable amounts of certain completed television series and film rights could not cover the respective carrying amounts, and an impairment loss of approximately RMB10,625,000 (for the six months ended June 30, 2024: RMB185,356,000) was recognised and included as part of cost of revenues.
- (b) The balance of television series and film rights production in progress represented costs associated with the production of television series and films, including remuneration of the directors, casts and the production crew, costumes, insurance, make-up and hairdressing, as well as rental of camera and lighting equipment etc. Television series and film rights production in progress are transferred to television series and film rights completed upon completion of production.
- (c) The Group has entered into certain joint operation arrangements to produce and distribute television series and films. As at June 30, 2025, the carrying amounts of television series and film rights recognised in the consolidated statement of financial position relating to the Group's interests in these joint operation arrangements are approximately RMB48,617,000 (December 31, 2024: RMB49,584,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 Trade and notes receivables

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Trade receivables	1,487,015	1,843,670
Notes receivables	33,270	32,877
	1,520,285	1,876,547
Less: allowance for impairment of trade and notes receivables	(167,544)	(173,122)
	1,352,741	1,703,425

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, 2025 and December 31, 2024.

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, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Trade and notes receivables		
– Up to 3 months	792,539	1,134,014
– 3 to 6 months	156,970	134,867
– 6 months to 1 year	140,822	299,882
– 1 to 2 years	224,458	94,860
– Over 2 years	37,952	39,802
	1,352,741	1,703,425

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 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, 2025	1,564,549
Granted	—
Forfeited (Note)	(128,477)
Vested	(216,837)
Outstanding balance as of June 30, 2025	1,219,235
(Unaudited)	
As of January 1, 2024	3,561,705
Granted	—
Forfeited	(503,865)
Vested	(411,626)
Outstanding balance as of June 30, 2024	2,646,214

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 Share-based payments (Continued)

(a) RSU schemes of the Group (Continued)

(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, 2025	11,796,302
Granted	552,549
Forfeited	(430,756)
Vested	–
Outstanding balance as of June 30, 2025	11,918,095
(Unaudited)	
As of January 1, 2024	6,826,174
Granted	–
Forfeited	(420,807)
Vested	(1,093)
Outstanding balance as of June 30, 2024	6,404,274

During the six months ended June 30, 2025 and 2024, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 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:

	2025		2024	
	Average exercise price	Number of options	Average exercise price	Number of options
(Unaudited)				
As of January 1	HKD40.24	9,364,706	HKD45.74	10,063,523
Forfeited/Lapsed	HKD52.42	(196,870)	HKD46.15	(2,462,374)
As of June 30	HKD39.98	9,167,836	HKD45.61	7,601,149
Exercisable as of June 30	HKD49.13	4,304,972	HKD51.78	3,313,218

During the six months ended June 30, 2025 and 2024, no option was granted or exercised.

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 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, 2025 and December 31, 2024 are as follows:

Grant Date	Expiry Date	Exercise price	Number of share option	
			June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
July 12, 2021	July 11, 2031	HKD82.85	1,112,205	1,194,235
November 5, 2021	November 4, 2031	HKD53.14	1,786,539	1,786,539
August 18, 2022	August 17, 2032	HKD30.69	2,158,844	2,273,684
August 21, 2023	August 20, 2033	HKD32.06	1,362,291	1,362,291
August 14, 2024	August 13, 2034	HKD25.29	2,747,957	2,747,957
Total			9,167,836	9,364,706

Weighted average remaining contractual life of
options outstanding at end of period

6.71 years 7.21 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, 2025, the Expected Retention Rate of the Group was assessed to be no lower than 92% (June 30, 2024: 92%).

NOTES TO THE INTERIM FINANCIAL INFORMATION

28 Trade payables

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

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
– Up to 3 months	510,307	519,008
– 3 to 6 months	97,931	100,507
– 6 months to 1 year	128,871	75,653
– Over 1 year	364,343	349,434
	1,101,452	1,044,602

29 Other payables and accruals

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Payables of proceeds from license and distribution of television series and films rights as distributor (Note a)	349,906	474,739
Advertising and marketing expense accruals	228,032	446,309
Staff costs and welfare accruals	167,638	287,363
Other taxes payables	80,455	115,220
Special funds payable	31,167	30,230
Payables of outsourcing fee on game development	14,346	16,492
Payables of professional service fee	17,731	27,751
Payables related to purchase of intangible assets	11,307	11,358
Payments received from co-producer (Note b)	3,018	3,018
Payables related to purchase of property, plant and equipment	697	1,092
Payable related to business combination under common control (Note 32)	–	120,000
Others	158,418	128,465
	1,062,715	1,662,037

Notes:

- (a) These payables are related to the proceeds generated from television series and film rights that are collected by the Group and it is obliged to be settled with counterparties within the agreed credit period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 Other payables and accruals (Continued)

Notes: (Continued)

- (b) It represents payments received from co-producers for the co-produced television series and films under joint operation agreements and the Group is obliged to utilise these payments in production.

30 Financial liabilities at fair value through profit or loss

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Included in current liability:		
Contingent consideration payable relating to the acquisition of 100% equity interest of New Classics Media	174,325	167,586

Note:

On October 31, 2018, the Group entered into a share purchase agreement ("2018 New Classic 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.

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 the year ended December 31, 2024 was the final year of the earn-out period, the Group measured the consideration payable based on the actual net profit achieved of New Classics Media, in accordance with the predefined terms of the supplemental SPA deed. The consideration payable arising from the new earn-out mechanism was recognised as "contingent consideration payable".

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

Name of major related parties	Relationship with the Company
Tencent	Ultimate holding company
Shenzhen Tencent Computer Systems Company Limited	Fellow subsidiary
Tencent Technology (Shenzhen) Company Limited	Fellow subsidiary
Tencent Technology (Beijing) Company Limited	Fellow subsidiary
Shenzhen Tencent Animation Co., Ltd.	Fellow subsidiary
Shanghai Tencent Penguin Film Culture Communication Co., Ltd.	Fellow subsidiary
Shenzhen Lazy Online Technology Co., Ltd.	Fellow subsidiary
Tencent Film Culture Communication Co., Ltd.	Fellow subsidiary
Tencent Cloud Computing (Beijing) Company Limited	Fellow subsidiary
Beijing Jinjiang Networking Technology Co., Ltd.	Joint venture of the Group
Sky Mutual Entertainment (Tianjin) Culture Communication Co., Ltd.	Joint venture of the Group
Shanghai Qixing Network Technology Co., Ltd.	Associate of the Group
Qixing (Longgang) Technology Development Co., Ltd.	Associate of the Group
Shanghai Mengqiu Network Technology Co., Ltd.	Associate of the ultimate holding company
The Spirit of Beijing Cultural Development Co., Ltd.	Associate of the ultimate holding company
Tianjin Maoyan Weiyang Media Co., Ltd.	Associate of the ultimate holding company
Shanghai Ruyi Film and Television Production Co., Ltd.	Associate of the ultimate holding company

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Related party transactions (Continued)

(a) Intellectual property operations and provision of advertising

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fellow subsidiaries (Note)	513,417	764,800
Associates of the Group	21,641	4,253
Associates of the ultimate holding company	19,635	58,586
	554,693	827,639

Note:

During the six months ended June 30, 2025 and 2024, revenue from intellectual property operations relating to fellow subsidiaries recognised at a point in time including license of television series, film rights and animated series, copyrights licensing, sales of adaptation rights and scripts and others. Revenue is recognised when certain materials or contents had been delivered and accepted and the Group had no further obligation upon the delivery of such materials or contents.

(b) Receipts of services, purchase of animation works and other purchases

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fellow subsidiaries	116,553	185,421
Joint ventures of the Group	16,793	22,633
Associates of the ultimate holding company	13,200	64,747
Associates of the Group	9,717	17,635
	156,263	290,436

The Group's pricing policies on the transactions with related parties are based on mutually agreed terms.

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Related party transactions (Continued)

(c) Period/year-end balances with related parties

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Trade receivables		
Fellow subsidiaries	446,138	801,073
Associates of the Group	97,839	53,446
Associates of the ultimate holding company	25,389	40,110
Joint ventures of the Group	321	321
	569,687	894,950
Less: allowance for impairment of trade receivables	(25,383)	(29,369)
	544,304	865,581
Prepayments, deposits and other receivables		
Fellow subsidiaries	219,498	310,900
Associates of the ultimate holding company	6,013	5,906
An associate of the Group	79	314
	225,590	317,120
Less: allowance for impairment of prepayments, deposits and other receivables	(8,103)	(8,869)
	217,487	308,251

Receivables due from related parties are unsecured, interest-free and repayable on demand. As of June 30, 2025, bad debt provision amounted to approximately RMB33,486,000 (December 31, 2024: RMB38,238,000) was made against receivables from related parties.

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Related party transactions (Continued)

(c) Period/year-end balances with related parties (Continued)

	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Trade payables		
Associates of the Group	57,460	24,542
Fellow subsidiaries	53,641	42,146
Joint ventures of the Group	11,801	92,053
Associates of the ultimate holding company	3,920	982
	126,822	159,723
Other payables, accruals and deferred revenue		
	As of June 30, 2025 RMB'000 (Unaudited)	As of December 31, 2024 RMB'000
Fellow subsidiaries	495,215	743,629
Associates of the ultimate holding company	17,853	36,112
Joint ventures of the Group	3,365	7,571
Associates of the Group	922	142
	517,355	787,454

Payables due from related parties are unsecured, interest-free and payable on demand.

(d) Key management personnel compensation

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries, wages and bonuses	3,346	2,809
Pension costs – defined contribution plans	118	100
Other social security costs, housing benefits and other employee benefits	106	124
Share-based compensation expenses	15,068	6,699
	18,638	9,732

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 Business combination under common control

(a) Acquisition of Tencent Animation and Comics

On December 11, 2023, the Group entered into an agreement with Tencent and several of its subsidiaries (together referred to as “the Sellers”), for the acquisition of (1) “Tencent Animation and Comics” APP platform and agreed number of works owned by the platform; (2) agreed number of animation, film and television series projects; and (3) 90% equity interests of Shanghai Michengzi Culture Communication Company Limited, which is a subsidiary of Tencent (collectively, “the Acquisition”). The total consideration for the Acquisition was amounted to RMB600,000,000. The completion date of the Acquisition was April 30, 2024.

As both the Group and the Sellers are subsidiaries of Tencent, the Acquisition was accounted for as business combinations under common control. The assets and liabilities transferred from the Sellers to the Group are stated at predecessor carrying values, which are incorporated prospectively from the date on which the business combination between entities under common control occurred.

Details of the purchase consideration is as follows:

Purchase consideration	RMB'000
Cash consideration paid (Note)	600,000

Note:

The first instalment of the consideration, amounting to RMB480,000,000 and representing 80% of the consideration, was paid for the six months ended June 30, 2024. The second instalment of the consideration, amounting to RMB120,000,000 and representing 20% of the consideration was settled during the six months ended June 30, 2025.

No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party's interest.

The net assets acquired in the Acquisition were approximately RMB172,760,000, which mainly include intangible assets of approximately RMB54,630,000, television series and film rights of approximately RMB19,585,000, deferred income tax assets of approximately RMB76,878,000 and cash and cash equivalents of approximately RMB5,908,000. The excess of purchase consideration over the net assets acquired amounting to approximately RMB427,240,000 was recognized in “Other reserves” for the year ended December 31, 2024.

(b) Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	RMB'000
Cash consideration paid	600,000
Less: Balance of cash acquired	(5,908)
Net outflow of cash – investing activities	594,092

NOTES TO THE INTERIM FINANCIAL INFORMATION

33 Cash flow information

During the six months ended June 30, 2025, major non-cash investing and financing activities disclosed in other notes are as follows:

- acquisition of right-of-use assets – Note 16
- deemed disposal of an associate – Note 18

34 Subsequent events

There were no material subsequent events during the period from July 1, 2025 to the approval date of the Financial Information by the Board on August 12, 2025.

DEFINITION

“2014 RSU Scheme” or “RSU Plan”	:	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 Restricted Share Unit 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;
“2021 Share Option Plan” or “Share Option Plan”	:	a share option plan of the Company adopted on May 24, 2021 and amended by the Shareholders’ resolution passed on May 22, 2023;
“Audit Committee”	:	the audit committee of the Company;
“Auditor”	:	PricewaterhouseCoopers, the external auditor of the Company;
“Board”	:	the board of Directors of the Company;
“C-Hero Limited”	:	a company incorporated with limited liability in the British Virgin Islands, whose registered office is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands;
“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;
“Controlling Shareholders”	:	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Tencent, THL A13, Qinghai Lake and Tencent Mobility;
“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;

DEFINITION

“HKD”	:	the lawful currency of Hong Kong;
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People's Republic of China;
“IFRS”	:	International Financial Reporting Standards;
“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 as set out in Appendix C3 of the Listing Rules;
“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” or “NCM”	:	New Classics Media Holdings Limited, previously known as “Qiandao Lake Holdings Limited”, a company established in Cayman Islands on 18 May 2018. Its subsidiaries are principally engaged in production and distribution of television series and movies;
“Qinghai Lake”	:	Qinghai Lake Investment Limited, one of our Controlling Shareholders, a limited liability company incorporated under the laws of the British Virgin Islands on July 1, 2014 as an investment vehicle and a wholly-owned subsidiary of Tencent;
“Reporting Period”	:	the six months ended June 30, 2025;

DEFINITION

“RMB”	:	the lawful currency of the PRC;
“RSU(s)”	:	restricted stock unit(s);
“Service Provider Sublimit”	:	a sublimit for the total number of Shares to be issued to the service providers underlying the share schemes of the Company shall not in aggregate exceed 5,076,192 Shares, representing approximately 0.5% of the total number of Shares as of May 22, 2023;
“SFO”	:	the Securities and Futures Ordinance;
“Share(s)”	:	ordinary share(s) in the share capital of our Company with a par value of USD0.0001 each;
“Shareholders”	:	holder(s) of our 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);
“Tencent Mobility”	:	Tencent Mobility Limited, one of our Controlling Shareholders, a company incorporated with limited liability in Hong Kong, and a wholly owned subsidiary of Tencent;
“THL A13”	:	THL A13 Limited, one of our Controlling Shareholders, a limited liability company incorporated under the laws of the British Virgin Islands as an investment vehicle on February 1, 2013 and a wholly-owned subsidiary of Tencent;
“USD”	:	the lawful currency of the United States; and
“X-Poem Limited”	:	a company incorporated with limited liability in the British Virgin Islands, whose registered office is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.



阅文集团

让 好 故 事 生 生 不 息