阅文集团

让好故事生生不息

China Literature Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 772

2026
INTERIM REPORT

CONTENTS

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 *(Senior Vice President)*
Mr. Xie Qinghua

Independent Non-executive Directors

Ms. Leung Sau Ting Miranda
Mr. Kong Xiangjun *(appointed on June 2, 2026)*
Mr. Mak Tze Leung *(appointed on June 2, 2026)*
Ms. Yu Chor Woon Carol *(retired on June 2, 2026)*
Mr. Liu Junmin *(retired on June 2, 2026)*

Audit Committee

Mr. Mak Tze Leung *(Chairman)*
(appointed on June 2, 2026)
Ms. Leung Sau Ting Miranda
Mr. Xie Qinghua
Ms. Yu Chor Woon Carol *(retired on June 2, 2026)*

Remuneration Committee

Ms. Leung Sau Ting Miranda *(Chairman)*
Mr. Mak Tze Leung *(appointed on June 2, 2026)*
Mr. Pu Hai Tao
Ms. Yu Chor Woon Carol *(retired on June 2, 2026)*

Nomination Committee

Mr. Pu Hai Tao *(Chairman)*
Ms. Leung Sau Ting Miranda
(appointed on June 2, 2026)
Mr. Kong Xiangjun *(appointed on June 2, 2026)*
Ms. Yu Chor Woon Carol *(retired on June 2, 2026)*
Mr. Liu Junmin *(retired on June 2, 2026)*

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
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Central
Hong Kong

Registered Office

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Cayman Islands

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PRC

CORPORATE INFORMATION

Principal Place of Business in Hong Kong

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Hong Kong

Principal Share Registrar and Transfer Office

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

CHAIRMAN'S STATEMENT

I am pleased to present our interim report for the six months ended June 30, 2026 to our shareholders.

In the first half of 2026, our premium-content online reading platform continued to grow, with 240,000 new writers joining and over 460,000 online literature works published. The emerging generation of writers is gaining real momentum: among newly signed writers with over RMB1 million in revenue, those under 30 accounted for 57%, up 49% year-over-year – a meaningful signal that the next cohort of storytellers views our platform as the place to build a literary career. Veteran writers continued to produce standout work as well. The return of a series of top-tier Platinum and Phenomenal writers brought fresh energy to the platform, with two new titles setting platform records by each attracting over 200,000 readers on their first day of launch. AI translation continued to extend our reach abroad: by period end, WebNovel featured over 30,000 AI-translated titles, contributing 40% of the platform's novel revenue in the first half of 2026 and serving as a key contributor to our overseas expansion.

Our IPs consistently topped industry rankings. According to Enlightent data, four of the top 10 long-form dramas and eight of the top 10 animation series by cumulative views across all platforms were adapted from China Literature's IPs. Several in-house productions also achieved top viewership rankings and gained wide industry recognition. These results reflect the enduring value of premium IP against a rapidly changing industry backdrop. Two structural shifts have continued to reshape the content ecosystem: the rise of fragmented content consumption and the transformative impact of AI across the creative value chain. We remain firmly convinced that these shifts do not diminish the value of premium content – on the contrary, as AI accelerates content supply, premium IP becomes even more valuable.

Our emerging businesses delivered exceptional growth. Revenue from short drama and AI-animated drama exceeded RMB430 million, more than triple the prior-year period and 27% of IP operation revenues – a major contributor to the 42% year-over-year increase in IP operation revenues overall. In short dramas, we launched more than 90 titles with a blockbuster rate four times the market average, maintaining a balance of male- and female-oriented genres and building a scalable approach to developing blockbuster IP into serialized short dramas. In AI-animated dramas, we adapted over 1,000 online literature titles, 46 of which exceeded 100 million views and 367 of which surpassed 10 million views. In IP merchandise, GMV reached RMB780 million in the first half of 2026, up more than 60% year-over-year.

To extend this momentum, we recently launched the Buddy series of AI agents, purpose-built for the creative content industry, and upgraded three core products. IPBuddy (版權助手) enables our in-house copyright team to assess a title's value within minutes, improving the efficiency of IP selection for adaptation and commercialization. NovelBuddy (作家助手) supports online literature creators with AI-assisted writing, copyright protection, and anti-plagiarism services. DramaBuddy (漫劇助手) supports end-to-end production and management of AI-animated dramas, from creative ideation to content production. Together, these tools give our creators and operators an integrated set of capabilities across the content value chain and lay the groundwork for the next stage of AI-enabled scale.

During the period, we took a significant step to strengthen our IP ecosystem by increasing our equity interest in Wuhan YHKT Entertainment Co., Ltd. (武漢藝畫開天文化傳播有限公司), further deepening our relationship with a team that brings cutting-edge long-form animation production expertise, a self-developed animation workflow platform, and dedicated capabilities for large-scale narrative-driven games.

CHAIRMAN'S STATEMENT

At China Literature, we bring together the industry's most extensive IP library, a deep creative ecosystem, and AI as a powerful accelerator. Powered by our "IP + AI" engine, we are integrating intelligence into every stage of creation to unlock new value from our premium IPs. We see AI as an amplifier of IP value, and we expect the scarcity of original human creativity to grow as AI capability grows.

On a personal note, I am increasingly persuaded that AI will prove to be one of the most significant forces to shape our business. AI-driven personalization is helping the right story reach the right reader, and AI translation is opening up linguistic borders that once seemed insurmountable. None of this diminishes the role of the human creator, it elevates it, because the stories that resonate most deeply will always be those born of genuine human experience and imagination. What encourages me most is the sense that our business development is on the right track. The growth of our emerging businesses, the vitality of our writer community, the strength of our IP rankings and our AI powered new opportunities are not the product of a single quarter's effort but of years of disciplined investment in content, technology, and people. I do not say this with complacency; our industry is competitive and fast-moving, and there is much still to prove. But I feel a measured confidence that the choices we have made are bearing fruit and that the foundation we are building will serve our shareholders, our creators, and our users well in the years ahead.

During the first half of 2026, there were changes to the composition of our Board. Ms. Yu Chor Woon Carol (余楚媛) and Mr. Liu Junmin (劉駿民) each retired by rotation, having each served as an independent non-executive Director for a period approaching nine years. On behalf of the Board, I wish to express our sincere gratitude to Carol and Professor Liu for their valuable contributions during their tenure. Their counsel and commitment helped guide the Company through important phases of its development, and we wish them every success. At the same time, we are delighted to welcome Mr. Kong Xiangjun (孔祥俊) and Mr. Mak Tze Leung (麥子良) as independent non-executive Directors. The Board expects them to bring broader perspectives and new thinking to our strategic planning and business development, and I am confident their contributions will be in the best interests of the Company and our shareholders.

Appreciation

I would like to express my sincere gratitude to our management team and employees for their efforts and contributions; to our Board of Directors for its guidance and support; to our shareholders for their continued trust and confidence; to our users for their curiosity and active engagement; to our creators for filling our world with unforgettable stories; and to our partners for walking this path with us.

Sincerely,

Mr. Pu Hai Tao
Chairman of the Board and Non-Executive Director

Hong Kong, August 11, 2026

CEO'S STATEMENT

I am pleased to present to our shareholders further operational details for the six months ended June 30, 2026.

IP Creation

Our online reading ecosystem continues to serve as a "super reservoir" of premium content.

In the first half of 2026, our platform attracted 240,000 new writers, generated over 460,000 online literature works, and added more than 30 billion characters, securing a strong source of content supply. Our top-tier writers continued to hold steady while emerging-generation writers have been rising rapidly, with new writers and their debut works accounting for 54% of all titles that exceeded 10,000 average subscribers per chapter over the past 12 months. On Qidian, the number of titles receiving user collections rose 37% year-over-year, while the number of titles receiving monthly tickets grew 26% year-over-year. Underpinning all of these is a robust and stable creator ecosystem, along with consistently leading IP incubation capabilities. These are the core assets that lay the foundation for downstream businesses and also constitute the moat of China Literature that is difficult to be replicated.

IP Visualization

We accelerated the transformation from text to visual content. In the first half of 2026, while solidifying our traditional strengths in film, drama series, and animation, we also stepped up our efforts in emerging segments such as short drama and AI-animated drama, resulting in exceptional growth. Revenue from short dramas and AI-animated dramas exceeded RMB430 million, representing a 2.3-fold year-over-year increase.

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

In the animation segment, we released sequels of classic animated titles including "Battle Through the Heavens（鬥破蒼穹）," "The Outcast（一人之下）," "Almighty Mage（全職法師）," and "Stellar Transformations（星辰變）." All these titles ranked among the top titles on platform popularity charts during their respective broadcasting periods. Among them, "The Outcast（一人之下）" achieved a popularity index of over 21,800 on Tencent Video, making it the most popular 2D animated series on the platform in the past three years.

CEO'S STATEMENT

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

IP Commercialization and Monetization

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

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

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

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

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

CEO'S STATEMENT

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

Widespread Application of AI Technology

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

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

- NovelBuddy is designed for online literature creators. In addition to AI-assisted writing support, it also provides copyright protection and anti-plagiarism services, helping safeguard creators' rights.

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

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

Meanwhile, AI has also accelerated our global expansion and enabled Chinese stories to reach global multilingual audiences more efficiently.

Outlook

Over the past two decades, the internet lowered the barriers to literary creation and paved the way for China Literature's growth into the company it is today. We believe that, over the next two decades, AI will raise the ceiling for creators and drive a substantial value enhancement of the entire content ecosystem. Through AI, we aim to help great stories realize their full potential. At the same time, we recognize that, as AI becomes more capable, original human creativity will become even scarcer and more valuable. That is why China Literature will continue to strengthen its support for original creators, ensuring that technology empowers creativity and that great stories thrive for generations to come.

CEO'S STATEMENT

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.

Sincerely,

Mr. Hou Xiaonan
Executive Director, Chief Executive Officer and President

Hong Kong, August 11, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Notes:

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Note:

(1) Monthly ARPU is calculated as online reading revenues on our self-owned platform products and self-operated channels on Tencent products divided by average MPUs during the period, then divided by the number of months during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

- For the six months ended June 30, 2026, average MAUs on our self-owned platform products and self-operated channels on Tencent products decreased by 5.1% year-over-year from 141.3 million to 134.1 million. Specifically, MAUs on our self-owned platform products increased by 0.8% year-over-year from 102.7 million to 103.5 million, remaining broadly stable. MAUs on our self-operated channels on Tencent products decreased by 20.5% year-over-year from 38.5 million to 30.6 million, primarily due to our continued shift of core content distribution to our own platform products, leading to lower activity on Tencent's channels.

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

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

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

Finance income/(costs), net. Finance income was RMB0.5 million on a net basis for the six months ended June 30, 2026, primarily due to foreign exchange fluctuations.

Share of net profit of associates and joint ventures. Share of net profit of associates and joint ventures was RMB88.8 million for the six months ended June 30, 2026, compared with RMB127.3 million for the six months ended June 30, 2025.

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

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company was RMB135.4 million for the six months ended June 30, 2026, compared with RMB849.8 million for the six months ended June 30, 2025. On a non-IFRS basis, profit attributable to equity holders of the Company was RMB258.8 million for the six months ended June 30, 2026, compared with RMB507.8 million for the six months ended June 30, 2025. The decrease was mainly due to the RMB300 million tax-related impact noted above.

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, 2026 and 2025:

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

	Six months ended June 30, 2025		
	Online business 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%

MANAGEMENT DISCUSSION AND ANALYSIS

Other Financial Information

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

Notes:

(1) EBITDA consists of operating profit for the period less interest income and other (losses)/gains, net, plus depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets.

(2) Adjusted EBITDA is calculated as EBITDA for the period plus share-based compensation expense and expenditures related to acquisitions.

(3) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues.

(4) Net cash is calculated as cash and cash equivalents, plus term deposits and others, less total borrowings.

(5) Capital expenditures consist of expenditures for intangible assets and property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Non-IFRS Financial Measures:

To supplement the consolidated financial statements of our Group prepared in accordance with IFRS, certain non-IFRS financial measures, namely non-IFRS operating profit, non-IFRS operating margin, non-IFRS profit for the period, non-IFRS net margin, non-IFRS profit attributable to equity holders of the Company, non-IFRS basic EPS, and non-IFRS diluted EPS, have been presented as additional financial measures in this interim 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 adjustments for the Group's material associates based on available published financials of those associates, or estimates made by the Company's management based on available information, expectations, assumptions, and premises.

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 performance. From time to time, there may be other items that our Company may include or exclude in reviewing its financial results.

The following tables set forth the reconciliations of our Group's non-IFRS financial measures for the six months ended June 30, 2026 and 2025 to the nearest measures prepared in accordance with IFRS:

Non-IFRS Financial Measures

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

	Unaudited six months ended June 30, 2025					
		Adjustments				
	As reported	Share-based compensation	Net (gains) from investments and acquisitions[1]	Amortization of intangible assets[2]	Tax effect	Non-IFRS
	(RMB'000, unless specified)					
Operating profit	875,799	65,916	(502,534)	9,500	–	448,681
Profit for the period	849,565	65,916	(502,534)	9,500	85,170	507,617
Profit attributable to equity holders of the Company	849,755	65,916	(502,534)	9,500	85,170	507,807
EPS (RMB per share)						
– basic	0.84					0.50
– diluted	0.83					0.50
Operating margin	27.4%					14.1%
Net margin	26.6%					15.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

(1) This item mainly includes gains on disposal and deemed disposal, impairment provisions and fair value changes arising from our investee companies, fair value changes of consideration liabilities related to the acquisition of NCM, and compensation costs for certain employees and former owners related to acquisitions.

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

Capital Structure

The Company maintained a healthy and sound financial position during the period. Total assets decreased from RMB21,583.1 million as of December 31, 2025 to RMB21,309.2 million as of June 30, 2026, while our total liabilities decreased from RMB4,055.7 million as of December 31, 2025 to RMB3,835.1 million as of June 30, 2026. The liabilities-to-assets ratio decreased from 18.8% as of December 31, 2025 to 18.0% as of June 30, 2026.

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

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

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

As at June 30, 2026, the Group did not have any significant investments. During the six months ended June 30, 2026, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. There were no plans for material investments or additions of capital assets as at the date of the Report.

Liquidity and Financial Resources

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures and Long-term Investments

Our Group's capital expenditures were primarily for intangible assets, such as content and software copyrights, and for property, plant and equipment. Our capital expenditures and long-term investments for the six months ended June 30, 2026 totalled RMB77.0 million, compared with RMB60.5 million for the six months ended June 30, 2025, representing a year-over-year increase of RMB16.5 million, primarily due to higher long-term investments in the first half of 2026. Our long-term investments were made in accordance with our general strategy of investing in or acquiring businesses that are complementary to our main business. We plan to fund our planned capital expenditures and long-term investments using cash flow generated from our operations.

Foreign Exchange Risk Management

The Group operates internationally and is exposed to foreign exchange risk arising from exposure to various currencies, primarily RMB, HKD and USD. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of our Group's entities. Our Group manages foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and seeks to minimize these exposures through natural hedges, wherever possible, or forward foreign exchange contracts, when necessary. We did not hedge against foreign currency movements during the six months ended June 30, 2026 and 2025.

Employees

As of June 30, 2026, we had approximately 1,700 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Suzhou, and various other cities in China.

Our success depends on our ability to attract, retain, and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives. As required under the PRC regulations, we participate in a housing fund and various employee social security plans organized by applicable local municipal and provincial governments. We also purchase commercial health and accident insurance for our employees. Bonuses are generally discretionary and are based in part on the overall performance of our business. We have granted and plan to continue granting share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

No Material Changes

Since the publication of our audited financial statements for the year ended December 31, 2025 on March 17, 2026, there have been no material changes to our business.

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, 2026, 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, 2026.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2026 (2025: 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, 2026. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and has also reviewed the effectiveness of the risk management and internal control systems of the Company, and considered the risk management and internal control systems to be effective and adequate.

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2026, the Company purchased a total of 8,400,000 Shares on the Stock Exchange for an aggregate consideration of HKD174,308,912 before expenses pursuant to the share buy-back mandate approved by the Shareholders at the annual general meeting held on June 2, 2026. The purchased Shares were subsequently cancelled. As at June 30, 2026, the Company did not hold any treasury Shares (as defined under the Listing Rules). The purchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares purchases are as follows:

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

OTHER INFORMATION

Save as disclosed above, during the six months ended June 30, 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

Changes of Directors' Information

Changes of Directors' information since the publication of the Company's 2025 Annual Report are set out below:

- Mr. Kong Xiangjun has been appointed as an independent non-executive Director and a member of the Nomination Committee on June 2, 2026.
- Mr. Mak Tze Leung has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on June 2, 2026.
- Ms. Leung Sau Ting Miranda has been appointed as a member of the Nomination Committee on June 2, 2026.
- Ms. Yu Chor Woon Carol has retired as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee on June 2, 2026.
- Mr. Liu Junmin has retired as an independent non-executive Director and a member of the Nomination Committee on June 2, 2026.
- Mr. Cao Huayi ceased to be a director of Tianjin Yuexin Culture Communication Co., Ltd. in April 2026.

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.

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

As of June 30, 2026, 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:

OTHER INFORMATION

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	5,081,750 [2]	Long position	0.50
Mr. Huang Yan	Beneficial owner	3,202,569 [3]	Long position	0.31
Mr. Cao Huayi	Interest in controlled corporations	38,653,342 [4]	Long position	3.78
	Beneficial owner	175,951 [4]	Long position	0.02

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	47,296 [5]	0.00
Mr. Hou Xiaonan	Tencent Holdings Limited	Beneficial owner	142,950	0.00
Mr. Huang Yan	Tencent Holdings Limited	Beneficial owner	13,500	0.00
Mr. Xie Qinghua	Tencent Holdings Limited	Beneficial owner	107,688 [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 1,021,476,227 Shares in issue as of June 30, 2026.

(2) As at June 30, 2026, these interests comprised (i) 163,948 Shares, (ii) 750,000 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, 2026, these interests comprised (i) 253,286 Shares, (ii) 92,120 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2014 RSU Scheme of the Company, (iii) 386,532 underlying Shares in respect of the RSUs granted to Mr. Huang Yan under 2020 Restricted Share Unit Scheme of the Company, and (iv) 2,470,631 underlying Shares in respect of the Options granted to Mr. Huang Yan under the 2021 Share Option Plan.

(4) As at June 30, 2026, (i) 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 34,802,614 Shares and 3,850,728 Shares by C-Hero Limited and X-Poem Limited pursuant to the share purchase agreement, respectively, and (ii) 175,951 underlying Shares in respect of the RSUs granted to Mr. Cao Huayi under 2020 Restricted Share Unit Scheme of the Company.

(5) As at June 30, 2026, these interests of Mr. Pu Hai Tao (being an employee of Tencent) comprised (i) 2,529 shares of Tencent, and (ii) 44,767 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, 2026, these interests of Mr. Xie Qinghua (being an employee of Tencent) comprised 107,688 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, 2026, 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 9,092,234,841 shares of Tencent in issue as at June 30, 2026.

Save as disclosed above, as of June 30, 2026, 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, 2026, 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, 2026, 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	56.55
THL A13 [2]	Beneficial owner	268,600,500	Long position	26.30
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 1,021,476,227 Shares in issue as of June 30, 2026.

(2) As at June 30, 2026, 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, 2026, 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:

Selected Grantees	Date of Grant	Number of RSUs: As at January 1, 2026	Granted during the six months ended June 30, 2026	Vested during the six months ended June 30, 2026	Forfeited during the six months ended June 30, 2026	Cancelled during the six months ended June 30, 2026	As at June 30, 2026	Vesting Period	Closing Price of the Shares immediately before the Date of Grant *HKD*
Huang Yan	November 5, 2021	92,120	–	–	–	–	92,120	November 5, 2022 – November 5, 2026	53.25
Employee Participants 5 highest paid individuals during the financial year *(in aggregate)*	January 4, 2021	10,301	–	10,301	–	–	–	January 4, 2022 – January 4, 2026	60.85
	January 10, 2022	42,748	–	21,373	–	–	21,375	January 10, 2023 – January 10, 2027	48.25
Employees (excluding 5 highest paid individuals) *(in aggregate)*	January 4, 2021	35,458	–	35,458	–	–	–	January 4, 2022 – January 4, 2026	60.85
	April 12, 2021	9,713	–	1,881	7,832	–	–	April 12, 2022 – April 12, 2026	78.00
	October 18, 2021	18,391	–	–	–	–	18,391	October 18, 2022 – October 18, 2026	56.80
	November 5, 2021	21,883	–	–	–	–	21,883	November 5, 2022 – November 5, 2026	53.25
	January 10, 2022	109,813	–	54,902	–	–	54,911	January 10, 2023 – January 10, 2027	48.25
	April 6, 2022	31,023	–	15,508	5,957	–	9,558	April 6, 2023 – April 6, 2027	34.40
	December 28, 2022	35,691	–	–	–	–	35,691	December 28, 2023 – December 28, 2027	29.85
	May 23, 2023	38,277	–	12,757	–	–	25,520	May 23, 2024 – May 23, 2028	31.85
	August 21, 2023	101,032	–	–	–	–	101,032	August 21, 2024 – August 21, 2028	31.55
	December 28, 2023	154,838	–	–	–	–	154,838	December 28, 2024 – December 28, 2028	28.00
Total		701,288	–	152,180	13,789	–	535,319		

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, 2026 was HKD32.69 per Share.

3. The fair value of each RSU 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, 2026	**701,288**
Granted	**–**
Forfeited	**(13,789)**
Vested	**(152,180)**
Cancelled	**–**
Outstanding balance as of June 30, 2026	**535,319**
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

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 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 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.

The RSUs granted in respect of 4,531,609 underlying Shares on August 29, 2025 have a vesting period of four years, one-fourth of which will each vest on August 29, 2026, 2027, 2028 and 2029, respectively.

Among the RSUs granted in respect of 98,821 underlying shares on January 13, 2026, 94,878 RSUs have a vesting period of four years, one-fourth of which will each vest on January 13, 2027, 2028, 2029 and 2030, respectively; the remaining 3,943 RSUs have a vesting period of two years, one-half of which will each vest on January 13, 2027 and 2028, 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:

		Number of RSUs								
Selected Grantees	Date of Grant	As at January 1, 2026	Granted during the six months ended June 30, 2026	Vested during the six months ended June 30, 2026	Lapsed during the six months ended June 30, 2026	Cancelled during the six months ended June 30, 2026	As at June 30, 2026	Vesting Period	Closing Price of the Shares immediately before the Date of Grant *HKD*	Fair value per Share at the date of grant of RSUs granted during the six months ended June 30, 2026 *HKD*
Hou Xiaonan	August 14, 2024	750,000	–	–	–	–	750,000	August 14, 2025 – August 14, 2028	24.75	
Huang Yan	August 14, 2024	213,830	–	–	–	–	213,830	August 14, 2025 – August 14, 2028	24.75	
	August 29, 2025	172,702	–	–	–	–	172,702	August 29, 2026 – August 29, 2029	40.66	
Cao Huayi	August 29, 2025	175,951	–	–	–	–	175,951	August 29, 2026 – August 29, 2029	40.66	
Employee Participants 5 highest paid individuals during the financial year *(in aggregate)*	August 18, 2022	30,000	–	–	–	–	30,000	August 18, 2023 – August 18, 2026	29.40	
	August 21, 2023	26,588	–	–	–	–	26,588	August 21, 2024 – August 21, 2027	31.55	
	August 14, 2024	598,724	–	–	–	–	598,724	August 14, 2025 – August 14, 2028	24.75	
	August 29, 2025	179,199	–	–	–	–	179,199	August 29, 2026 – August 29, 2029	40.66	
Employees (excluding 5 highest paid individuals) *(in aggregate)*	July 12, 2021	13,673	–	–	–	–	13,673	July 12, 2022 – July 12, 2025	80.65	
	August 18, 2022	613,965	–	–	27,800	–	586,165	August 18, 2023 – August 18, 2026	29.40	
	October 12, 2022	34,281	–	–	–	–	34,281	October 12, 2023 – October 12, 2026	20.30	
	December 28, 2022	14,276	–	–	–	–	14,276	December 28, 2023 – December 28, 2026	29.85	
	August 21, 2023	1,236,595	–	–	29,063	–	1,207,532	August 21, 2024 – August 21, 2027	31.55	
	August 14, 2024	3,999,100	–	–	74,925	–	3,924,175	August 14, 2025 – August 14, 2028	24.75	
	January 10, 2025	433,760	–	108,435	22,948	–	302,377	January 10, 2026 – January 10, 2029	24.40	
	August 29, 2025	3,933,705	–	–	37,487	–	3,896,218	August 29, 2026 – August 29, 2029	40.66	
	January 13, 2026	–	94,878	–	11,431	–	83,447	January 13, 2027 – January 13, 2030	38.86	38.74
	January 13, 2026	–	3,943	–	–	–	3,943	January 13, 2027 – January 13, 2028	38.86	38.74
Total		12,426,349	98,821	108,435	203,654	–	12,213,081			

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 during the six months ended June 30, 2026 was HKD35.32 per Share.

3. The fair value of each RSU 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, 2025 and Note 27 to the interim financial information.

OTHER INFORMATION

4. None of the grants of awards to any participant is in excess of the 1% individual limit. Save for Mr. Hou Xiaonan, Mr. Huang Yan and Mr. Cao Huayi, none of the participants 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.

5. All of the grants made during the six months ended June 30, 2026 were made without any performance targets.

6. As at January 1, 2026 and June 30, 2026, the total numbers of RSUs available for grant under the 2020 Restricted Share Unit Scheme were 23,543,272 and 23,648,105, respectively.

7. As at January 1, 2026 and June 30, 2026, 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.

8. During the Reporting Period, no RSUs were cancelled under the 2020 Restricted Share Unit Scheme.

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
As of January 1, 2026	**12,426,349**
Granted	**98,821**
Lapsed	**(203,654)**
Vested	**(108,435)**
Cancelled	**–**
Outstanding balance as of June 30, 2026	**12,213,081**
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

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.

OTHER INFORMATION

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.

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, 2026 are as follows:

			Number of Options									
Selected Grantees	Position	Date of Grant	As at January 1, 2026	Granted during the six months ended June 30, 2026[4]	Exercised during the six months ended June 30, 2026[4]	Lapsed during the six months ended June 30, 2026[4]	Cancelled during the six months ended June 30, 2026[4]	As at June 30, 2026	Exercise price *HKD*	Exercise Period	Closing Price of the Shares immediately before the Date of Grant *HKD*	Fair value per Share at the date of grant of Options granted during the six months ended June 30, 2026 *HKD*
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	180,002	–	–	–	–	180,002	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			6,638,433	–	–	–	–	6,638,433				

Notes:

1. 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.

2. 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.

3. 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.

4. During the Reporting Period, no options were granted to the Directors, and no Options previously granted to the Directors were exercised, lapsed, or cancelled.

5. 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, 2026 are as follows:

		Number of Options									
Position	Date of Grant	As at January 1, 2026	Granted during the six months ended June 30, 2026(2)	Exercised during the six months ended June 30, 2026(2)	Lapsed during the six months ended June 30, 2026(2)	Cancelled during the six months ended June 30, 2026(2)	As at June 30, 2026	Exercise price *HKD*	Exercise Period	Closing Price of the Shares immediately before the Date of Grant *HKD*	Fair value per Share at the date of grant of Options granted during the six months ended June 30, 2026 *HKD*
Employee	July 12, 2021	559,426	–	–	43,685	–	515,741	82.85	July 12, 2021 – July 11, 2031 *(Note 1)*	80.65	
Employee	August 18, 2022	577,562	–	–	–	–	577,562	30.69	August 18, 2022 – August 17, 2032 *(Note 1)*	29.40	
Employee	August 21, 2023	760,577	–	3,380	15,090	–	742,107	32.06	August 21, 2023 – August 20, 2033 *(Note 1)*	31.55	
Employee	August 14, 2024	206,139	–	–	–	–	206,139	25.29	August 14, 2024 – August 13, 2034 *(Note 1)*	24.75	
Total		2,103,704	–	3,380	58,775	–	2,041,549				

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, 3,380 options previously granted to the employees of the Group (apart from Directors) were exercised and the exercise price of the exercised Options was HKD32.06, and 58,775 Options granted to the employees of the Group (apart from Directors) were lapsed and the exercise prices of the lapsed Options were ranging from HKD32.06 to HKD82.85. No options were granted to employees of the Group, and no options previously granted to the employees of the Group (apart from Directors) were 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, 2026 and June 30, 2026, 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, 2026	**8,742,137**
Granted	**–**
Lapsed	**(58,775)**
Cancelled	**–**
Exercised	**(3,380)**
Outstanding balance as of June 30, 2026	**8,679,982**
Exercisable as of June 30, 2026	**5,733,579**

3,380 options were exercised during the six months ended June 30, 2026 and the weighted average closing price of the Shares immediately before the dates on which the options were exercised for the six months ended June 30, 2026 was HKD39.90 per Share.

As at January 1, 2026 and June 30, 2026, the total numbers of Options available for grant under the Share Option Plan were 12,038,134 and 12,096,909, 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, 2026 divided by the weighted average number of Shares in issue (excluding treasury shares) for the six months ended June 30, 2026 was 0.010%.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc

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 88, which comprises the interim condensed consolidated statement of financial position of China Literature Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2026 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 11, 2026

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2026

	Note	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenues	7	**3,531,388**	3,190,584
Cost of revenues	8	**(1,739,295)**	(1,578,200)
Gross profit		**1,792,093**	1,612,384
Interest income	9	**81,306**	81,856
Other (losses)/gains, net	10	**(24,996)**	582,499
Selling and marketing expenses	8	**(1,011,398)**	(922,398)
General and administrative expenses	8	**(559,988)**	(484,739)
Net (provision for)/reversal of impairment losses on financial assets		**(6,220)**	6,197
Operating profit		**270,797**	875,799
Finance income/(costs), net	11	**529**	(4,005)
Share of net profit of associates and joint ventures	18	**88,778**	127,250
Profit before income tax		**360,104**	999,044
Income tax expense	12	**(224,940)**	(149,479)
Profit for the period		**135,164**	849,565
Other comprehensive income, net of tax:			
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of an associate		**–**	205
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		**–**	(1,280)
Currency translation differences		**29,228**	49,861
Items that will not be reclassified to profit or loss			
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income		**(40,947)**	24,447
Currency translation differences		**(99,070)**	(55,123)
		(110,789)	18,110
Total comprehensive income for the period		**24,375**	867,675
Profit attributable to:			
– Equity holders of the Company		**135,376**	849,755
– Non-controlling interests		**(212)**	(190)
		135,164	849,565
Total comprehensive income attributable to:			
– Equity holders of the Company		**24,587**	867,865
– Non-controlling interests		**(212)**	(190)
		24,375	867,675
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	13(a)	**0.13**	0.84
– Diluted earnings per share	13(b)	**0.13**	0.83

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, 2026

	Note	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**65,851**	67,862
Right-of-use assets	16	**160,551**	173,503
Intangible assets	17	**4,256,947**	4,295,669
Investments in associates and joint ventures	18	**442,151**	577,429
Financial assets at fair value through profit or loss	19	**936,705**	1,324,054
Financial assets at fair value through other comprehensive income	20	**669,646**	648,079
Deferred income tax assets	21	**481,555**	458,061
Prepayments, deposits and other assets	23	**186,627**	188,367
Term deposits		**2,212,245**	1,709,000
		9,412,278	9,442,024
Current assets			
Inventories	24	**615,247**	576,625
Television series and film rights	25	**520,570**	649,443
Financial assets at fair value through profit or loss	19	**2,028,854**	2,735,344
Trade and notes receivables	26	**1,550,012**	1,905,045
Prepayments, deposits and other assets	23	**1,561,933**	1,282,964
Restricted bank deposits		**–**	4,464
Term deposits		**3,002,839**	3,303,485
Cash and cash equivalents		**2,617,427**	1,683,707
		11,896,882	12,141,077
Total assets		**21,309,160**	21,583,101
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**648**	648
Treasury shares	22	**(151,864)**	–
Shares held for RSU schemes	22	**(14,640)**	(14,640)
Share premium	22	**15,963,146**	15,969,228
Other reserves		**2,085,165**	2,117,741
Accumulated losses		**(411,645)**	(547,021)
		17,470,810	17,525,956
Non-controlling interests		**3,225**	1,437
Total equity		**17,474,035**	17,527,393

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2026

	Note	**As of June 30, 2026 RMB'000 (Unaudited)**	As of December 31, 2025 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**98,797**	116,831
Long-term payables		**18,958**	16,250
Deferred income tax liabilities	21	**123,282**	124,686
Deferred revenue		**18,462**	19,615
		259,499	277,382
Current liabilities			
Lease liabilities	16	**57,744**	64,519
Trade payables	28	**1,241,116**	1,210,442
Other payables and accruals	29	**982,545**	1,102,001
Deferred revenue		**973,660**	989,724
Current income tax liabilities		**166,085**	232,592
Financial liabilities at fair value through profit or loss	30	**154,476**	179,048
		3,575,626	3,778,326
Total liabilities		**3,835,125**	4,055,708
Total equity and liabilities		**21,309,160**	21,583,101

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

On behalf of the board of directors

Hou Xiaonan
Director

Huang Yan
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2026

	Attributable to equity holders of the Company								
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Shares held for RSU schemes RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)									
As of January 1, 2026	648	–	15,969,228	(14,640)	2,117,741	(547,021)	17,525,956	1,437	17,527,393
Comprehensive income									
Profit for the period	–	–	–	–	–	135,376	135,376	(212)	135,164
Other comprehensive income, net of tax:									
- Currency translation differences	–	–	–	–	(69,842)	–	(69,842)	–	(69,842)
- Net loss from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(40,947)	–	(40,947)	–	(40,947)
Total comprehensive income for the period	–	–	–	–	(110,789)	135,376	24,587	(212)	24,375
Transaction with owners									
Share-based compensation expenses	–	–	–	–	78,213	–	78,213	–	78,213
Transfer of vested RSUs (Note 22)	–	–	(6,179)	–	–	–	(6,179)	–	(6,179)
Repurchase of shares (to be cancelled) (Note 22)	–	(151,864)	–	–	–	–	(151,864)	–	(151,864)
Business combination	–	–	–	–	–	–	–	2,000	2,000
Issue of new shares pursuant to the options granted (Note 22)	–	–	97	–	–	–	97	–	97
Transactions with owners in their capacity for the period	–	(151,864)	(6,082)	–	78,213	–	(79,733)	2,000	(77,733)
As of June 30, 2026	648	(151,864)	15,963,146	(14,640)	2,085,165	(411,645)	17,470,810	3,225	17,474,035

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU schemes RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)								
As of January 1, 2025	644	16,117,867	(14,635)	1,975,834	294,731	18,374,441	1,747	18,376,188
Comprehensive income								
Profit for the period	–	–	–	–	849,755	849,755	(190)	849,565
Other comprehensive income, net of tax:								
– Share of other comprehensive income of an associate (Note 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

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, 2026

	Note	Six months ended June 30,	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		**592,468**	39,418
Income tax paid		**(303,095)**	(111,892)
Net cash flows generated from/(used in) operating activities		**289,373**	(72,474)
Cash flows from investing activities			
Payment for investment in a subsidiary		**(1,456)**	–
Payment for business combination under common control, net of cash acquired		**–**	(120,000)
Placements of term deposits with initial term of over three months		**(1,637,768)**	(1,542,226)
Receipts from maturity of term deposits with initial term of over three months		**1,409,682**	357,031
Payment for acquisition of financial assets at fair value through profit or loss		**(3,407,900)**	(6,391,300)
Proceeds from disposals or settlement of financial assets at fair value through profit or loss		**4,360,335**	6,725,049
Payment for investments in a joint venture		**–**	(300)
Purchase of property, plant and equipment		**(17,826)**	(5,273)
Purchase of intangible assets		**(25,775)**	(49,598)
Proceeds from disposals of property, plant and equipment		**159**	11
Interest received		**79,602**	32,957
Dividends received		**90,000**	17,531
Proceeds from disposal of investment in associates and joint ventures		**–**	555
Loan lent to a third party		**(10,000)**	–
Proceeds from settlement of loan to a third party		**10,000**	–
Net cash flows generated from/(used in) investing activities		**849,053**	(975,563)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2026

		Six months ended June 30,	
	Note	**2026** **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Cash flows from financing activities			
Interest paid		**(3,096)**	(3,436)
Principal elements of lease payments		**(41,366)**	(38,834)
Payment for repurchase of ordinary shares	22	**(151,864)**	(146,707)
Net cash flows used in financing activities		**(196,326)**	(188,977)
Net increase/(decrease) in cash and cash equivalents		**942,100**	(1,237,014)
Cash and cash equivalents at beginning of the period		**1,683,707**	3,264,188
Exchange losses on cash and cash equivalents		**(8,380)**	(1,889)
Cash and cash equivalents at end of the period		**2,617,427**	2,025,285

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

The ultimate holding company of the Company is Tencent, which is incorporated in the Cayman Islands with limited liability and the shares of Tencent have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The interim financial information comprises the condensed consolidated statement of financial position as of June 30, 2026, the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes ("the Interim Financial Information"). The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2 Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2025, which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as set out in the 2025 annual report of the Company dated March 17, 2026 (the "2025 Financial Statements").

NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Material accounting policy information

Except as described below, the accounting policies and method of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2025 Financial Statements, which have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including contingent consideration payable) at fair value through profit or loss, which are carried at fair value.

Taxes on income for the interim period are accrued using the tax rates that would be applicable to expected total annual assessable profit.

3.1 Amendments to standards and interpretations adopted by the Group

The following amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2026:

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

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

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, 2026 and have not been early adopted by the Group in preparing the condensed consolidated financial information. The adoption of IFRS 18 will not affect the recognition or measurement of items in the condensed consolidated financial information. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the condensed consolidated financial information. Except for IFRS 18, none of these is expected to have a significant effect on the condensed consolidated financial information of the Group.

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

4 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 2025 Financial Statements.

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 2025 Financial Statements.

There were no changes in the risk management policies during the six months ended June 30, 2026.

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, 2026 and December 31, 2025 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, 2026.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of June 30, 2026 (Unaudited)				
Financial assets:				
– Financial assets at fair value through profit or loss ("FVPL")	**838**	**–**	**2,964,721**	**2,965,559**
– Financial assets at fair value through other comprehensive income ("FVOCI")	**669,646**	**–**	**–**	**669,646**
	670,484	**–**	**2,964,721**	**3,635,205**
Financial liabilities at fair value through profit or loss	**–**	**–**	**154,476**	**154,476**

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2025.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2025 (Audited)				
Financial assets:				
– FVPL	1,926	–	4,057,472	4,059,398
– FVOCI	648,079	–	–	648,079
	650,005	–	4,057,472	4,707,477
Financial liabilities at fair value through profit or loss	–	–	179,048	179,048

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the six months ended June 30, 2026 and 2025.

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, 2026 and 2025.

The changes in level 3 financial instruments for the six months ended June 30, 2026 and 2025 are represented in the following table:

	Financial assets		Financial liabilities	
	Six months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Opening balance	**4,057,472**	4,288,540	**179,048**	167,586
Additions	**3,402,500**	6,391,300	**–**	–
Changes in fair value recognised in profit or loss*	**(8,836)**	21,163	**(24,572)**	6,739
Disposals	**(4,472,413)**	(6,725,049)	**–**	–
Currency translation differences	**(14,002)**	(1,753)	**–**	–
Closing balance	**2,964,721**	3,974,201	**154,476**	174,325
*Include unrealised gains and losses recognised in profit or loss attributable to balances held at the end of the reporting period	**40,443**	(1,487)	**(24,572)**	6,739

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, 2026 and 2025:

- Online business (including online text, online advertising and game publishing, as well as comics and audio books reading via self-owned platforms); and

- Intellectual property operations and others (including licensing and distribution of film, television, web and animated series, copyrights licensing, sales of adaptation rights and scripts, distribution of short dramas and AI-animated dramas, sales of physical books and intellectual property merchandise products, in-house online games operations, distributions of online audio books and online comic content provided via Tencent and third-party platforms, etc.).

As of June 30, 2026 and 2025, the chief operating decision-makers assessed the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses and general and administrative expenses were common costs incurred for these operating segments as a whole and therefore, they were not included in the measure of the segments' performance which was used by the chief operating decision-makers as a basis for the purpose of resource allocation and assessment of segment performance. Interest income, other (losses)/gains, net, finance income/(costs), net, net (provision for)/reversal of impairment losses on financial assets, share of net profit of associates and joint ventures and income tax expense were also not allocated to individual operating segment.

There were no material inter-segment sales during the six months ended June 30, 2026 and 2025. The revenues from external customers reported to the chief operating decision-makers were measured in a manner consistent with that applied in the condensed consolidated statement of comprehensive income.

Other information, together with the segment information, provided to the chief operating decision-makers, was measured in a manner consistent with that applied in this condensed consolidated financial information. There were no segment assets and segment liabilities information provided to the chief operating decision-makers.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. The revenue is mainly generated in the PRC.

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, 2026 and 2025 is as follows:

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

	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

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

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

As of June 30, 2026 and 2025, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.

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:

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

	Online business			Intellectual property operations and others		
(Unaudited) Six months ended June 30, 2025	On self-owned platform products RMB'000	On the channels on Tencent products RMB'000	On third-party platforms RMB'000	Intellectual property operations RMB'000	Others RMB'000	Total RMB'000
Timing of revenue recognition:						
– At a point in time	1,487,428	94,056	142,186	970,473	65,573	2,759,716
– Over time	258,598	3,091	–	167,031	2,148	430,868
	1,746,026	97,147	142,186	1,137,504	67,721	3,190,584

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Expenses by nature

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Promotion and advertising expenses	**698,846**	597,486
Content costs (Note a)	**670,513**	788,901
Employee benefits expenses (Note b and d)	**560,776**	531,844
Production costs of television, web and animated series, films, short dramas and AI-animated dramas (Note 25)	**415,326**	184,333
Platform distribution costs	**334,761**	325,443
Payment handling costs	**117,123**	137,486
Cost of physical inventories sold	**106,799**	88,257
Game development outsourcing costs (Note d)	**74,272**	13,760
Bandwidth and server custody fees	**56,447**	51,621
Amortisation of intangible assets (Note c and Note 17)	**40,318**	53,774
Depreciation of right-of-use assets (Note 16)	**29,308**	34,215
Travelling, entertainment and general office expenses	**26,124**	26,791
Depreciation of property, plant and equipment (Note 15)	**18,446**	18,798
Impairment loss on television series and film rights (Note 25(a))	**17,934**	10,625
Professional service fees	**14,191**	20,324
Tax surcharge expenses	**14,223**	9,570
Logistic expenses	**11,731**	6,571
Impairment loss on prepayments to directors, actors and writers	**6,429**	–
Auditors' remuneration		
– Audit services	**5,315**	5,315
– Non-audit services	**532**	799
Expense relating to short-term and low value leases (Note 16)	**1,336**	1,767
(Reversal of)/provision for physical inventory obsolescence	**(3,472)**	1,698
Others	**93,403**	75,959
	3,310,681	2,985,337

Notes:

(a) Content costs mainly include (i) other than the initial acquisition of the copyrights from writers, the Group also pays a certain percentage of the revenues earned on such contents posted through its self-owned platforms, channels on Tencent products and third-party platforms. In addition, some writers share certain percentage of the revenue earned on virtual gift purchases pursuant to their royalty arrangements; (ii) the direct costs associated with the adaptation rights and scripts that are sold by the Group; and (iii) the impairment loss on adaptation rights and scripts.

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

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

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

9 Interest income

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**81,306**	81,856

10 Other (losses)/gains, net

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Compensation received for copyright infringements	**79,377**	13,840
Government subsidies	**41,356**	32,929
Net fair value gains of financial assets and financial liabilities at FVPL (Note a)	**14,695**	12,937
Diluted gain of a joint venture	**1,856**	–
Gain on disposal of investments in joint ventures	**201**	555
Impairment loss of intangible assets (Note 17)	**(27,722)**	(13,904)
Tax late payment surcharges (Note b)	**(134,669)**	(508)
Impairment provision for investments in associates (Note 18)	**–**	(70,318)
Gain on deemed disposal of an associate (Note 18)	**–**	597,572
Others, net	**(90)**	9,396
	(24,996)	582,499

Notes:

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Finance income/(costs), net

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses), net	**3,625**	(435)
Interest expenses on lease liabilities (Note 16)	**(3,096)**	(3,436)
Interest expenses on borrowings	**–**	(134)
	529	(4,005)

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, 2026 and 2025.

(b) Hong Kong profits tax

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

(c) PRC corporate income tax

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the periods presented.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the periods presented according to the applicable CIT Law.

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,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax (Note 10(b))	**245,236**	71,825
Deferred income tax (Note 21)	**(20,296)**	77,654
Income tax expense	**224,940**	149,479

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

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, 2026 and 2025, the Company had dilutive potential ordinary shares of restricted shares units ("RSUs") and share options granted to employees and directors. For the RSUs, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to the outstanding RSUs. The RSUs were assumed to have been fully vested and released from restrictions with no impact on earnings. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that would have been issued at fair value (determined as the average market share price of the Company's shares) were incremental shares issued for no consideration which causes dilution to earnings per share. The impact of potential ordinary shares to be issued in connection with the acquisition of New Classics Media Holdings Limited (or referred to as the "New Classics Media" and previously known as "Qiandao Lake Holdings Limited") was included in the computation of earnings per share for the six months ended June 30, 2026 and 2025 as the impact would be dilutive.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Dividends

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

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	Construction in progress RMB'000	Total RMB'000
(Unaudited)							
Six months ended June 30, 2026							
Opening net book amount as of January 1, 2026	17,905	24,386	6,818	1,511	17,242	–	67,862
Additions	3,198	2,548	5	–	8,349	2,737	16,837
Transfer from construction in progress	15	931	–	–	–	(946)	–
Disposals	(336)	–	(3)	–	–	–	(339)
Depreciation	(4,085)	(12,365)	(1,459)	(268)	(269)	–	(18,446)
Currency translation differences	(4)	(47)	(2)	–	–	(10)	(63)
Closing net book amount as of June 30, 2026	16,693	15,453	5,359	1,243	25,322	1,781	65,851

	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

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, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Right-of-use assets		
Properties	**160,551**	173,503
Lease liabilities		
Current	**57,744**	64,519
Non-current	**98,797**	116,831
	156,541	181,350

Additions to the right-of-use assets during the six months ended June 30, 2026 were approximately RMB17,610,000 (for the six months ended June 30, 2025: RMB78,966,000).

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,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets		
Properties	**(29,308)**	(34,215)
Interest expense (included in finance income/(costs), net)	**3,096**	3,436
Expense relating to short-term leases (included in selling and marketing expenses and general and administrative expenses)	**822**	1,042
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)	**514**	725
	4,432	5,203

The total cash outflow for leases during the six months ended June 30, 2026 was approximately RMB44,462,000 (for the six months ended June 30, 2025: RMB42,270,000).

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

The Group enters into various property leases with rental contracts typically having fixed terms 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	Trademarks RMB'000	Copyrights of contents RMB'000	Software RMB'000	Domain names RMB'000	Others RMB'000	Total RMB'000
(Unaudited)							
Six months ended June 30, 2026							
Opening net book amount as of January 1, 2026	**3,715,659**	**498,029**	**70,491**	**9,446**	**2,044**	**–**	**4,295,669**
Business Combination (Note)	**–**	**–**	**–**	**–**	**–**	**4,973**	**4,973**
Additions	**–**	**–**	**23,650**	**695**	**–**	**–**	**24,345**
Amortisation	**–**	**(9,549)**	**(27,848)**	**(2,228)**	**–**	**(693)**	**(40,318)**
Impairment (Note 10)	**–**	**–**	**(27,722)**	**–**	**–**	**–**	**(27,722)**
Closing net book amount as of June 30, 2026	**3,715,659**	**488,480**	**38,571**	**7,913**	**2,044**	**4,280**	**4,256,947**

Note:

During the six months ended June 30, 2026, the Group acquired a 60% equity interest in a company principally engaged in the short drama talent agency business, which resulted in additions to intangible assets of approximately RMB4,973,000.

	Goodwill RMB'000	Non-compete agreement RMB'000	Trademarks RMB'000	Copyrights of contents RMB'000	Software RMB'000	Domain names RMB'000	Total RMB'000
(Unaudited)							
Six months ended June 30, 2025							
Opening net book amount as of January 1, 2025	5,528,215	1,649	517,126	98,468	11,337	2,044	6,158,839
Additions	–	–	–	43,193	3,330	–	46,523
Amortisation	–	(1,649)	(9,549)	(39,132)	(3,444)	–	(53,774)
Impairment (Note 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

Impairment tests for goodwill

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Intangible assets (Continued)

Impairment tests for goodwill (Continued)

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

Impairment tests for copyrights

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

18 Investments in associates and joint ventures

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Investments in associates and joint ventures (Continued)

(a) Investments in associates

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

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.

During the six months ended 30 June 2026, the Group did not recognise any impairment provision against the carrying amounts of investments in associates (for the six months ended 30 June 2025: impairment provision of RMB70,318,000). The impairment losses recognised in the prior period mainly resulted from revisions to the financial and business outlook of those associates.

(b) Investments in joint ventures

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	**475,974**	517,460
Additions	**–**	300
Share of net profit of joint ventures	**93,482**	127,601
Dividend from a joint venture	**(225,000)**	(17,531)
Dilution gain on deemed disposal (Note 10)	**1,856**	–
At the end of the period	**346,312**	627,830

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Investments in associates and joint ventures (Continued)

(b) Investments in joint ventures (Continued)

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.

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

Note:

As of June 30, 2026, the Group's investments in unlisted companies included investments in redeemable shares of approximately RMB763,867,000 and investment in convertible bond of approximately RMB172,000,000.

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,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	**4,059,398**	4,292,543
Additions (Note a)	**3,402,500**	6,391,300
Changes in fair value	**(9,877)**	19,676
Settlements/disposals (Note b)	**(4,472,413)**	(6,725,049)
Currency translation differences	**(14,049)**	(1,793)
At the end of the period	**2,965,559**	3,976,677

Notes:

(a) During the six months ended June 30, 2026, the Group invested in structured deposits with guaranteed principal and floating return at a cash consideration of approximately RMB3,374,500,000. Fair value gain from these investments was recognised in "other (losses)/gains, net" in the condensed consolidated statement of comprehensive income.

In January 2026, the Group acquired redeemable preferred shares in two investee companies that are primarily engaged in the development and operation of short dramas and AI-animated dramas, with a total consideration of approximately RMB28,000,000.

(b) In May 2026, Tencent Music Entertainment Group ("Tencent Music"), a fellow subsidiary of the Group, completed the acquisition of the entire equity interest of one of the Group's existing investee companies accounted for as FVPL, which is a leading online audio company in Chinese Mainland.

The preferred shares of that investee company were acquired and cancelled on the completion day. Accordingly, the fair value of the Company's investment was remeasured with reference to the total transaction consideration of approximately RMB364,730,000, comprising cash of approximately RMB295,607,000 and fair value of Tencent Music ordinary shares of approximately RMB69,123,000. This remeasurement resulted in a fair value loss of approximately RMB63,203,000, representing the difference between the fair value of the consideration as of December 31, 2025 and that as of completion day.

The ordinary shares of Tencent Music received as consideration were initially recognised at fair value of RMB69,123,000 and classified as FVOCI in the condensed consolidated statement of financial position.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 Financial assets at fair value through other comprehensive income

FVOCI include the following:

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

Movement of FVOCI is analysed as follows:

	Six months ended June 30,	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
At the beginning of the period	**648,079**	6,312
Addition and transfer (Note 19(b) and Note 18)	**69,123**	839,466
Changes in fair value	**(46,792)**	28,569
Currency translation difference	**(764)**	(60)
At the end of the period	**669,646**	874,287

21 Deferred income taxes

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

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Gross deferred income tax assets	**573,318**	552,125
Set-off of deferred income tax assets pursuant to set-off provisions	**(91,763)**	(94,064)
Net deferred income tax assets	**481,555**	458,061

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, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Gross deferred income tax liabilities	**(215,045)**	(218,750)
Set-off of deferred income tax liabilities pursuant to set-off provisions	**91,763**	94,064
Net deferred income tax liabilities	**(123,282)**	(124,686)

	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, 2026	552,125	(218,750)	333,375
Business Combination	–	(1,243)	(1,243)
Credited/(charged) to condensed consolidated statement of comprehensive income	21,193	(897)	20,296
Charged to condensed consolidated statement of changes in equity	–	5,845	5,845
As of June 30, 2026	573,318	(215,045)	358,273
As of January 1, 2025	523,050	(155,303)	367,747
Credited/(charged) to condensed consolidated statement of comprehensive income	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

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
(Unaudited)						
As of January 1, 2026	**1,021,472,847**	**648**	**–**	**15,969,228**	**(14,640)**	**15,955,236**
Transfer of vested RSUs	**–**	**–**	**–**	**(6,179)**	**–**	**(6,179)**
Repurchase of shares (to be cancelled) (Note a)	**–**	**–**	**(151,864)**	**–**	**–**	**(151,864)**
Issue of new shares pursuant to the options granted	**3,380**	**–**	**–**	**97**	**–**	**97**
As of June 30, 2026	**1,021,476,227**	**648**	**(151,864)**	**15,963,146**	**(14,640)**	**15,797,290**
(Unaudited)						
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

Note:

(a) During the six months ended June 30, 2026, the Group repurchased a total of 8,400,000 (for the six months ended June 30, 2025: 6,338,800) ordinary shares that listed on The Stock Exchange of Hong Kong Limited. The total amount paid to repurchase these ordinary shares was approximately HKD174,650,000 (approximately RMB151,864,000) (for the six months ended June 30, 2025: HKD158,471,000, approximately RMB146,707,000). As of June 30, 2026, none of the repurchased ordinary shares (as of June 30, 2025: all) had been cancelled and deducted from the share capital and share premium within shareholders' equity, and all of the shares (as of June 30, 2025:nil) were recorded as treasury shares as of June 30,2026.

NOTES TO THE INTERIM FINANCIAL INFORMATION

23 Prepayments, deposits and other assets

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Non-current:		
Prepayments to directors and writers (Note)	**127,191**	130,744
Interests receivable	**51,365**	44,067
Deposits and prepayments	**8,071**	13,556
	186,627	188,367
Current:		
Amounts due from related parties (Note 31)	**742,654**	553,142
Receivables from co-producers and others for production of television series and films	**181,093**	152,654
Interests receivable	**156,480**	162,074
Recoverable value-added tax	**95,903**	100,553
Prepaid corporate income tax	**95,402**	104,050
Deferred costs	**89,128**	87,157
Prepayments for production of television series and films	**55,286**	15,424
Prepayments to vendors and online writers	**38,747**	35,047
Equity disposal escrow receivables	**36,503**	–
Rental and other deposits	**9,009**	7,383
Prepayments to directors (Note)	**8,283**	8,094
Royalty advances	**5,597**	5,528
Staff advances	**2,498**	2,986
Others	**45,350**	48,872
	1,561,933	1,282,964

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

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 and net realisable value. During the six months ended June 30, 2026, the cost of inventories recognised as expenses amounted to approximately RMB122,655,000 (for the six months ended June 30, 2025: RMB148,813,000) and the provision for impairment of adaptation rights and scripts and physical inventories amounted to approximately RMB9,237,000 (for the six months ended June 30, 2025: RMB41,449,000). 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, 2026, the provision for impairment of inventories as utilised upon the Group's ultimate sales of the related inventories amounted to approximately RMB9,953,000 (for the six months ended June 30, 2025: RMB6,383,000).

25 Television series and film rights

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

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, 2026	**644,263**	**5,180**	**649,443**
Additions	**304,387**	**–**	**304,387**
Transfer from production in progress to completed	**(421,712)**	**421,712**	**–**
Recognised in cost of revenues (Note a)	**(7,828)**	**(425,432)**	**(433,260)**
As of June 30, 2026 (Note b)	**519,110**	**1,460**	**520,570**

	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

Notes:

(a) During the six months ended June 30, 2026, the Group considered the expected recoverable amounts of certain television series and film rights could not cover the respective carrying amounts, and an impairment loss of approximately RMB17,934,000(for the six months ended June 30, 2025: RMB10,625,000) 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, 2026, 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 RMB352,916,000 (December 31, 2025: RMB355,643,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 Trade and notes receivables

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

The Group applies the IFRS 9 simplified approach for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The Group also performed assessment on an individual basis, when it becomes aware of an increase in credit risk for the individual financial instrument. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The directors of the Company considered that the carrying amounts of the trade and notes receivables balances approximated their fair value as of June 30, 2026 and December 31, 2025.

The Group usually allows a credit period of 30 to 120 days to its customers. Aging analysis of trade and notes receivables (net of allowance for doubtful debts) based on recognition date is as follows:

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Trade and notes receivables		
– Up to 3 months	**952,114**	1,436,174
– 3 to 6 months	**137,470**	141,993
– 6 months to 1 year	**353,137**	95,191
– 1 to 2 years	**52,211**	163,424
– Over 2 years	**55,080**	68,263
	1,550,012	1,905,045

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

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

During the six months ended June 30, 2026 and 2025, there was no RSU granted to executive directors of the Company.

The fair value of each RSUs was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period had been taken into account when assessing the fair value of these RSUs.

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:

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

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

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

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, 2026 and December 31, 2025 are as follows:

Grant Date	Expiry Date	Exercise price	Number of share option June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
July 12, 2021	July 11, 2031	HKD82.85	**1,059,491**	1,103,176
November 5, 2021	November 4, 2031	HKD53.14	**1,786,539**	1,786,539
August 18, 2022	August 17, 2032	HKD30.69	**1,907,564**	1,907,564
August 21, 2023	August 20, 2033	HKD32.06	**1,246,197**	1,264,667
August 14, 2024	August 13, 2034	HKD25.29	**2,680,191**	2,680,191
Total			**8,679,982**	8,742,137
Weighted average remaining contractual life of options outstanding at end of period			5.68 years	6.18 years

(iii) Fair value of options

The directors of the Company have used the binomial model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period.

(c) Expected Retention Rate

The Group has to estimate the Expected Retention Rate at the end of the vesting periods of the RSUs and share options in order to determine the amount of share-based compensation expenses charged to the condensed consolidated statement of comprehensive income. As of June 30, 2026, the Expected Retention Rate of the Group was assessed to be no lower than 92% (December 31, 2025: 92%).

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

29 Other payables and accruals

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Advertising and marketing expense accruals	**229,834**	274,827
Payables of proceeds from license and distribution of TV programs and film rights as distributor (Note a)	**196,781**	158,446
Staff costs and welfare accruals	**152,898**	238,660
Other tax payable	**129,989**	149,934
Payables of outsourcing fee on game development	**73,863**	14,010
Special funds payable	**32,648**	33,918
Payments received from co-producer (Note b)	**30,716**	85,659
Payables of professional service fee	**15,845**	20,627
Payables related to purchase of intangible assets	**11,307**	11,386
Payables related to purchase of property, plant and equipment	**1,041**	2,241
Others	**107,623**	112,293
	982,545	1,102,001

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.

(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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 Financial liabilities at fair value through profit or loss

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

Note:

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

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

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
Shanghai Tencent Penguin Film Culture Communication Co., Ltd.	Fellow subsidiary
Tencent Cloud Computing (Beijing) Company Limited	Fellow subsidiary
Haikou Yipai Jihuo Culture Media 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

NOTES TO THE INTERIM FINANCIAL INFORMATION

31 Related party transactions (Continued)

(a) Intellectual property operations and provision of advertising

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fellow subsidiaries (Note)	**712,948**	513,417
Associates of the ultimate holding company	**21,474**	19,635
Associates of the Group	**17,522**	21,641
Joint ventures of the Group	**839**	–
	752,783	554,693

Note:

During the six months ended June 30, 2026 and 2025, 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,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fellow subsidiaries	**155,045**	116,553
Associates of the ultimate holding company	**30,308**	13,200
Joint ventures of the Group	**15,010**	16,793
Associates of the Group	**11,851**	9,717
	212,214	156,263

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

Trade receivables	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Fellow subsidiaries	**839,244**	1,126,162
Associates of the Group	**118,244**	115,383
Associates of the ultimate holding company	**28,045**	33,452
Joint ventures of the Group	**552**	321
	986,085	1,275,318
Less: allowance for impairment of trade receivables	**(54,448)**	(38,687)
	931,637	1,236,631

Prepayments, deposits and other receivables	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)
Fellow subsidiaries	**612,090**	557,189
Joint venture of the Group	**135,000**	–
Associates of the ultimate holding company	**796**	–
An associate of the Group	**80**	604
	747,966	557,793
Less: allowance for impairment of prepayments, deposits and other receivables	**(5,312)**	(4,651)
	742,654	553,142

Receivables due from related parties are unsecured, interest-free and repayable on demand. As of June 30, 2026, bad debt provision amounted to approximately RMB59,760,000 (December 31, 2025: RMB43,338,000) 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)

Trade payables	**As of June 30, 2026 RMB'000 (Unaudited)**	As of December 31, 2025 RMB'000 (Audited)
Fellow subsidiaries	**82,219**	46,742
Associates of the Group	**73,658**	77,196
Joint ventures of the Group	**16,637**	20,988
Associates of the ultimate holding company	**5,262**	5,158
	177,776	150,084

Other payables, accruals and deferred revenue	**As of June 30, 2026 RMB'000 (Unaudited)**	As of December 31, 2025 RMB'000 (Audited)
Fellow subsidiaries	**336,819**	374,919
Associates of the ultimate holding company	**14,999**	14,462
Associates of the Group	**246**	114
Joint ventures of the Group	**20**	160
	352,084	389,655

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

(d) Key management personnel compensation

	Six months ended June 30,	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, wages and bonuses	**3,346**	3,346
Pension costs – defined contribution plans	**183**	118
Other social security costs, housing benefits and other employee benefits	**186**	106
Share-based compensation expenses	**8,699**	15,068
	12,414	18,638

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 Cash flow information

During the six months ended June 30, 2026 and 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

33 Subsequent events

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

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

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;

DEFINITION

"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;
"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;

DEFINITION

"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 the 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, 2026;
"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;

DEFINITION

"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.

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