

## APPENDIX I

## ACCOUNTANTS' REPORT

*The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong. As described in Appendix [V] headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" to this document, a copy of the accountants' report is available for inspection.*

### **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EASOU TECHNOLOGY HOLDINGS LIMITED AND BOCI ASIA LIMITED**

#### **Introduction**

We report on the historical financial information of Easou Technology Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-4] to [I-76], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023, and the statements of financial position of the Company as at 31 December 2022 and 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-4] to [I-76] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

#### **Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants report, a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023 and the Company as at 31 December 2022 and 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

### **Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

#### *Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

#### *Dividends*

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

#### *No historical financial statements for the Company*

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

*Certified Public Accountants*  
Hong Kong  
[Date]

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### I HISTORICAL FINANCIAL INFORMATION

#### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards of Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE . . . . .	5	433,108	456,411	559,045
Cost of sales . . . . .		<u>(224,416)</u>	<u>(217,741)</u>	<u>(299,317)</u>
Gross profits . . . . .		208,692	238,670	259,728
Other income and gains . . . . .	5	11,531	6,528	3,157
Selling and distribution expenses . . . . .		(99,270)	(133,612)	(153,660)
Administrative expenses . . . . .		(18,642)	(19,774)	(25,566)
Research and development expenses . . . . .		(50,951)	(38,738)	(37,615)
Fair value losses on financial assets at fair value through profit or loss . . . . .		–	(5,897)	(10,925)
Other expenses . . . . .		(580)	(301)	(592)
Finance costs . . . . .	7	<u>(305)</u>	<u>(2,131)</u>	<u>(8,442)</u>
PROFIT BEFORE TAX . . . . .	6	50,475	44,745	26,085
Income tax expenses . . . . .	10	(464)	(297)	(1,074)
PROFIT FOR THE YEAR . . . . .		<u>50,011</u>	<u>44,448</u>	<u>25,011</u>
<b>OTHER COMPREHENSIVE LOSS</b>				
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of the Company's financial statements . . . . .		–	–	(4,799)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR . . . . .		<u>50,011</u>	<u>44,448</u>	<u>20,212</u>
Attributable to:				
Owners of the parent . . . . .		49,983	44,388	20,172
Non-controlling interests . . . . .		28	60	40
		<u>50,011</u>	<u>44,448</u>	<u>20,212</u>
<b>EARNINGS PER SHARE</b>				
<b>ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>				
Basic and diluted . . . . .	12	N/A	N/A	N/A

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>As at 31</b>	<b>As at 31</b>	<b>As at 31</b>
		<b>December 2021</b>	<b>December 2022</b>	<b>December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	13	19,675	14,188	19,053
Right-of-use assets	14(a)	255	105	228
Goodwill	15	32,273	32,273	32,273
Other intangible assets	16	35,484	32,182	50,802
Prepayments and deposits	18	720	705	688
Deferred tax assets	25	3,210	2,968	2,444
<b>Total non-current assets</b>		<b>91,617</b>	<b>82,421</b>	<b>105,488</b>
<b>CURRENT ASSETS</b>				
Trade receivables	17	86,327	127,027	161,501
Prepayments, deposits and other receivables	18	8,106	23,474	76,048
Financial assets at fair value through profit or loss	19	–	5,294	73,282
Tax recoverable		1,372	1,377	31
Restricted cash	20	2,565	2,565	–
Cash and cash equivalents	20	214,960	152,155	89,081
<b>Total current assets</b>		<b>313,330</b>	<b>311,892</b>	<b>399,943</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	21	12,002	8,028	11,781
Other payables and accruals	22	17,905	19,555	11,070
Contract liabilities	23	18,286	15,428	13,814
Interest-bearing bank and other borrowings	24	–	89,700	84,900
Lease liabilities	14(b)	175	117	101
Tax payable		184	148	64
<b>Total current liabilities</b>		<b>48,552</b>	<b>132,976</b>	<b>121,730</b>
<b>NET CURRENT ASSETS</b>		<b>264,778</b>	<b>178,916</b>	<b>278,213</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>356,395</b>	<b>261,337</b>	<b>383,701</b>

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		<b>As at 31</b>	<b>As at 31</b>	<b>As at 31</b>
		<b>December 2021</b>	<b>December 2022</b>	<b>December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>				
Other payables and accruals . . . . .	22	722	228	228
Contract liabilities . . . . .	23	5,368	4,426	3,897
Lease liabilities . . . . .	14(b)	133	14	142
Deferred tax liabilities . . . . .	25	257	–	100
Total non-current liabilities . . . . .		<u>6,480</u>	<u>4,668</u>	<u>4,367</u>
Net assets . . . . .		<u><u>349,915</u></u>	<u><u>256,669</u></u>	<u><u>379,334</u></u>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Ordinary share capital . . . . .	26	–	8	10
Preferred share capital . . . . .	26	–	–	11
Other reserves . . . . .	27	349,387	256,073	378,685
		<u>349,387</u>	<u>256,081</u>	<u>378,706</u>
Non-controlling interest . . . . .		<u>528</u>	<u>588</u>	<u>628</u>
Total equity . . . . .		<u><u>349,915</u></u>	<u><u>256,669</u></u>	<u><u>379,334</u></u>

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### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent										
	Ordinary share capital	Preferred share capital	Share premium	Merger reserve	Capital reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 (note 27(a))	RMB'000 (note 27(b))	RMB'000	RMB'000 (note 27(c))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 . . . . .	-	-	-	80,000	3,899	-	14,744	200,761	299,404	-	299,404
Profit and total comprehensive income for the year . . . . .	-	-	-	-	-	-	-	49,983	49,983	28	50,011
Transfer from retained profits.	-	-	-	-	-	-	4,998	(4,998)	-	-	-
Contributions from non-controlling interests .	-	-	-	-	-	-	-	-	-	500	500
At 31 December 2021 and 1 January 2022 . . . . .	-	-	-*	80,000*	3,899*	-*	19,742*	245,746*	349,387	528	349,915
Profit and total comprehensive income for the year . . . . .	-	-	-	-	-	-	-	44,388	44,388	60	44,448
Transfer from retained profits.	-	-	-	-	-	-	1,871	(1,871)	-	-	-
Issue of shares (note 26) . . .	8	-	-	-	-	-	-	-	8	-	8
Deemed distribution to the then equity owners of the Group (note 27(a)(ii)) . . .	-	-	-	(137,702)	-	-	-	-	(137,702)	-	(137,702)
At 31 December 2022 . . . . .	8	-	-	(57,702)*	3,899*	-*	21,613*	288,263*	256,081	588	256,669
At 1 January 2023 . . . . .	8	-	-*	(57,702)*	3,899*	-	21,613*	288,263*	256,081	588	256,669
Profit for the year . . . . .	-	-	-	-	-	-	-	24,971	24,971	40	25,011
Other comprehensive income for the year . . . . .	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of the Company's financial statements . . . . .	-	-	-	-	-	(4,799)	-	-	(4,799)	-	(4,799)
Total comprehensive income for the year . . . . .	-	-	-	-	-	(4,799)	-	24,971	20,172	40	20,212
Transfer from retained profits.	-	-	-	-	-	-	414	(414)	-	-	-
Deemed distribution to the then equity owners (note 27(a)(ii)) . . . . .	-	-	-	(468,183)	-	-	-	-	(468,183)	-	(468,183)
Issue of ordinary shares (note 26) . . . . .	2	-	11,154	-	-	-	-	-	11,156	-	11,156
Capital contribution from holders of preferred shares (note 26) . . . . .	-	11	559,469	-	-	-	-	-	559,480	-	559,480
At 31 December 2023 . . . . .	10	11	570,623*	(525,885)*	3,899*	(4,799)*	22,027*	312,820*	378,706	628	379,334

\* These reserve amounts comprise the consolidated reserves of RMB349,387,000, RMB256,073,000 and RMB378,685,000 in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, respectively.

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax . . . . .		50,475	44,745	26,085
Adjustments for:				
Finance costs . . . . .	7	305	2,131	8,442
Interest income . . . . .	5	(4,463)	(2,360)	(867)
Loss on disposal of items of property, plant and equipment . . . . .	6	580	278	547
Depreciation of property, plant and equipment . . . . .	6	7,420	5,286	6,311
Depreciation of right-of-use assets . . . . .	6	731	150	154
Amortisation of other intangible assets . . . . .	6	13,696	15,090	17,873
Impairment of trade receivables . . . . .	6	852	2,020	379
Remeasurement arising from rent concession . . . . .	14(c)	(297)	–	–
Fair value losses on financial asset at fair value through profit or loss . . . . .	6	–	5,897	10,925
		69,299	73,237	69,849
Increase in trade receivables . . . . .		(27,644)	(42,720)	(34,853)
Decrease/(increase) in prepayment, other receivables and deposits . . . . .		17,208	(15,345)	(52,557)
Increase/(decrease) in trade payables . . . . .		4,104	(3,974)	3,753
Decrease in contract liabilities . . . . .		(13,844)	(3,800)	(2,143)
Increase/(decrease) in other payables and accruals . . . . .		3,853	1,156	(8,485)
Decrease in restricted cash . . . . .		–	–	2,565
Cash generated from/(used in) operations . . . . .		52,976	8,554	(21,871)
Interest paid . . . . .		(305)	(2,131)	(8,442)
PRC corporate income tax refunded . . . . .		–	–	1,396
PRC corporate income tax paid . . . . .		(1,719)	(353)	(584)
Net cash flow from/(used in) operating activities . . . . .		50,952	6,070	(29,501)



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		<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest received . . . . .		4,463	2,360	867
Purchases of items of property, plant and equipment . . . . .	<i>13</i>	(5,213)	(77)	(11,723)
Purchase of intangible assets . . . . .	<i>16</i>	(21,680)	(11,788)	(36,493)
Purchase of financial asset at fair value through profit or loss . . . . .		–	(88,000)	(79,695)
Proceeds from disposal of financial asset at fair value through profit or loss . . . . .		–	76,809	–
Net cash flow used in investing activities . .		<u>(22,430)</u>	<u>(20,696)</u>	<u>(127,044)</u>

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	<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New bank borrowings . . . . .	–	112,100	142,900
Repayment of bank borrowings . . . . .	(20,000)	(22,400)	(147,700)
Principal portion of lease payments . . . . . 28(a)	(765)	(177)	(165)
Contributions from non-controlling interests . . . . .	500	–	–
Proceeds from issue of ordinary shares . . . . .	–	–	11,156
Contribution from holders of preferred shares . . . . .	–	–	559,480
Deemed distributions to the then equity owners of the Group . . . . .	–	(137,702)	(468,183)
	<u>–</u>	<u>(137,702)</u>	<u>(468,183)</u>
Net cash flow from/(used in) financing activities . . . . .	<u>(20,265)</u>	<u>(48,179)</u>	<u>97,488</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .</b>			
	8,257	(62,805)	(59,057)
Cash and cash equivalents at the beginning of year . . . . .	206,703	214,960	152,155
Effect of foreign exchange rate changes, net . . . . .	–	–	(4,017)
	<u>–</u>	<u>–</u>	<u>(4,017)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR . . . . .</b>	<b><u>214,960</u></b>	<b><u>152,155</u></b>	<b><u>89,081</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances . . . . .	112,960	152,155	89,081
Non-pledged time deposits with original maturity of less than three months when acquired . . . . .	102,000	–	–
	<u>102,000</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows . . . . .	<u>214,960</u>	<u>152,155</u>	<u>89,081</u>

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**STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

		<b>As at 31 December 2022</b>	<b>As at 31 December 2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSET</b>			
Investment in a subsidiary . . . . .	<i>1</i>	—*	490,728
<b>CURRENT ASSET</b>			
Cash and cash equivalents . . . . .	<i>20</i>	—	42,122
Financial asset at fair value through profit or loss . . . . .	<i>19</i>	—	62,578
Due from a subsidiary** . . . . .		—	4
Due from shareholders . . . . .		8	8
		<u>8</u>	<u>104,712</u>
<b>CURRENT LIABILITY</b>			
Due to a subsidiary . . . . .		—*	(45,463)
<b>NET CURRENT ASSETS</b> . . . . .		<u>8</u>	<u>59,249</u>
<b>NET ASSETS</b> . . . . .		<u><u>8</u></u>	<u><u>549,977</u></u>
<b>EQUITY</b>			
Ordinary share capital . . . . .		8	10
Preferred share capital . . . . .		—	11
Other reserves . . . . .	<i>27(d)</i>	—	549,956
		<u>8</u>	<u>549,977</u>

\* *These items were with an amount less than a thousand.*

\*\* *The balance was unsecured, interest-free and repayable on demand.*

No statement of financial position as at 31 December 2021 is presented as the Company has not been incorporated at that time.

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### II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. CORPORATE INFORMATION

Easou Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 9 February 2022 as an exempted company with limited liability under the Cayman Companies Act. The Company’s registered office is at Suite 102, Cannon Place, P.O. Box 712, North Sound Road, George Town Grand Cayman, KY1-9006, Cayman Islands. The principal place of business of the Company is located at Room 403, Building 5C, Software Industry Base, Keyuan Road, Nanshan District, Shenzhen, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. During the Relevant Periods, the Group was involved in online literature recommendation services, digital marketing services, online games publishing services and other digital content services in the PRC. There has been no significant change in the Group’s principal activities during the Relevant Periods.

The Group underwent a reorganisation (the “**Reorganisation**”) as set out in the paragraph headed “Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Easou Technology Limited ( <i>note (a)</i> )	British Virgin Islands (“ <b>BVI</b> ”) 14 February 2022	US\$1	100	–	Investment holding
Easou Technology (HK) Limited ( <i>note (c)</i> )	Hong Kong 11 March 2022	HK\$1	–	100	Investment holding, online games publishing services
Easou Holdings (Hainan) Co., Ltd. (the “ <b>WFOE</b> ”) 宜搜控股(海南)有限公司 ( <i>notes (a, b, d)</i> )	PRC/Chinese Mainland 16 May 2022	USD95,000,000	–	100	Investment holding
Shenzhen Easou Technology Co., Ltd. (“ <b>Easou Shenzhen</b> ”) 深圳宜搜天下科技股份有限公司 ( <i>notes (a, d, e)</i> )	PRC/Chinese Mainland 27 April 2005	RMB80,000,000	–	100	Digital marketing services, online literature recommendation services, online games publishing services, other digital content services

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Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Ledian Information Technology Co., Ltd. 廣州樂點信息科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 24 February 2011	RMB5,000,000	–	100	Digital marketing services
Guangzhou Tianshitong Computer Technology Co., Ltd. 廣州天時通計算機網絡科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 21 December 2004	RMB10,000,000	–	100	Digital marketing services, other digital content services, online games publishing services
Shanghai Yinggao Information Technology Co., Ltd. 上海贏告信息科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 02 April 2014	RMB1,000,000	–	100	Online literature recommendation services
Shenzhen New Drive Technology Co., Ltd. 深圳市新動力科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 22 June 2001	RMB10,100,000	–	100	Digital marketing services, other digital content services
Shenzhen Dahuatong Information Technology Co., Ltd. 深圳市達華通信息技術有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 18 December 2000	RMB10,000,000	–	100	Online literature recommendation services, online games publishing services, other digital content services
Beijing Easou Tianxia Technology Co., Ltd. 北京宜搜天下科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 08 July 2011	RMB10,000,000	–	100	Digital marketing services
Shenzhen Chuangtu Technology Co., Ltd. 深圳市創圖科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 07 April 2005	RMB10,000,000	–	100	Other digital content services
Beijing Yike Culture Co., Ltd. 北京宜科文化有限責任公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 17 July 2020	RMB10,000,000	–	95	Online literature recommendation services
Shenzhen Eayou Network Technology Co., Ltd. 深圳市宜遊網絡技術有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 11 August 2006	RMB10,000,000	–	100	Online games publishing services
Shenzhen Taite Technology Co., Ltd. 深圳市泰特科技有限公司 (notes (a, e)) . . . . .	PRC/Chinese Mainland 17 May 2004	RMB10,000,000	–	100	Digital marketing services, other digital content service, online games publishing services

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### Notes:

- (a) No statutory financial statements have been prepared for these entities for the Relevant Periods (or since the date of incorporation/registration, where later than the beginning of the Relevant Periods), as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation/registration.
- (b) Easou Holdings (Hainan) Co., Ltd. is registered as a wholly-foreign-owned enterprise under PRC law. No audited financial statements have been prepared for this entity since its incorporation.
- (c) The statutory financial statement of Easou Technology (HK) Limited for the period from date of incorporation to 31 December 2022 prepared under Hong Kong Financial Reporting Standards for Private Entities was audited by Chan Kin Cheong, a certified public accountant registered in Hong Kong.
- (d) The English names of these companies in the PRC represent the best effort made by the management of the Company to directly translate the Chinese names as they did not register any official English names.

### Company

The carrying amounts of the Company's investment in a subsidiary:

	As at 31 December 2022	As at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment in a subsidiary, at cost . . . . .	—	490,728

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 31 December 2022. The Reorganisation mainly involved (i) acquisition of equity interests in Easou Shenzhen from the then certain shareholders of Easou Shenzhen (collectively, the "Relevant Shareholders") by Mr. Zhao Lei and Shenzhen Yijuhui Technology Co., Ltd. (深圳宜聚匯科技有限責任公司) ("Wang SPV"), a limited liability company wholly-owned by Mr. Wang Xi; (ii) the entering into Contractual Arrangements as detailed below; and (iii) the establishment of WFOE and the incorporation/establishment of the Company and other investment holding companies and, inserting of the Company at the top of the Group. The Reorganisation has not resulted in any changes of economic substances of the businesses of the Group before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information for the Relevant Periods has been presented as a continuation of Easou Shenzhen and its subsidiaries by applying the pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

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Equity interests in subsidiaries and/or business held by parties other than the Relevant Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the pooling of interests method.

The prevailing PRC laws and regulations restrict foreign ownership of companies that involve internet cultural activities, value-added telecommunication services and internet publishing business, which include activities and businesses operated by the Group.

In order to continue to conduct the online literature recommendation services, digital marketing services, online games publishing services and other digital content services in the PRC, while asserting control over the operations, and enjoying the economic benefits of Easou Shenzhen and its subsidiaries (collectively, the “**PRC Operating Entities**”), WFOE entered into a series of contractual arrangements (the “**Contractual Arrangements**”) with Easou Shenzhen and the registered shareholders of Easou Shenzhen on 31 December 2022, which comprise Mr. Wang Xi, Wang SPV, Mr. Zhao Lei, Mr. Chen Jun and Mr. Lu Jin. The Contractual Arrangements enable WFOE to exercise effective control over the PRC Operating Entities and, accordingly, WFOE has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Accordingly, the Company regards the PRC Operating Entities as indirect subsidiaries for the purpose of the Historical Financial Information and the historical financial information of the PRC Operating Entities are consolidated in the Historical Financial Information for the Relevant Periods. Details of the Contractual Arrangements are disclosed in the section headed “Contractual Arrangements” in the Document.

All intra-group transactions and balances have been eliminated on consolidation.

### 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for the financial asset at fair value through profit or loss which has been measured at fair value.

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28 . . . . .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16 . . . . .	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1 . . . . .	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>1, 4</sup>
Amendments to HKAS 1 . . . . .	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1,4</sup>
Amendments to HKFRS 7 and HKFRS 7 . . . . .	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21 . . . . .	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.



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The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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### 2.4 MATERIAL ACCOUNTING POLICIES

#### Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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The results of a subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

### **Business combinations other than common control combination**

Business combinations other than acquisitions of subsidiaries under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### **Fair value measurement**

The Group measures its unlisted fund investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any

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depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful life are as follows:

Computer equipment . . . . .	3 to 5 years
Electronic devices . . . . .	5 years
Motor vehicles. . . . .	5 years
Office equipment. . . . .	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

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Copyright is stated at cost less any impairment loss and is amortised over the contractual live which around 2 to 6 years.

### *Research and development costs*

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises . . . . . 3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



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### *(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

### *(c) Short-term leases*

The Group applies the short-term lease recognition exemption to several its short-term leases of office (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

## **Financial assets**

### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes unlisted fund investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

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- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### ***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as trade and other payables, and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amount due to directors and related parties and interest-bearing bank borrowings.

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### *Subsequent measurement*

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### *Income tax*

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

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Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### **Revenue recognition**

#### ***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between

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the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

### *Reading with advertising*

The Group distributes the advertisements of its customers (advertisers) on its own reading platforms. Revenue is recognised at a point in time when the related services are delivered based on specific actions (i.e., cost per action) agreed on the contracts with customers. The Group acts as the principal as it is the primary obligor and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers; (ii) establishing the selling prices of the specified action pricing model; (iii) performing all billing and collection activities, including retaining credit risk; and (iv) bearing the sole responsibility for fulfilment of the advertising. The Group acts as the principal of these arrangements and therefore has recognised revenue earned and costs incurred related to these transactions on a gross basis.

### *Reading with paid services*

The Group generates revenue from providing online literature content to the users primarily through its self-developed mobile application or web-based platform. The Group does not develop literature contents. The Group either purchase the content rights from content providers in a lump sum, after which the Group would be responsible for all profits generated and losses incurred from such content, or the Group charge users directly for their access to the online literature from the original content providers and share a portion of the income with such original content providers. The Group offers (i) online literature purchased by chapter (excluding the membership); and (ii) premium membership services that provide members with book discounts and other exclusive member services. With respect to the online literature that are purchased by chapter, the proceeds from the users are initially recorded in contract liabilities and are recognised as revenue at point in time of purchase by the users as the Group does not have further obligation after providing the content to user upon purchase and all other criteria for revenue recognition is met. With respect to the premium membership, revenue is recognised over membership subscription period on a straight-line basis.

### *Online games publishing services*

The Group engages in the provision of online games publishing services through its own web-based platforms and third party web-based platforms. The Group entered exclusive game licensing agreements and non-exclusive game licensing agreements with the game content providers.

Games are operated under a free-to-play basis whereby game players can play the games free of charge and are charged for purchase of a virtual currency that can exchange for virtual items in the games.



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For joint operation model, the game content providers take primary responsibilities for game operation, providing game update packages and customer services, while the Group provides platform use rights, advertising space, payment systems and other platform services. When game players make payments in the game through its own web-based platforms and third party web-based platforms, revenue is recognised at a point in time when the Group is entitled to a prescribed fixed percentages of the gross proceeds collected from the game players as channel service fee, and remit the remaining amounts to the game content providers. The Group recognises the amount collected, net of amount paid to game content providers, as the revenue on a net basis.

For exclusive agency model, the Group distributes its games through its own web-based platforms and third party web-based platforms and takes the primary responsibilities for game operation, providing customer services and controlling games and services. When the game players make payments in the game through its own web-based platforms and third party web-based platforms, the Group obtained the information about game players payment record and in-game data. The proceeds from the game players are initially recorded in contract liabilities and are recognised as revenue at point in time when game players purchased in-game virtual items. The Group considered itself as a principal under the exclusive agency model and records the revenue under exclusive agency model on a gross basis.

### *Other digital content services*

The Group distributes digital content, such as music, through cooperation with telecommunications operators. The consumers purchase digital content through mobile operators. The revenue from other digital content is recognised at the time of purchase.

### *Digital marketing services*

The Group distributes the advertisements of its customers (advertisers) on downstream media channels. Revenue is recognised at a point in time when the related services are delivered based on specific actions (i.e., cost per action) as agreed in the contracts with customers. The Group acts as the principal as it is the primary obligator and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers; (ii) identifying other platforms to provide online spaces where the Group views the other platforms as suppliers; (iii) establishing the selling prices of the specified action pricing model; (iv) performing all billing and collection activities, including retaining credit risk; and (v) bearing the sole responsibility for fulfilment of the advertising. The Group acts as the principal of these arrangements and therefore, has recognised revenue earned and costs incurred related to these transactions on a gross basis.

### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### **Other employee benefits**

#### *Pension scheme*

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

### **Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **Foreign currencies**

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, United States Dollars ("USD"). As the major revenues and assets of the Group are derived from operations in Chinese Mainland, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain group companies are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information.

#### ***Contractual arrangements***

The PRC Operating Entities are engaged in the online literature recommendation services and other digital content services in the PRC, which falls in the scope of internet cultural business that foreign investors are prohibited to invest.

As disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over the PRC Operating Entities and enjoys all economic benefits of the PRC Operating Entities through the Contractual Arrangements.

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold direct equity interest in the PRC Operating Entities, as it has power over the financial and operating policies of the PRC Operating Entities and receives

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substantially all the economic benefits from the business activities of the PRC Operating Entities through the Contractual Arrangements. Accordingly, the PRC Operating Entities have been accounted as subsidiaries during the Relevant Periods.

### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2021, 2022 and 2023 were RMB32,273,000. Further details are given in note 15 to the Historical Financial Information.

### ***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the advertising sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the Historical Financial Information.

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*Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets at 31 December 2021, 2022 and 2023 was RMB3,210,000, RMB2,968,000 and RMB2,444,000, respectively. The amount of unrecognised tax losses at 31 December 2021, 2022 and 2023 was RMB12,384,000, RMB4,998,000 and RMB5,347,000, respectively. Further details are contained in note 25 to the Historical Financial Information.

**4. OPERATING SEGMENT INFORMATION**

The Group is principally engaged in online literature recommendation services, digital marketing services, online games publishing services and other digital content services in China. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

**Geographical information***(a) Revenue from external customers*

All significant external customers of the Group are located in China. Accordingly, no geographical information of revenue from external customers is presented.

*(b) Non-current assets*

All significant non-current assets of the Group are located in China. Accordingly, no geographical information of non-current assets is presented.

*Information about a major customer*

During the years ended 31 December 2021, 2022 and 2023, no revenue from a single external customer contributed 10% or more of the Group's total revenue.

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**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of revenue is as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers . . . . .	433,108	456,411	559,045

**Revenue from contracts with customers**

*(a) Disaggregated revenue information*

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Types of goods or services</b>			
Reading with advertising . . . . .	185,959	220,007	229,416
Reading with paid services . . . . .	32,173	24,703	19,513
Digital marketing services . . . . .	201,607	200,721	288,836
Online games publishing services . . . . .	4,330	4,944	10,553
Other digital content services. . . . .	9,039	6,036	10,727
Total . . . . .	433,108	456,411	559,045
<b>Timing of revenue recognition</b>			
Point in time . . . . .	417,594	447,536	553,853
Over time . . . . .	15,514	8,875	5,192
Total . . . . .	433,108	456,411	559,045

The following table shows the amounts of revenue recognised in the current reporting periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

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	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reading with advertising .....	11,106	6,510	2,621
Reading with paid services .....	8,930	9,382	7,555
Online games publishing services .....	3,643	–	1,030
Total .....	<u>23,679</u>	<u>15,892</u>	<u>11,206</u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Reading with advertising/digital marketing services*

The performance obligation is satisfied when the services are delivered based on specific actions. Payment is generally due within 30 days when the services are delivered.

*Reading with paid services*

The performance obligation is satisfied (i) upon the online literature chapters were purchased; or (ii) over time as the premium membership services are rendered. Payment in advance is normally required.

*Online games publishing services*

For exclusive agency model, the performance obligation is satisfied upon the purchase of in-game virtual items. Payment in advance is normally required.

For joint operation model, the performance obligation is satisfied upon payment received from game players.

*Other digital content services*

The performance obligation is satisfied when the digital content is distributed to the customer. Payment is generally due within 30 days after the digital content is distributed.

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The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amount expected to be recognised as revenue:			
Within one year . . . . .	18,286	15,428	13,814
After one year . . . . .	5,368	4,426	3,897
<b>Total . . . . .</b>	<b>23,654</b>	<b>19,854</b>	<b>17,711</b>

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other income and gains</b>			
Government subsidies* . . . . .	5,231	1,381	527
Interest income . . . . .	4,463	2,360	867
Others . . . . .	1,837	2,787	1,763
<b>Total . . . . .</b>	<b>11,531</b>	<b>6,528</b>	<b>3,157</b>

\* Various government grants have been received by certain subsidiaries as these subsidiaries were qualified as High and New Technology Enterprises in the Chinese Mainland. There are no unfulfilled conditions or contingencies relating to these grants.



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### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Cost of sales . . . . .		224,416	217,741	299,317
Depreciation of property, plant and equipment . . . . .	13	7,420	5,286	6,311
Depreciation of right-of-use assets . . . . .	14(a)	731	150	154
Amortisation of other intangible assets . . . . .	16	13,696	15,090	17,873
Lease payments not included in the measurement of lease liabilities . . . . .	14(c)	3,538	2,462	2,792
<b>[REDACTED] expenses . . . . .</b>		<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
Employee benefit expense (including directors' remuneration (note 8)):				
Wages and salaries . . . . .		50,229	36,700	33,934
Pension scheme contributions . . . . .		11,963	10,792	8,958
Total . . . . .		62,192	47,492	42,892
Fair value losses on financial assets at fair value through profit or loss* . . . . .		–	5,897	10,925
Impairment of trade receivables . . . . .	17	852	2,020	379
Loss on disposal of items of property, plant and equipment* . . . . .		580	278	547

\* Included in "Other expenses" in the consolidated statements of profit or loss and other comprehensive income.

### 7. FINANCE COSTS

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings . . . . .	274	2,117	8,430
Interest on lease liabilities . . . . .	31	14	12
Total . . . . .	305	2,131	8,442

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**8. DIRECTORS' REMUNERATION**

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 9 February 2022, the date of incorporation of the Company.

Mr. Wang Xi was appointed as executive director of the Company on 9 February 2022. Mr. Chen Jun and Mr. Zhao Lei were appointed as executive directors on 2 December 2022. Mr. Luan Ling, Mr. Zhuge Qingchen and Mr. Gan Minggao were appointed as non-executive directors on 2 December 2022. Mr. Zhu Jianfeng, Mr. An Yingchuan and Ms. Meng Xue were appointed as independent non-executive directors on [date].

Certain of the directors received remuneration from the subsidiaries now comprising the Group of for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees .....	–	–	–
Other emoluments			
Salaries, allowances and benefits in kind .....	1,222	1,169	1,181
Pension scheme contributions .....	245	264	277
Subtotal .....	<u>1,467</u>	<u>1,433</u>	<u>1,458</u>
Total fees and other emoluments .....	<u><u>1,467</u></u>	<u><u>1,433</u></u>	<u><u>1,458</u></u>

**(a) Non-executive director**

Mr. Luan Ling, Mr. Zhuge Qingchen and Mr. Gan Minggao were appointed as non-executive directors on 2 December 2022. There were no fees and other emoluments payable to the non-executive directors during the Relevant Periods.

**(b) Independent non-executive directors**

Mr. Zhu Jianfeng, Mr. An Yingchuan and Ms. Meng Xue were appointed as independent non-executive directors on [date]. There were no fees and other emoluments payable to the independent non-executive directors during the year ended 31 December 2022 and 2023.

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Year ended 31 December 2021			
Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Zhu Jianfeng . . . . .	–	–	–
Mr. An Yingchuan . . . . .	–	30	30
Ms. Meng Xue . . . . .	–	–	–
Total . . . . .	–	30	30

**(c) Executive directors**

Mr. Wang Xi was appointed as executive director of the Company on 9 February 2022. Mr. Chen Jun and Mr. Zhao Lei were appointed as executive directors on 2 December 2022.

Year ended 31 December 2021			
Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Wang Xi . . . . .	–	367	12
Mr. Zhao Lei . . . . .	–	428	130
Mr. Chen Jun . . . . .	–	427	103
Total . . . . .	–	1,222	245

Year ended 31 December 2022			
Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Wang Xi . . . . .	–	369	13
Mr. Zhao Lei . . . . .	–	396	139
Mr. Chen Jun . . . . .	–	404	112
Total . . . . .	–	1,169	264

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	Year ended 31 December 2023			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Wang Xi . . . . .	–	369	13	382
Mr. Zhao Lei . . . . .	–	398	150	548
Mr. Chen Jun . . . . .	–	414	114	528
Total . . . . .	–	1,181	277	1,458

### 9. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the remaining 5, 5 and 5 highest paid employees for the years ended 31 December 2021, 2022 and 2023, respectively, who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and allowances . . . . .	2,498	2,399	2,179
Pension scheme contributions . . . . .	638	692	758
Total . . . . .	3,136	3,091	2,937

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Nil to RMB1,000,000 . . . . .	5	5	5

### 10. INCOME TAX

All subsidiaries of the Group established in the PRC are subject to PRC corporate income tax at a standard rate of 25% during the Relevant Periods, except for:

- (i) Certain subsidiaries of the Group, which qualified as High and New Technology Enterprises in the PRC, were entitled to a lower PRC corporate income tax rate of 15%; and

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- (ii) Certain subsidiaries of the Group applied the Small-Scaled Minimal Profit Enterprise Income Tax Preferential Policy announced by the PRC's State Administration of Taxation and subjected to tax rates of 5% to 10%, 2.5% to 10%, 2.5% to 5% and 5% for the Relevant Periods.

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current – PRC Charge for the year . . . . .	322	312	450
Deferred ( <i>note 25</i> ). . . . .	142	(15)	624
Total tax charge for the year . . . . .	<u>464</u>	<u>297</u>	<u>1,074</u>

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rates to the tax expense at the effective tax rates is as follows:

	Year ended 31 December					
	2021		2022		2023	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit before tax . . . . .	<u>50,475</u>		<u>44,745</u>		<u>26,085</u>	
Tax at the statutory tax rates . . . . .	12,619	25.0	11,187	25.0	6,521	25.0
Effect of different tax rate . . . . .	–	–	–	–	1,628	6.2
Lower tax rates for specific provinces or enacted by local authority . . . . .	(6,334)	(12.5)	(5,054)	(11.3)	(5,990)	(23.0)
Expenses not deductible for tax . . . . .	101	0.2	84	0.2	3,647	14.0
Super deduction for eligible research and development expenses. . . . .	(4,252)	(8.4)	(4,372)	(9.8)	(4,580)	(17.6)
Tax loss utilised from previous years . . . . .	(1,380)	(2.7)	(1,095)	(2.4)	(6)	–
Tax loss not recognised . . . . .	–	–	–	–	23	0.1
Others . . . . .	(290)	(0.6)	(453)	(1.0)	(169)	(0.6)
	<u>464</u>	0.9	<u>297</u>	0.7	<u>1,074</u>	4.1

**11. DIVIDENDS**

No dividends have been paid or declared by the Company since its date of incorporation.

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**12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful in connection with the Reorganisation and the presentation of the results of the Group for the Relevant Periods on the basis as disclosed in note 2.1 to the Historical Financial Information.

**13. PROPERTY, PLANT AND EQUIPMENT**

<b>31 December 2021</b>	<b>Computer equipment</b>	<b>Electronic devices</b>	<b>Motor vehicle</b>	<b>Office equipment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021					
Cost . . . . .	48,505	1,527	970	1,012	52,014
Accumulated depreciation . . . . .	(27,655)	(944)	(265)	(688)	(29,552)
Net carrying amount . . . . .	<u>20,850</u>	<u>583</u>	<u>705</u>	<u>324</u>	<u>22,462</u>
At 1 January 2021, net of accumulated depreciation . . . . .					
	20,850	583	705	324	22,462
Additions. . . . .	5,146	35	–	32	5,213
Disposals. . . . .	(570)	(10)	–	–	(580)
Depreciation provided during the year . .	(7,107)	(128)	(92)	(93)	(7,420)
At 31 December 2021, net of accumulated depreciation . . . . .	<u>18,319</u>	<u>480</u>	<u>613</u>	<u>263</u>	<u>19,675</u>
At 31 December 2021					
Cost . . . . .	42,247	1,409	970	1,044	45,670
Accumulated Depreciation . . . . .	(23,928)	(929)	(357)	(781)	(25,995)
Net carrying amount . . . . .	<u>18,319</u>	<u>480</u>	<u>613</u>	<u>263</u>	<u>19,675</u>

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<b>31 December 2022</b>	<b>Computer equipment</b>	<b>Electronic devices</b>	<b>Motor vehicle</b>	<b>Office equipment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022					
Cost . . . . .	42,247	1,409	970	1,044	45,670
Accumulated depreciation . . . . .	(23,928)	(929)	(357)	(781)	(25,995)
Net carrying amount . . . . .	<u>18,319</u>	<u>480</u>	<u>613</u>	<u>263</u>	<u>19,675</u>
At 1 January 2022, net of accumulated depreciation . . . . .	18,319	480	613	263	19,675
Additions. . . . .	24	47	–	6	77
Disposals. . . . .	(278)	–	–	–	(278)
Depreciation provided during the year . . . . .	(4,981)	(129)	(92)	(84)	(5,286)
At 31 December 2022, net of accumulated depreciation . . . . .	<u>13,084</u>	<u>398</u>	<u>521</u>	<u>185</u>	<u>14,188</u>
At 31 December 2022					
Cost . . . . .	36,711	1,456	970	1,050	40,187
Accumulated Depreciation . . . . .	(23,627)	(1,058)	(449)	(865)	(25,999)
Net carrying amount . . . . .	<u>13,084</u>	<u>398</u>	<u>521</u>	<u>185</u>	<u>14,188</u>
<b>31 December 2023</b>	<b>Computer equipment</b>	<b>Electronic devices</b>	<b>Motor vehicle</b>	<b>Office equipment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023					
Cost . . . . .	36,711	1,456	970	1,050	40,187
Accumulated depreciation . . . . .	(23,627)	(1,058)	(449)	(865)	(25,999)
Net carrying amount . . . . .	<u>13,084</u>	<u>398</u>	<u>521</u>	<u>185</u>	<u>14,188</u>
At 1 January 2023, net of accumulated depreciation . . . . .	13,084	398	521	185	14,188
Additions. . . . .	11,623	95	–	5	11,723
Disposals. . . . .	(542)	–	–	(5)	(547)
Depreciation provided during the year . . . . .	(6,018)	(131)	(92)	(70)	(6,311)
At 31 December 2023, net of accumulated depreciation . . . . .	<u>18,147</u>	<u>362</u>	<u>429</u>	<u>115</u>	<u>19,053</u>
At 31 December 2023					
Cost . . . . .	37,486	1,551	970	937	40,944
Accumulated Depreciation . . . . .	(19,339)	(1,189)	(541)	(822)	(21,891)
Net carrying amount . . . . .	<u>18,147</u>	<u>362</u>	<u>429</u>	<u>115</u>	<u>19,053</u>

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**14. LEASES**

**The Group as a lessee**

The Group has lease contracts for various office premises used in its operations.

*(a) Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements are as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year . . . . .	1,270	255	105
Addition . . . . .	–	–	277
Remeasurement arising from rent concessions . . . . .	(284)	–	–
Depreciation charge . . . . .	(731)	(150)	(154)
At the end of year . . . . .	<u>255</u>	<u>105</u>	<u>228</u>

*(b) Lease liabilities*

The carrying amount of lease liabilities and the movements are as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year . . . . .	1,654	308	131
Addition . . . . .	–	–	277
Remeasurement arising from rent concessions . . . . .	(581)	–	–
Accretion of interest recognised during the year . . . . .	31	14	12
Payments . . . . .	(796)	(191)	(177)
At the end of year . . . . .	<u>308</u>	<u>131</u>	<u>243</u>
Analysed into: . . . . .			
Current portion . . . . .	175	117	101
Non-current portion . . . . .	133	14	142

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.



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(c) The amounts recognised in profit or loss in relation to leases are as follows:

	<i>Note</i>	<b>Year ended 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities . . . . .	7	31	14	12
Depreciation charge of right-of-use assets . .		731	150	154
Expenses relating to short-term leases . . . . .		3,538	2,462	2,792
Remeasurement arising from rent concessions . . . . .		(297)	–	–
Total amount recognised in profit or loss . . .		<u>4,003</u>	<u>2,626</u>	<u>2,958</u>

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 28(a) and 32, respectively, to the Historical Financial Information.

**15. GOODWILL**

	<i>RMB'000</i>
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	
Cost . . . . .	32,273
Accumulated impairment . . . . .	–
Net carrying amount . . . . .	<u>32,273</u>

**Impairment testing of goodwill**

Goodwill acquired through business combinations is allocated to the digital marketing cash-generating unit (the “CGU”) for impairment testing.

**Digital marketing cash-generating unit**

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections were 19.1%, 17.7% and 18.2% for 31 December 2021, 2022 and 2023, respectively. The growth rate used to extrapolate the cash flows of the digital marketing unit beyond the five-year period were 3%, 3% and 3% for 31 December 2021, 2022 and 2023, respectively.

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Assumptions were used in the value in use calculation of the CGU for the years ended 31 December 2021, 2022 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Budgeted gross margins* – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

*Discount rates* – The discount rates used are before tax and reflect specific risks relating to the relevant units.

**Sensitivity to changes in key assumptions:**

The management of the Company has performed sensitivity test by decreasing 1% of budgeted gross margins or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which the CGU's recoverable amount above its carrying amount (headroom) are as below:

	<b>As of 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom . . . . .	3,892	8,253	8,255
Impact by decreasing budgeted gross margins . . . . .	(4,617)	(4,537)	(5,565)
Impact by increasing pre-tax discount rate . . . . .	(2,807)	(3,305)	(3,476)

However, the management of the Company believes the reasonably possible change should be less than 1% of the above key assumptions, therefore a reasonably possible change in key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

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**16. OTHER INTANGIBLE ASSETS**

31 December 2021	Copyrights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021			
Cost .....	68,667	2,636	71,303
Accumulated amortisation .....	(41,539)	(2,264)	(43,803)
Net carrying amount .....	<u>27,128</u>	<u>372</u>	<u>27,500</u>
Cost at 1 January 2021, net of accumulated amortisation .....			
	27,128	372	27,500
Additions .....	21,680	–	21,680
Amortisation provided during the year .....	(13,526)	(170)	(13,696)
At 31 December 2021 .....	<u>35,282</u>	<u>202</u>	<u>35,484</u>
At 31 December 2021			
Cost .....	90,347	2,636	92,983
Accumulated amortisation .....	(55,065)	(2,434)	(57,499)
Net carrying amount .....	<u>35,282</u>	<u>202</u>	<u>35,484</u>
31 December 2022			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022			
Cost .....	90,347	2,636	92,983
Accumulated amortisation .....	(55,065)	(2,434)	(57,499)
Net carrying amount .....	<u>35,282</u>	<u>202</u>	<u>35,484</u>
Cost at 1 January 2022, net of accumulated amortisation .....			
	35,282	202	35,484
Additions .....	11,788	–	11,788
Amortisation provided during the year .....	(14,931)	(159)	(15,090)
At 31 December 2022 .....	<u>32,139</u>	<u>43</u>	<u>32,182</u>
At 31 December 2022			
Cost .....	102,135	2,636	104,771
Accumulated amortisation .....	(69,996)	(2,593)	(72,589)
Net carrying amount .....	<u>32,139</u>	<u>43</u>	<u>32,182</u>

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## ACCOUNTANTS' REPORT

<b>31 December 2023</b>	<b>Copyrights</b>	<b>Software</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023			
Cost .....	102,135	2,636	104,771
Accumulated amortisation .....	(69,996)	(2,593)	(72,589)
Net carrying amount .....	<u>32,139</u>	<u>43</u>	<u>32,182</u>
Cost at 1 January 2023, net of accumulated amortisation .....	32,139	43	32,182
Additions .....	29,082	7,411	36,493
Amortisation provided during the year .....	(17,319)	(554)	(17,873)
At 31 December 2023 .....	<u>43,902</u>	<u>6,900</u>	<u>50,802</u>
At 31 December 2023			
Cost .....	131,217	10,047	141,264
Accumulated amortisation .....	(87,315)	(3,147)	(90,462)
Net carrying amount .....	<u>43,902</u>	<u>6,900</u>	<u>50,802</u>

### 17. TRADE RECEIVABLES

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables .....	88,486	131,206	166,059
Impairment .....	(2,159)	(4,179)	(4,558)
Net carrying amount .....	<u>86,327</u>	<u>127,027</u>	<u>161,501</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months . . . . .	66,755	76,633	121,638
3 to 6 months . . . . .	18,990	31,449	34,819
6 to 12 months . . . . .	468	18,696	4,880
Over a year . . . . .	114	249	164
<b>Total . . . . .</b>	<b>86,327</b>	<b>127,027</b>	<b>161,501</b>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year . . . . .	1,307	2,159	4,179
Impairment losses, net (note 6) . . . . .	852	2,020	379
<b>At the end of year . . . . .</b>	<b>2,159</b>	<b>4,179</b>	<b>4,558</b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021	Current	Past due			Total
		1 to 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate . . . . .	1.03%	1.02%	1.27%	91.73%	2.44%
Gross carrying amount (RMB'000). . . . .	67,448	19,186	474	1,378	88,486
Expected credit loss (RMB'000). .	693	196	6	1,264	2,159

As at 31 December 2022	Current	Past due			Total
		1 to 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate . . . . .	1.00%	1.00%	5.95%	88.42%	3.19%
Gross carrying amount (RMB'000). . . . .	77,410	31,767	19,878	2,151	131,206
Expected credit loss (RMB'000). .	777	318	1,182	1,902	4,179

As at 31 December 2023	Current	Past due			Total
		1 to 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate . . . . .	1.01%	1.00%	1.00%	94.71%	2.74%
Gross carrying amount (RMB'000). . . . .	122,877	35,172	4,929	3,081	166,059
Expected credit loss (RMB'000). .	1,238	353	49	2,918	4,558

**18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Prepayment . . . . .	6,558	21,381	68,804
Deposits and other receivables. . . . .	2,268	2,798	7,932
Total . . . . .	8,826	24,179	76,736
Analysed into:			
Current portion . . . . .	8,106	23,474	76,048
Non-current portion . . . . .	720	705	688

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The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021, 2022 and 2023, the loss allowance was assessed to be minimal.

**19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Group**

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments, at fair value . . . . .	–	5,294	73,282

As at 31 December 2022, the above unlisted investments was denominated in RMB. It was mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

As at 31 December 2023, the above unlisted investments of carrying amounts of RMB10,704,000 and RMB62,578,000 were denominated in RMB and USD, respectively. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

**Company**

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments, at fair value . . . . .	–	–	62,578

As at 31 December 2023, the above unlisted investments of carrying amounts of RMB62,578,000 was denominated in USD. It was mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows is not solely payments of principal and interest.

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**20. CASH AND CASH EQUIVALENTS**

**Group**

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances . . . . .	115,525	154,720	89,081
Time deposits . . . . .	102,000	–	–
Less: Restricted cash . . . . .	(2,565)	(2,565)	–
	<u>214,960</u>	<u>152,155</u>	<u>89,081</u>

At 31 December 2021, 2022 and 2023, cash and bank balances of the Group amounted to RMB115,525,000, RMB154,720,000 and RMB46,959,000, respectively, are denominated in RMB and are not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. At 31 December 2023, cash and bank balances of the Group amounted to RMB42,122,000 is denominated in USD.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2021 and 2022, the Group had cash and bank balances of RMB2,565,000 and RMB2,565,000, respectively, which were frozen by the relevant PRC local authorities in connection with an on-going litigation with an individual third party. During the year ended 31 December 2023, frozen balances of RMB2,565,000 have been released by the relevant PRC local authorities.

**Company**

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances . . . . .	–	–	42,122
	<u>–</u>	<u>–</u>	<u>42,122</u>

At 31 December 2023, cash and bank balances of the Company amounted to RMB42,122,000 is denominated in USD.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.



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### 21. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 3 months .....	10,513	6,528	10,930
3 to 6 months .....	310	761	609
6 to 12 months .....	632	314	185
Over a year .....	547	425	57
<b>Total .....</b>	<b>12,002</b>	<b>8,028</b>	<b>11,781</b>

The trade payables are non-interest bearing and are normally settled within three months.

### 22. OTHER PAYABLES AND ACCRUALS

	Note	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Deferred income .....		74	–	–
Other payables .....	(a)	10,149	12,015	7,066
Accruals .....		8,404	7,768	4,232
<b>Total .....</b>		<b>18,627</b>	<b>19,783</b>	<b>11,298</b>
Analysed into:				
Current portion .....		17,905	19,555	11,070
Non-current portion .....		722	228	228

Note:

- (a) Other payables are non-interest bearing and have an average term of three months.

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### 23. CONTRACT LIABILITIES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Reading with advertising . . . . .	13,242	7,126	5,751
Reading with paid services . . . . .	9,382	11,698	11,960
Online games publishing services . . . . .	1,030	1,030	–
	<u>23,654</u>	<u>19,854</u>	<u>17,711</u>
Analysed into:			
Current portion . . . . .	18,286	15,428	13,814
Non-current portion . . . . .	<u>5,368</u>	<u>4,426</u>	<u>3,897</u>

Contract liabilities include advances received to deliver reading with advertising, reading with paid services, and online games publishing services.

### 24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2021			As at 31 December 2022			As at 31 December 2023		
	Effective	Maturity	RMB'000	Effective	Maturity	RMB'000	Effective	Maturity	RMB'000
	interest rate %			interest rate %			interest rate %		
Current . . . . .									
Bank loans . . . . .									
– secured . . . . .	–	–	–	4.2-5.0	2022-2023	77,700	4.1-5.0	2023-2024	54,900
– unsecured . . . . .	–	–	–	–	–	–	4.1-5.0	2023-2024	18,000
Other loans . . . . .									
– secured . . . . .	–	–	–	4.96	2022-2023	12,000	4.96	2023-2024	12,000
Total . . . . .						<u>89,700</u>			<u>84,900</u>

At the end of each of the Relevant Periods, the maturity profile of interest-bearing bank and other borrowings, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year or on demand . . . . .	–	77,700	72,900
Other borrowings repayable:			
Within one year or on demand . . . . .	–	12,000	12,000
Total . . . . .	<u>–</u>	<u>89,700</u>	<u>84,900</u>

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(a) As at 31 December 2022 and 2023, the Group's bank loans amounted to RMB77,700,000 and RMB34,900,000 were secured by guarantees given by a shareholder, namely Mr. Wang Xi. Subsequent to the end of the reporting period, all the guarantees provided by Mr. Wang Xi have been released.

As at 31 December 2022 and 2023, the Group's bank and other loans amounted to RMB89,700,000 and RMB54,900,000 were secured by guarantees given by certain wholly-owned subsidiaries of the Company.

(b) The interest-bearing bank and other borrowings were denominated in RMB.

**25. DEFERRED TAX**

The movements in deferred tax liabilities and assets are as follows:

**Deferred tax**

	Depreciation allowance in excess of related depreciation	Impairment loss allowance against trade receivables	Government grant	Fair value losses on financial assets at fair value through profit or loss	Loss available for offsetting against future taxable profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021. . . . .	(2,488)	166	499	–	4,918	3,095
Deferred tax credited/(charged) to profit or loss. . . . .	(371)	108	(488)	–	609	(142)
At 31 December 2021 and 1 January 2022 . . . . .	(2,859)	274	11	–	5,527	2,953
Deferred tax credited/(charged) to profit or loss. . . . .	693	207	(11)	885	(1,759)	15
At 31 December 2022 and 1 January 2023 . . . . .	(2,166)	481	–	885	3,768	2,968
Deferred tax credited/(charged) to profit or loss. . . . .	(695)	118	–	(428)	381	(624)
At 31 December 2023 . . . . .	(2,861)	599	–	457	4,149	2,344

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	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets . . . . .	3,210	2,968	2,444
Deferred tax liabilities . . . . .	(257)	–	(100)
	<u>2,953</u>	<u>2,968</u>	<u>2,344</u>

At 31 December 2021, 2022 and 2023, the Group had unrecognised tax losses arising in China of RMB12,384,000, RMB4,998,000 and RMB5,347,000, respectively, that can be carried forward for ten years from the year in which the losses arose for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets were recognised in respect of these losses as it was not considered probable that taxable profit will be available against which the tax losses could be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2021, 2022 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subjected to withholding taxes of the Group's subsidiaries established in China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future as the Group will retain the funding for the business development in China. The aggregate amount of temporary differences associated with investments in subsidiaries in China for which deferred tax liabilities have not been recognised totaled approximately RMB299,278,000, RMB343,157,000 and RMB363,728,000 at 31 December 2021, 2022 and 2023, respectively.

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**26. SHARE CAPITAL**

	<u>Number of Shares in issue</u>	<u>Share Capital</u>
		<i>RMB'000</i>
<b>Authorised:</b>		
<b>Ordinary shares of US\$0.00001 each</b>		
At 9 February 2022 (date of incorporation) . . . . .	5,000,000,000	318
Re-designation to preferred shares . . . . .	<u>(158,264,652)</u>	<u>(11)</u>
At 31 December 2022, 1 January 2023 and 31 December 2023 . . . . .	<u>4,841,735,348</u>	<u>307</u>
<b>Preferred shares of US\$0.00001 each</b>		
At 9 February 2022 (date of incorporation) . . . . .	–	–
Re-designation from ordinary shares . . . . .	<u>158,264,652</u>	<u>11</u>
At 31 December 2022, 1 January 2023 and 31 December 2023 . . . . .	<u>158,264,652</u>	<u>11</u>
<b>Issued and fully paid:</b>		
<b>Ordinary shares of US\$0.00001 each</b>		
At 9 February 2022 (date of incorporation), 31 December 2022 and 1 January 2023 ( <i>note a</i> ) . . . . .	121,289,680	8
Issue of new ordinary shares ( <i>note b</i> ) . . . . .	<u>34,580,412</u>	<u>2</u>
At 31 December 2023 . . . . .	<u>155,870,092</u>	<u>10</u>
<b>Preferred shares of US\$0.00001 each</b>		
At 9 February 2022 (date of incorporation), 31 December 2022 and 1 January 2023 . . . . .	–	–
Issue of preferred shares ( <i>note c</i> ). . . . .	<u>158,264,652</u>	<u>11</u>
At 31 December 2023 . . . . .	<u>158,264,652</u>	<u>11</u>

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*Notes:*

- (a) The Company was incorporated in the Cayman Islands as an exempted company on 9 February 2022 with authorised share capital of US\$50,000 divided into 5,000,000,000 shares of a nominal par value of US\$0.00001 each. Upon incorporation, 121,289,680 ordinary shares was issued at par.
- (b) On 21 February 2023, pursuant to the share subscription agreements dated 31 December 2022, the Company issued 34,580,412 ordinary shares to a then shareholder of Easou Shenzhen at a price of RMB0.32 per share with total cash consideration of RMB11,156,000 pursuant to the Reorganisation.
- (c) On 21 February 2023, pursuant to the share subscription agreements dated 31 December 2022, the Company issued 158,264,652 Pre-[REDACTED] preferred shares to a new investor and the then shareholders of Easou Shenzhen at prices of ranging from RMB1.0 per share to RMB4.5 per share with total cash consideration of RMB559,480,000, of which US\$9,500,000 (equivalent to RMB65,077,000) was received from a new investor and the remainder of RMB494,403,000 was received from the then shareholders of Easou Shenzhen pursuant to the Reorganisation.

The Company does not hold an unavoidable obligation to (i) deliver cash or other financial assets to the holders of preferred shares; (ii) to exchange financial assets or financial liabilities with the holders of preferred shares that are unfavorable to the Company; and (iii) to deliver a variable number of the Company's own ordinary shares. Accordingly, the preferred shares were accounted for as equity. The major terms of the preferred shares are set out below:

- Each preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such preferred shares or shall be converted automatically upon the consummation of a qualified [REDACTED] into ordinary shares as a price as determined by dividing the original issue price by the conversion price of such preferred shares (the "Conversion Price"). The original issue price, in any event not being less than par value per share, subject to the anti-dilution adjustments (as adjusted for share subdivision and consolidation, share dividends and distributions, reorganisation, mergers, consolidation, reclassification, exchanges, substitutions).
- The Conversion Price shall initially be the preferred share purchase price, resulting in an initial conversion ratio for the preferred shares of 1:1, and no adjustment in the Conversion Price shall be made in respect of the issuance of additional ordinary shares unless the issue price per share for an additional ordinary share issued or deemed to be issued is less than the Conversion Price.

### 27. RESERVE

The amounts of the Group's reserves and the movements therein during the Relevant Periods are presented in the consolidated statements of changes in equity.

#### (a) Merger reserve

The merger reserve of the Group represents:

- (i) the issued capital of Easou Shenzhen prior to the completion of the Reorganisation as detailed in note 1 to the Historical Financial Information.
- (ii) Deemed distribution to the then equity owners of the Group represents the consideration paid to the Relevant Shareholders in order to facilitate the Reorganisation detailed in note 2.1 to the Historical Financial Information.

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**(b) Capital reserve**

Capital reserve represents the deemed contribution from the shareholders resulted from transactions prior to the Relevant Periods.

**(c) Statutory surplus reserve**

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, each of the relevant subsidiaries is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the relevant subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital provided that the balance after such conversion is not less than 25% of registered capital. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

**(d) A summary of the Company's reserve is as follows:**

	<u>Share premium</u>	<u>Exchange fluctuation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 9 February 2022 (date of incorporation), 31 December 2022 and 1 January 2023 . . . . .	–	–	–	–
Loss for the period . . . . .	–	–	(15,925)	(15,925)
Other comprehensive loss for the period . . . . .				
Exchange differences of translation of financial statements . . . . .	–	(4,742)	–	(4,742)
Total comprehensive loss for the period . . . . .	–	(4,742)	(15,925)	(20,667)
Issue of ordinary shares (note 26) . . . . .	11,154	–	–	11,154
Capital contribution from holders of preferred shares (note 26) . . . . .	559,469	–	–	559,469
At 31 December 2023 . . . . .	<u>570,623</u>	<u>(4,742)</u>	<u>(15,925)</u>	<u>549,956</u>

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**28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(a) Changes in liabilities arising from financing activities**

	<b>Interest-bearing bank and other borrowings</b>	<b>Lease liabilities</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 1 January 2021</b>	20,000	1,654
Changes from financing cash flows . . . . .	(20,000)	(765)
Interest expense . . . . .	274	31
Interest paid classified as operating cash flows . . . . .	(274)	(31)
Remeasurement arising from rent concessions . . . . .	–	(581)
<b>At 31 December 2021 and 1 January 2022</b>	–	308
Changes from financing cash flows . . . . .	89,700	(177)
Interest expense . . . . .	2,117	14
Interest paid classified as operating cash flows . . . . .	(2,117)	(14)
<b>At 31 December 2022 and 1 January 2023</b>	89,700	131
Changes from financing cash flows . . . . .	(4,800)	(165)
New leases . . . . .	–	277
Interest expense . . . . .	8,430	12
Interest paid classified as operating cash flows . . . . .	(8,430)	(12)
<b>At 31 December 2023</b> . . . . .	<b>84,900</b>	<b>243</b>

**29. RELATED PARTY TRANSACTIONS**

**(a) Other transactions with related parties:**

Guarantees were given by a shareholder of the Group in favour of banks in respect of bank borrowings during the Relevant Periods.

**(b)** The compensation of key management personnel of the Group for each of the reporting period during the Relevant Periods represented the directors' emoluments as disclosed in note 8 to the Historical Financial Information.

The following table provides compensation of key management personnel of the Group:

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and allowances . . . . .	1,222	1,169	1,181
Pension scheme contributions . . . . .	245	264	277
<b>Total</b> . . . . .	<b>1,467</b>	<b>1,433</b>	<b>1,458</b>



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**30. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

**Financial assets**

<b>As at 31 December 2021</b>	<b>Financial assets at fair value through profit or loss – Mandatorily designated as such</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	–	86,327	86,327
Financial assets included in prepayments, deposits and other receivables . . . . .	–	2,268	2,268
Restricted cash . . . . .	–	2,565	2,565
Cash and cash equivalents . . . . .	–	214,960	214,960
<b>Total . . . . .</b>	<b>–</b>	<b>306,120</b>	<b>306,120</b>

<b>As at 31 December 2022</b>	<b>Financial assets at fair value through profit or loss – Mandatorily designated as such</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	–	127,027	127,027
Financial assets included in prepayments, deposits and other receivables . . . . .	–	1,765	1,765
Financial assets at fair value through profit or loss . . . . .	5,294	–	5,294
Restricted cash . . . . .	–	2,565	2,565
Cash and cash equivalents . . . . .	–	152,155	152,155
<b>Total . . . . .</b>	<b>5,294</b>	<b>283,512</b>	<b>288,806</b>

<b>As at 31 December 2023</b>	<b>Financial assets at fair value through profit or loss – Mandatorily designated as such</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	–	161,501	161,501
Financial assets included in prepayments, deposits and other receivables . . . . .	–	2,163	2,163
Financial assets at fair value through profit or loss . . . . .	73,282	–	73,282
Cash and cash equivalents . . . . .	–	89,081	89,081
<b>Total . . . . .</b>	<b>73,282</b>	<b>252,745</b>	<b>326,027</b>

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**Financial liabilities**

	<b>Financial liabilities at amortised cost</b>		
	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	12,002	8,028	11,781
Financial liabilities included in other payable and accruals . . . . .	6,486	7,386	4,675
Interest-bearing bank and other borrowings . . . . .	–	89,700	84,900
Lease liabilities . . . . .	308	131	243
<b>Total . . . . .</b>	<b>18,796</b>	<b>105,245</b>	<b>101,599</b>

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals and the interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of unlisted fund investments at fair value through profit or loss have been stated with reference to the adjusted net asset value provided by the relevant administrators of the fund investments. The fair value measurement is positively correlated to the net asset value of the underlying funds.

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**Fair value hierarchy**

**Group**

The following table illustrates the fair value hierarchy of the Group's financial instruments:

**Assets measured at fair value:**

<b>Fair value measurement as at 31 December 2022</b>			
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments .....	–	5,294	–

<b>Fair value measurement as at 31 December 2023</b>			
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments .....	–	73,282	–

The Group did not have any financial assets measured at fair value as at 31 December 2021 or financial liabilities measured at fair value as at 31 December 2021, 2022 and 2023.

**Company**

The following table illustrates the fair value hierarchy of the Company's financial instruments:

<b>Fair value measurement as at 31 December 2023</b>			
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments .....	–	62,578	–

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The Company did not have any financial assets measured at fair value as at 31 December 2021 and 2022 or financial liabilities measured at fair value as at 31 December 2021, 2022 and 2023.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities.

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### **Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

#### **Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2021, 2022 and 2023. The amounts presented are gross carrying amounts for financial assets.

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**ACCOUNTANTS' REPORT**

*As at 31 December 2021*

	12-month ECLs				Total
	Lifetime ECLs			Simplified approach	
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables* . . . . .	–	–	–	88,486	88,486
Financial assets included in prepayments, deposits and other receivables					
– Normal** . . . . .	2,268	–	–	–	2,268
Restricted cash . . . . .	2,565	–	–	–	2,565
Cash and cash equivalents . . . . .					
– Not yet past due . . . . .	214,960	–	–	–	214,960
<b>Total . . . . .</b>	<b>219,793</b>	<b>–</b>	<b>–</b>	<b>88,486</b>	<b>308,279</b>

*As at 31 December 2022*

	12-month ECLs				Total
	Lifetime ECLs			Simplified approach	
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables* . . . . .	–	–	–	131,206	131,206
Financial assets included in prepayments, deposits and other receivables					
– Normal** . . . . .	1,765	–	–	–	1,765
Restricted cash . . . . .	2,565	–	–	–	2,565
Cash and cash equivalents . . . . .					
– Not yet past due . . . . .	152,155	–	–	–	152,155
<b>Total . . . . .</b>	<b>156,485</b>	<b>–</b>	<b>–</b>	<b>131,206</b>	<b>287,691</b>

**APPENDIX I**

**ACCOUNTANTS' REPORT**

*As at 31 December 2023*

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables* . . . . .	–	–	–	166,059	166,059
Financial assets included in prepayments, deposits and other receivables . . . . .					
– Normal** . . . . .	2,163	–	–	–	2,163
Cash and cash equivalents . . . . .					
– Not yet past due . . . . .	89,081	–	–	–	89,081
<b>Total . . . . .</b>	<b>91,244</b>	<b>–</b>	<b>–</b>	<b>166,059</b>	<b>257,303</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the Historical Financial Information.

\*\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 17 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed.

**Liquidity risk**

The Group’s objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

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**ACCOUNTANTS' REPORT**

The following table details the remaining contractual maturities of the Group's financial liabilities as at 31 December 2021, 2022 and 2023, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, based on rates as at 31 December 2021, 2022 and 2023) and the earliest date that the Group could be required to repay:

<b>31 December 2021</b>	<b>Within one year or on demand</b>	<b>In the second year</b>	<b>In the third to fifth year</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities . . . . .	190	121	14	325
Trade payables . . . . .	12,002	–	–	12,002
Financial liabilities included in other payables and accruals . . . . .	6,486	–	–	6,486
<b>Total . . . . .</b>	<b>18,678</b>	<b>121</b>	<b>14</b>	<b>18,813</b>
<b>31 December 2022</b>	<b>Within one year or on demand</b>	<b>In the second year</b>	<b>In the third to fifth year</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank and other borrowings . . .	90,343	–	–	90,343
Lease liabilities . . . . .	121	14	–	135
Trade payables . . . . .	8,028	–	–	8,028
Financial liabilities included in other payables and accruals . . . . .	7,386	–	–	7,386
<b>Total . . . . .</b>	<b>105,878</b>	<b>14</b>	<b>–</b>	<b>105,892</b>
<b>31 December 2023</b>	<b>Within one year or on demand</b>	<b>In the second year</b>	<b>In the third to fifth year</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank and other borrowings . . .	86,039	–	–	86,039
Lease liabilities . . . . .	110	103	44	257
Trade payables . . . . .	11,781	–	–	11,781
Financial liabilities included in other payables and accruals . . . . .	4,675	–	–	4,675
<b>Total . . . . .</b>	<b>102,605</b>	<b>103</b>	<b>44</b>	<b>102,752</b>

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**APPENDIX I****ACCOUNTANTS' REPORT**

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**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

**33. EVENTS AFTER THE REPORTING PERIOD**

There are no significant events subsequent to 31 December 2023.

**34. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.