

Who We Are

Innovative Pioneer at the center of online literature ecosystem, connecting **Writers, Readers** and **Content Adaptation Partners**



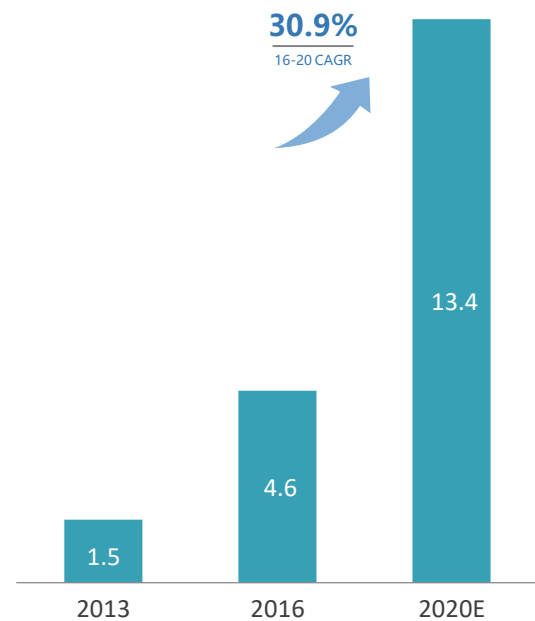
#1 In terms of

Writers	6.9 mm Writers ⁽¹⁾ 88.3% of online literature writers in China ⁽³⁾
User Base	191.5 mm MAUs ⁽²⁾ 93.7% of MAUs are mobile ⁽¹⁾
Content Library	10.1 mm Literary works ⁽¹⁾ 72.0% of online literature titles in China ⁽³⁾
User Engagement	1 h / day spent on QQ Reading ⁽⁴⁾ QQ Reading ranked #1 ⁽⁴⁾ in terms of average daily time spent per DAU

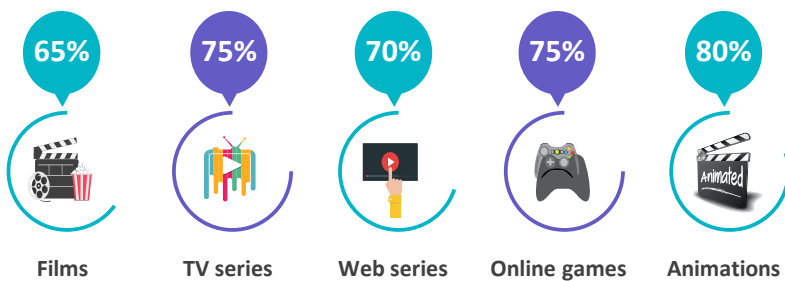
Massive and Expanding Addressable Market

Online Literature in China

(Market size ⁽¹⁾: RMB bn)



Our Content Adaptation Market Share⁽⁵⁾

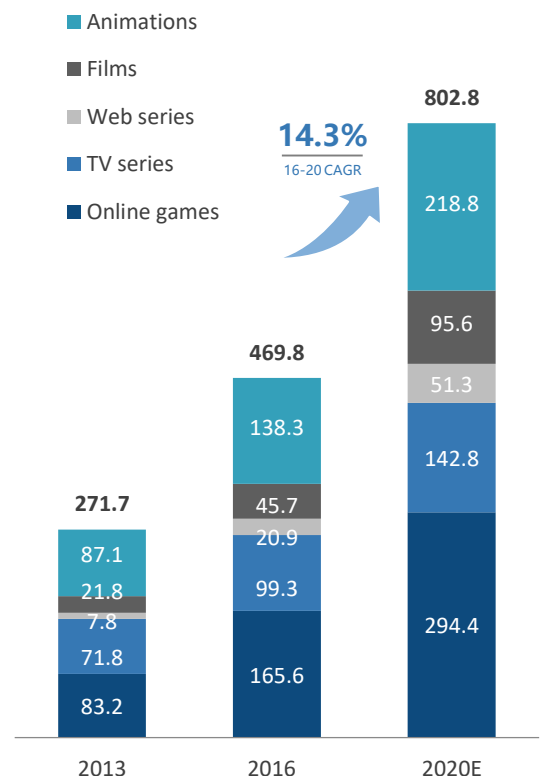


Sources: Frost & Sullivan Report, Company Filings

- Notes:
- (1) As of December 31, 2017
 - (2) Average MAUs of Company's platform products and self-operated channels on Tencent products in 2017
 - (3) As of December 31, 2016
 - (4) Among mobile online literature products in China in 1Q2017
 - (5) % of top 20 within each entertainment format; ranking for films, TV series, web series, online games and animations in terms of total box office, ratings, views, cumulative downloads and search ranking on Baidu respectively in 2016

Entertainment Industry in China

(Market size ⁽²⁾: RMB bn)

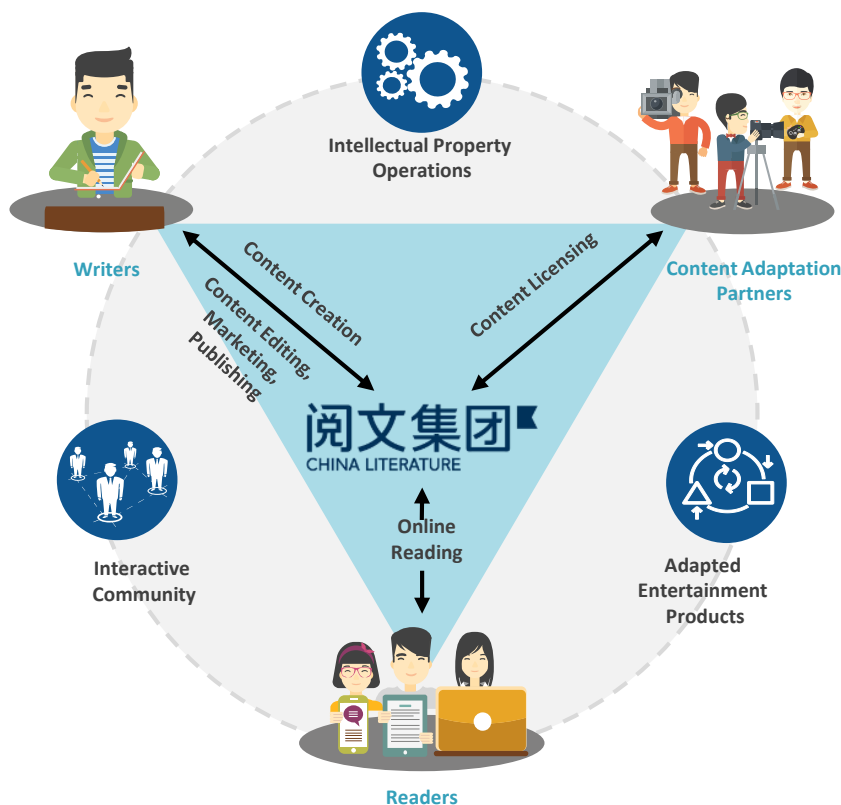


Source: Frost & Sullivan Report.

Notes:
(1) Market size in terms of revenues from online paid reading through purchase of online paid premium content by readers

(2) Market size in terms of revenues of each respective entertainment industry

Our Ecosystem and Participants



Multiple Content Distribution Channels

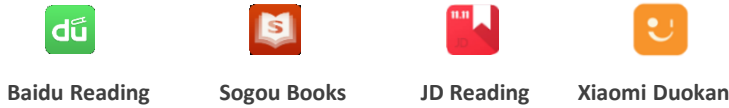
Reader Reach

4 Entertainment Market



...And Beyond

3 Third-party Partners



2 Self-operated Channels on Tencent Products



1 Self-owned Platform



+192mm MAU⁽²⁾

+91mm MAU⁽¹⁾

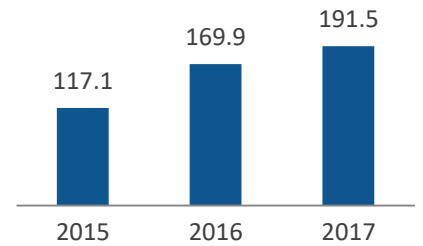
Notes:
(1) Average MAUs of China Literature's self-owned platform products in 2017
(2) Average MAUs of China Literature's self-owned platform products and self-operated channels on Tencent products in 2017

1. Well-developed self-owned platform composed of QQ Reading which serves as content aggregator, and branded mobile apps and websites nurturing customized literature experiences
2. Exclusive literary content distribution access to a host of popular Tencent products
3. Content distribution relationships with leading Internet companies
4. Successful adaptation fuels interest in original literary titles and brings new users to our platform

Key Operating Metrics

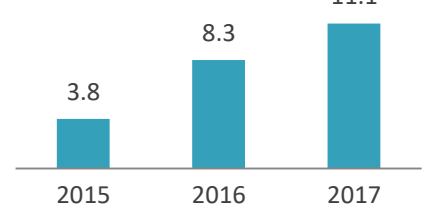
Average MAUs⁽¹⁾

(mm) YoY: +45% YoY: +13%

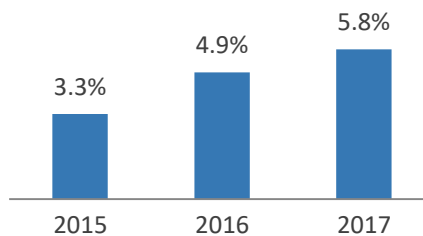


Average MPUs⁽²⁾

(mm) YoY: +118% YoY: +34%

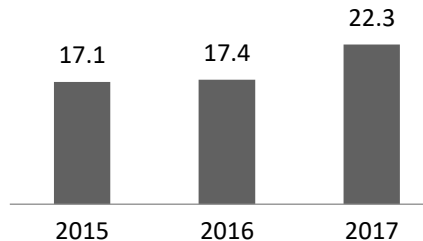


Paying Ratio⁽³⁾



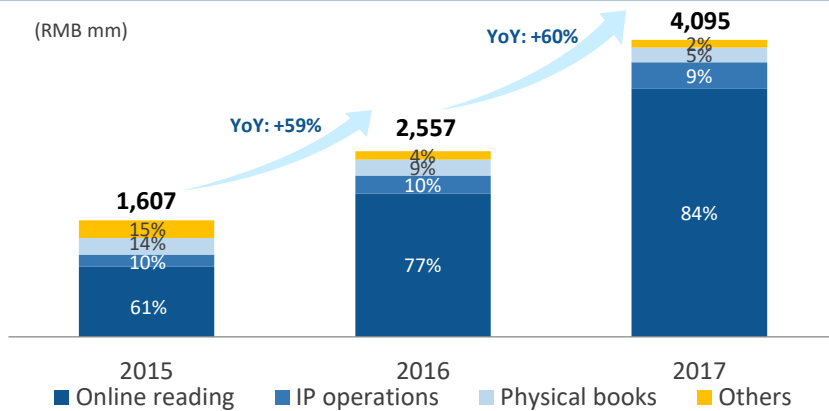
Average Monthly ARPU⁽⁴⁾

(RMB) YoY: +1% YoY: +28%



Financials: Revenue Breakdown

(RMB mm)



Financials: Profitability

GAAP measures (RMB mm) FY2015 FY2016 FY2017

Operating profit (308) 33 511

Net profit (loss) attributable to equity holders of the Company (348) 37 556

Non-GAAP measures (RMB mm) FY2015 FY2016 FY2017

Adjusted EBITDA⁽¹⁾ 51 184 759

Adjusted operating profit⁽²⁾ (29) 118 755

Adjusted net profit (loss) attributable to equity holders of the Company⁽³⁾ (88) 85 722

Notes:
(1) Adjusted EBITDA is calculated by EBITDA (which is operating profit for the year less other gains, net and plus depreciation and amortization expenses) for the year plus share-based compensation and one-off listing expenses

(2) Adjusted operating profit is defined as operating profit for the year adjusted by share-based compensation, net gain from investee companies, amortization of intangible assets resulting from acquisitions, net gain from convertible bonds, impairment provision for intangible assets and one-off listing expenses

(3) Adjusted profit attributable to equity holders of the Company is defined as profit attributable to equity holders of the Company adjusted by share-based compensation, net gain from investee companies, amortization of intangible assets resulting from acquisitions, net gain from convertible bonds, impairment provision for intangible assets, one-off listing expenses, interest income on IPO subscription deposits, tax effects and related non-controlling interests effects

Notes:
(1) Average MAU is calculated as the average of MAUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms

(2) Average MPU is calculated as the average of MPUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms

(3) Paying ratio is calculated as average MPUs / average MAUs for the respective year or period

(4) Average monthly ARPU is calculated as online reading revenue on our platform and self-operated channels divided by average MPUs during the period, then divided by the number of months during the period