

Who We Are

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



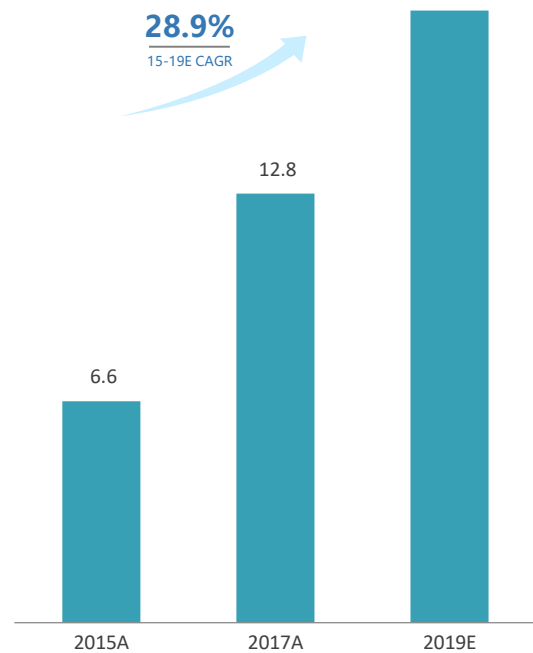
#1 In terms of

Writers	7.7 mm Writers⁽¹⁾ 85.0% of top 20 online literature writers in China ⁽¹⁾
User Base	213.5 mm MAUs⁽²⁾ 96.0% of MAUs are mobile ⁽²⁾
Content Library	11.2 mm Literary works⁽¹⁾ 80.0% of original online literature titles in China ⁽¹⁾
User Engagement	1.5 mm + Comments for a single piece of literature⁽¹⁾ Record high in the online literature market

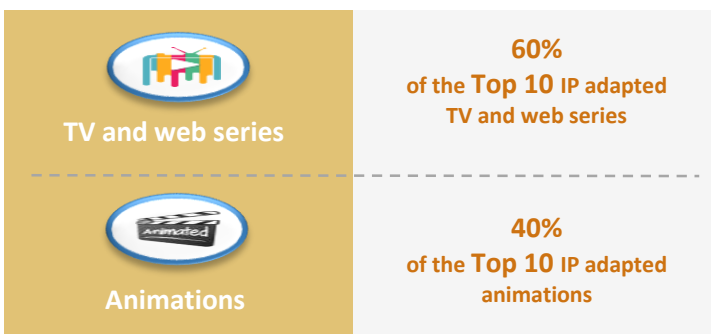
Massive and Expanding Addressable Market

Online Literature in China

(Market size ⁽¹⁾: RMB bn)



Our Content Adaptation Market Share⁽¹⁾



Sources: Sootoo Research, Baidu Search Ranking, Entgroup Research, Company Filings

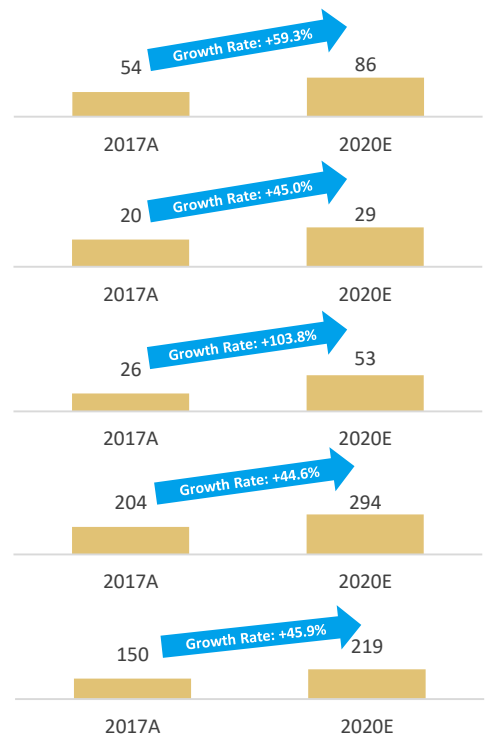
Notes:

(1) As of 31 December, 2018

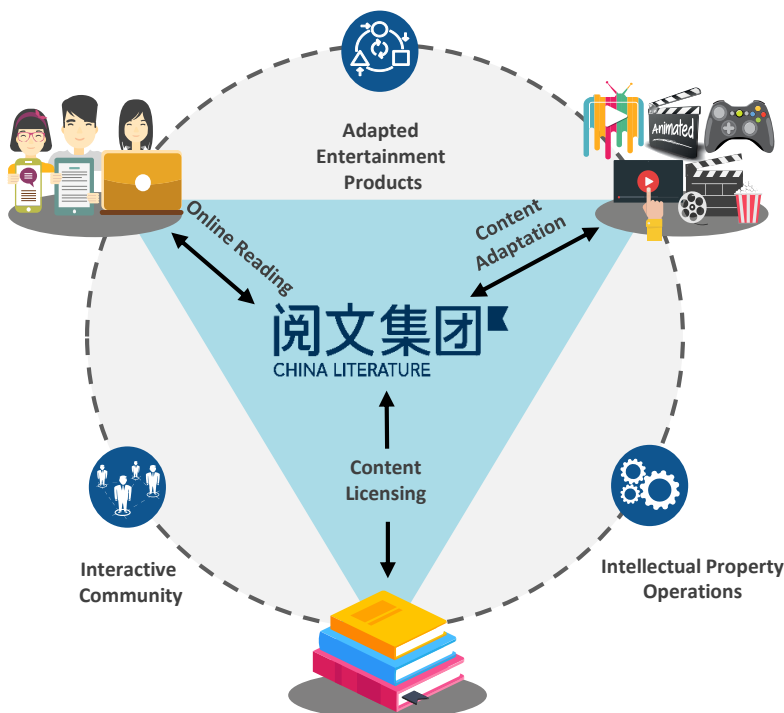
(2) Average MAUs of Company's platform products and self-operated channels on Tencent products in 2018

Entertainment Industry in China

(Market size: RMB bn)



Our Ecosystem and Participants



Source: China Film Distribution and Exhibition Corporation, iResearch, Chiyan Research, Chinaidr

Notes:

(1) Market size in terms of revenues from online paid reading through purchase of online paid premium content by readers and IP operations

Multiple Content Distribution Channels

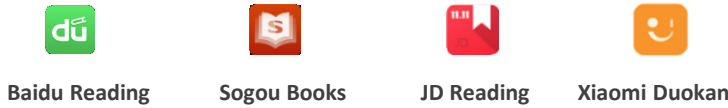
Reader Reach

4 Entertainment Market



...And Beyond

3 Third-party Partners



2 Self-operated Channels on Tencent Products



1 Self-owned Platform



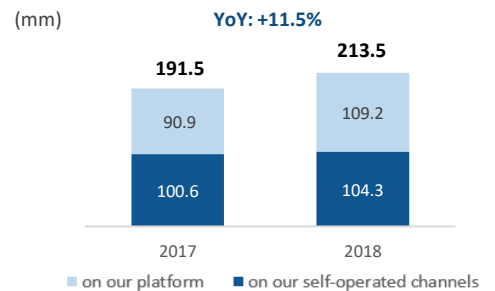
+213.5mm MAU⁽²⁾

+109.2mm MAU⁽¹⁾

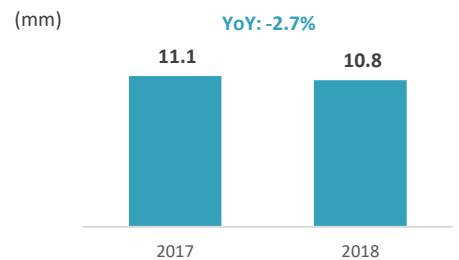
1. Well-developed self-owned platform composed of QQ Reading which serves as content aggregator, and branded mobile apps and websites nurturing customized literature experiences
2. Exclusive literary content distribution access to a host of popular Tencent products
3. Content distribution relationships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

Key Operating Metrics

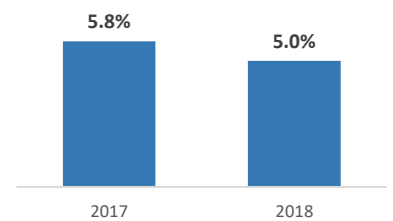
Average MAUs⁽¹⁾



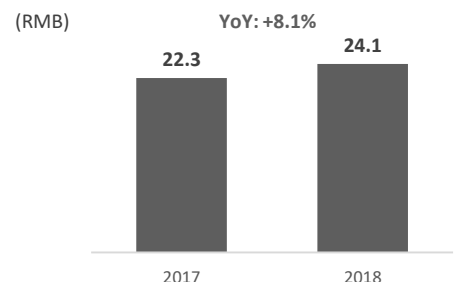
Average MPUs⁽²⁾



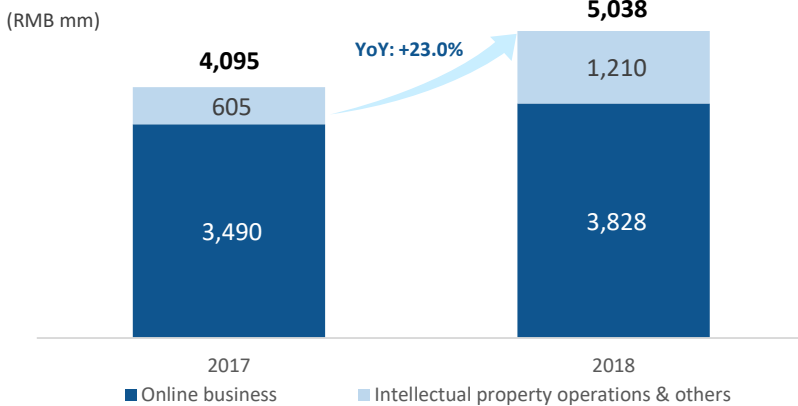
Paying Ratio⁽³⁾



Average Monthly ARPU⁽⁴⁾



Financials: Revenue Breakdown



Financials: Profitability

GAAP measures (RMB mm)	2017	2018
Operating profit	614.6	1,115.0
Profit / (loss) attributable to equity holders of the Company	556.1	910.6
Non-GAAP measures (RMB mm)	2017	2018
Adjusted EBITDA ⁽¹⁾	759.3	944.5
Non-GAAP operating profit ⁽²⁾	802.9	1,075.5
Non-GAAP profit / (loss) attributable to equity holders of the Company ⁽³⁾	721.8	900.5

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, the expenditure related to acquisition 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 investment and acquisition, amortization of intangible assets resulting from acquisitions, one-off listing expenses, impairment provision for intangible assets and interest (income) on IPO subscription deposit

(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 investment and acquisition, amortization of intangible assets resulting from acquisitions, one-off listing expenses, impairment provision for intangible assets, interest (income) on IPO subscription deposit, tax effects and 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