

Who We Are

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



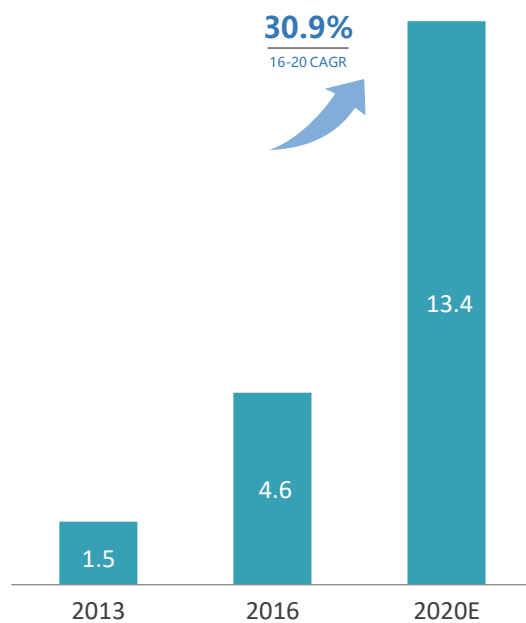
#1 In terms of

Writers	7.3 mm Writers⁽¹⁾ 88.3% of online literature writers in China ⁽³⁾
User Base	213.5 mm MAUs⁽²⁾ 95.0% of MAUs are mobile ⁽²⁾
Content Library	10.7 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

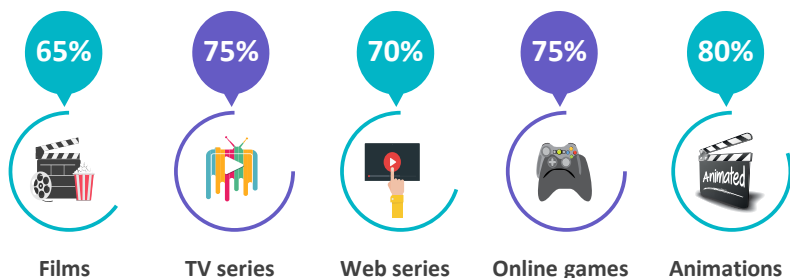
Massive and Expanding Addressable Market

Online Literature in China

(Market size ⁽¹⁾: RMB bn)



Our Content Adaptation Market Share⁽⁵⁾

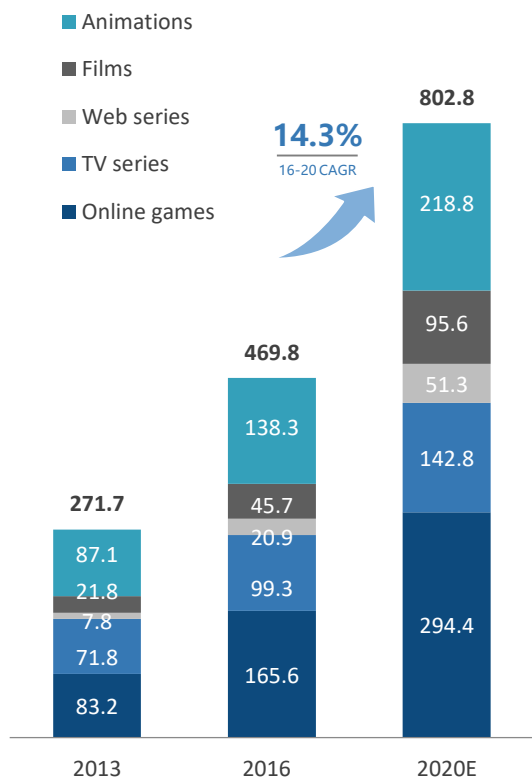


Sources: Frost & Sullivan, QuestMobile, Company Filings

Notes:
 (1) As of 30 June, 2018
 (2) Average MAUs of Company's platform products and self-operated channels on Tencent products in 1H18
 (3) As of December 31, 2017
 (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)

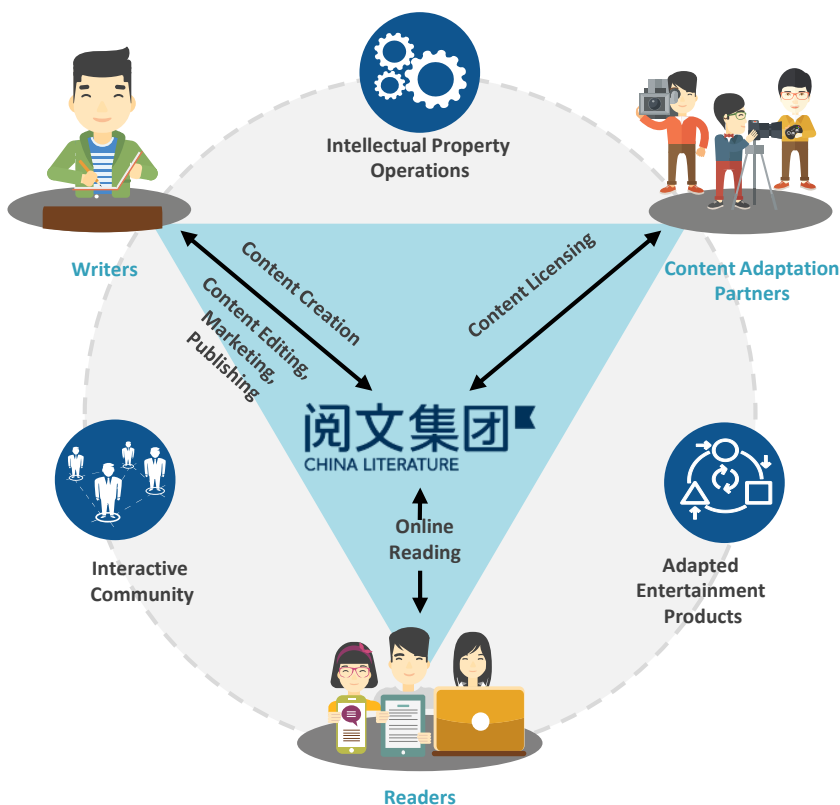


Source: Frost & Sullivan Report.

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

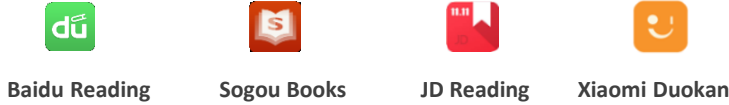
Reader Reach

4 Entertainment Market

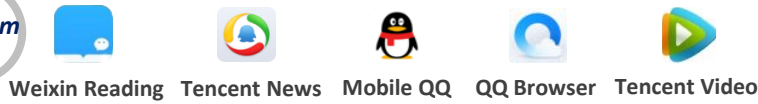


...And Beyond

3 Third-party Partners



2 Self-operated Channels on Tencent Products



+214mm MAU⁽²⁾

1 Self-owned Platform

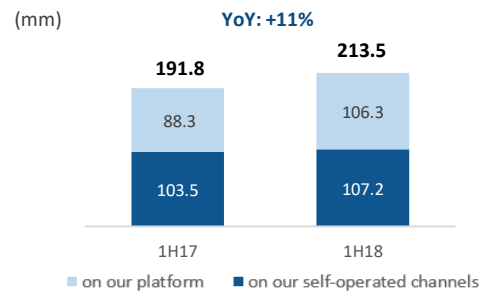


+106mm MAU⁽¹⁾

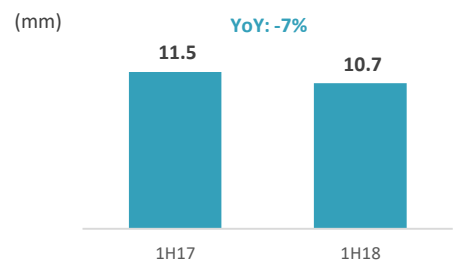
1. Well-developed self-owned platform composed of QQ Reading which serves as content aggregator, and branded mobile apps and websites nurturing customized literature experiences
2. Exclusive literary content distribution access to a host of popular Tencent products
3. Content distribution relationships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

Key Operating Metrics

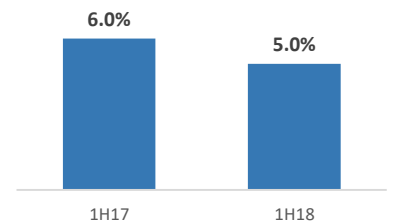
Average MAUs⁽¹⁾



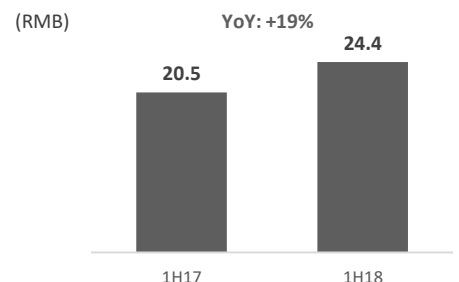
Average MPUs⁽²⁾



Paying Ratio⁽³⁾



Average Monthly ARPU⁽⁴⁾



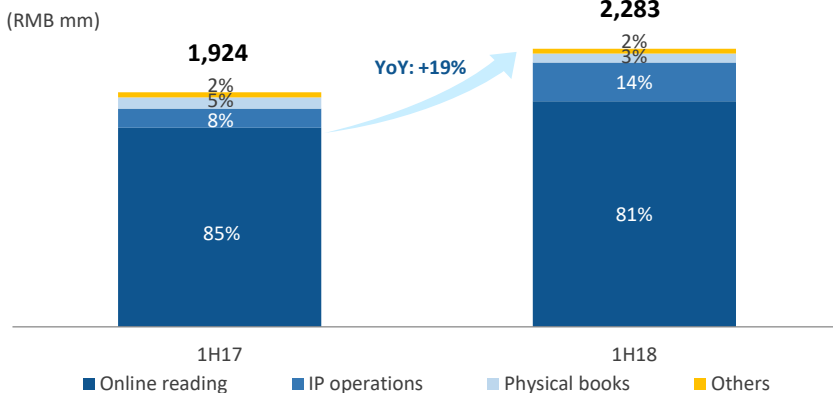
Notes:
(1) Average MAU is calculated as the average of MAUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms

(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

Financials: Revenue Breakdown



Financials: Profitability

GAAP measures (RMB mm)	1H17	2H17	1H18
Operating profit	234.2	380.3	567.4
Profit / (loss) attributable to equity holders of the Company	212.0	344.1	505.8
Non-GAAP measures (RMB mm)	1H17	2H17	1H18
Adjusted EBITDA ⁽¹⁾	348.4	410.8	491.2
Non-GAAP operating profit ⁽²⁾	334.4	468.5	515.6
Non-GAAP profit / (loss) attributable to equity holders of the Company ⁽³⁾	300.6	421.3	483.5

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

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

(3) Non-GAAP profit / (loss) attributable to equity holders of the Company is defined as profit / (loss) attributable to equity holders of the Company adjusted by share-based compensation, net (gain) from investee companies, amortization of intangible assets resulting from acquisitions, one-off listing expenses, impairment provision for intangible assets, tax effects and non-controlling interests effects