This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to **[REDACTED]** *in the* **[REDACTED]**. *There are risks associated with any* **[REDACTED]**.

Some of the particular risks in investing in the **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

Founded in 2005, we operate four business lines covering online reading platform services, digital marketing services, online games publishing services and other digital content services. We generated over 90.0% of our revenue from our advertising services provided under the online reading platform services and digital marketing services in each year of the Track Record Period. Specifically, we apply our proprietary intelligent recommendation engine, Easou Recommendation Engine, to collect, analyze, match and predict the demand and/or preferences of our users and customers to serve their various needs under the following business lines:

- *Online reading platform services*. We predict users' preferences, generate recommendation strategies and make adjustments thereto, and intelligently recommend to our users suitable literary content that meets their personalized needs. As a third-party platform, we do not produce proprietary digital content and primarily rely on third-party content providers of online literature. In addition, we place advertisements for our advertising customers on our proprietary platform by collecting, analyzing and predicting users' appetite for advertising contents. We have two types of customers under this business line, namely, users and advertising customers.

  (a) with respect to reading with advertising, our customers are advertising customers who place advertisements to the users who use our free reading resources;

  (b) with respect to reading with paid services, our customers are users who pay for our paid services, including the purchase of our paid reading resources and the subscription of our premium membership, from which we do not generate any advertising service income;

- *Digital marketing services.* We collect, analyze and predict users' appetite for advertising contents and match the needs of our advertising customers for advertisement placements with suitable third-party advertising channels. Under this business line, our customers are generally advertising customers;

- *Online games publishing services.* We identify online games with commercial value and market performance that meet our selection criteria, and publish and recommend such games to suitable users on our proprietary platform and external channels based on our analysis of user behaviors and their preferences in game category or content. Our customers under this business line are users of the online games we publish; and

- *Other digital content services.* We recommend value-added services of telecommunications operators, including various types of digital content such as music and ringback tones, to help them reach target users on our proprietary platform or external channels based on our analysis of the behavior, content preferences and willingness to pay of our users. Our customers under this business line are telecommunications operators who receive income from their users and subsequently share such income with us based on agreed-upon proportions.

Our AI-based recommendation technology is the foundation that empowers all of our businesses. We are committed to continuously improving the AI-based recommendation technology and plan to explore business opportunities to apply our Easou Recommendation Engine in additional scenarios. Please refer to "Business – Technology" in this document for details.

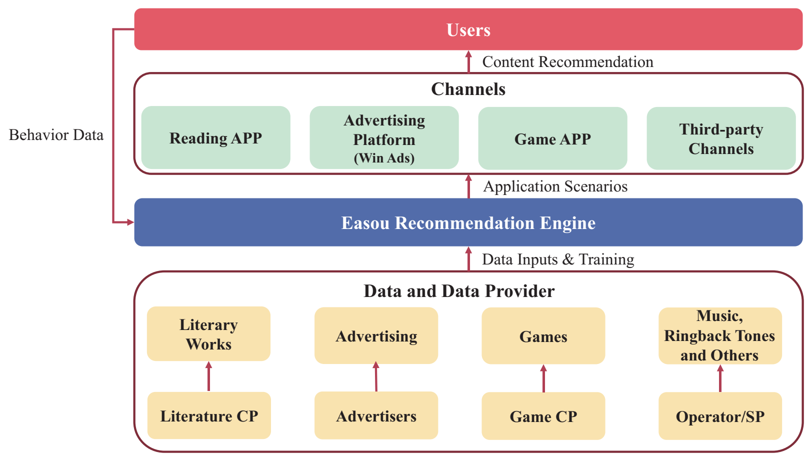
Specifically, under our online reading platform services, we have accumulated a large user base. The number of our cumulative registered users of our Easou Reading App Series was 44.7 million as of December 31, 2023. The level of our user activity on our platform has been increasing during the Track Record Period. Our average MAU on our Easou Reading App Series increased from 23.9 million in 2021 to 25.6 million in 2022, and further to 26.0 million in 2023.

We experienced steady growth during the Track Record Period. Our revenue increased from RMB433.1 million in 2021 to RMB456.4 million in 2022, and further to RMB559.0 million in 2023. We believe we will be able to capitalize on the opportunities arising from the advances in AI-based recommendation technology and maintain our business growth.

OUR BUSINESS MODEL

We primarily leverage our proprietary intelligent recommendation engine, Easou Recommendation Engine, to collect, analyze, match and predict the demand and/or preferences of our users and customers to serve their various needs under our four business lines. Our Easou Recommendation Engine serves as the core technology driver for us to conduct the relevant businesses.

We provide various types of third-party content data on our platform, including online literature, advertisements, online games and other digital content such as music and ringback tones, to our users and customers. When users use or consume these content data, their user behavior data are generated. Our Easou Recommendation Engine collects and analyzes such user behavior data to recommend more relevant content data, including literary resources and advertising content, to our users and to continuously train the algorithms to improve the recommendation efficiency and effectiveness. The following diagram sets forth an illustration of our business model:



With respect to our online reading platform services, we use our Easou Recommendation Engine to analyze user behaviors and their willingness to pay for online literature. We recommend suitable online literary content to users through two types of services, namely, reading with advertising and reading with paid services. Under reading with advertising, we primarily use our proprietary advertisement platform, Win Ads, to provide data support, assist us to generate placement strategies and display the suitable advertisements to users who read our free reading resources and do not subscribe to our premium membership. In this scenario, Win Ads primarily utilizes our proprietary platform traffic of Easou Reading App, Easou Reading App Light Version and Easou H5 Pages. Under reading with paid services, we offer paid literary resources or premium membership services to our users. Specifically, our premium membership includes purchase discount, advertisement-free services and enhanced book storage capacity. We provide discount to our premium members when they purchase paid literary content by "pay-per-chapter" and we do not provide such discount for our non-membership users. Our users who purchase our reading with paid services are also able to access our free reading resources, for which we do not display advertisements to those who subscribe to our premium membership. Accordingly, we do not generate any advertising service income from this type of services. According to Analysys, our Easou Reading App ranked fifth in China's online literature market in terms of average MAU in 2023.

With respect to our digital marketing services, leveraging our Easou Recommendation Engine, we provide customized marketing services based on our analysis of the needs of our advertising customers and match their needs with users' appetite for advertising content on suitable third-party advertising channels. We also developed our digital marketing services through our proprietary advertisement platform, Win Ads, to serve our advertising customers under the digital marketing services to distribute their advertisements to downstream third-party media platforms for placement mainly through our cooperative third-party media agents, as opposed to the placement of advertisements on our proprietary platform under the reading with advertising of our online reading platform services business.

With respect to our online games publishing services, we cooperate with game content providers, and publish and recommend game content to users on our proprietary platform or external channels by attracting the users to download and install the game Apps on their mobile devices. For the games we publish, we cover the introduction, evaluation, launch and management of the games. We identify potential games, screen and conduct evaluation of each game before we decide to officially publish it. We perform game test, collect feedback, analyze game user's in-game behavior and work with game content providers to improve the games. We subsequently distribute and promote the games by leveraging the user traffic of our platform and cooperating with external channels. We are generally responsible for customer services, including customer communication, collection and refunding of user payments, accounts security protection and minor protection. Historically, we have successfully brought several online games to the market, such as Age of Empires（帝王世紀）in 2016, The Bold and The Beauty（愛江山更愛美人）in 2019, Campus Belle Factory（校花夢工廠）in 2019, War and Soldiers（我的坦克我的團）and Civilization（文明）in 2022, and The Legend of Ninja（忍者傳奇）and The Awakening of Super Saiyan（超賽覺醒）in 2023. In particular, the Bold and The Beauty game received market recognition after its launch, which was evidenced by a growing user base. In 2019 and 2020, the number of newly registered users were 13.1 million and 2.4 million, respectively, and the ARPPU per year were RMB253.6 and RMB450.1 for the same years, respectively. The average DAU were more than 418,000 and 220,000 in 2019 and 2020, respectively.

With respect to our other digital content services, we primarily cooperate with telecommunications operators through either the channel cooperation model or the content cooperation model, and recommend value-added digital content, such as ring back tones and music, to users on our proprietary platform or external channels based on our analysis of user behaviors and their content preferences and willingness to pay. For further details of our business model, please refer to the section headed "Business – Our Business Model" in this document.

We have achieved diversified commercialization, which primarily includes subscription, pay per use, advertising income and revenue sharing, among others. The details of our diversified monetization model for our various business lines are as follows:

- *Online reading platform services*. We generate revenue primarily through (i) advertisements displayed in the literary resources from our advertising customers in connection with reading with advertising in which we charge them on CPC basis and CPM basis; and (ii) paid readership, including the purchase of our paid reading resources and the subscription of our premium membership, from our users under reading with paid services;

- *Digital marketing services*. We generally cooperate with advertising customers based on the relevant framework agreements to generate advertising income and charge them primarily on CPC basis, CPM basis and CPA basis;

- *Online games publishing services*. We generally charge users for their in-game purchases and share a portion of the income with third-party game content providers (i.e., revenue sharing); and

- *Other digital content services*. After receiving income settlement from the users, the telecommunications operators we cooperate with will subsequently share such income with us (i.e., revenue sharing) based on agreed-upon proportions.

KEY OPERATING METRICS

We measure our business performance by using various operating metrics for each of our business lines. The following tables set forth the key operating metrics for (i) online reading platform services; (ii) digital marketing services; (iii) online games publishing services; and (iv) other digital content services, for the periods indicated.

	For the year ended December 31,		
	2021	2022	2023
Online Reading Platform Services			
– MAU(1) *(million)*	23.9	25.6	26.0
Reading with advertising			
– Number of clicks per year *(million)*	329.3	349.7	393.1
– Number of displays per year *(million)*	53,676.6	57,928.2	62,879.0
– Click-through rate(2) *(%)*	0.6	0.6	0.6
Reading with paid services			
– MPU(3) *(thousand)*	68.4	42.2	21.5
– MPU/MAU(4) *(%)*	0.3	0.2	0.1
– ARPPU(5) *(RMB)*	45.2	54.8	42.1(5)

Notes:

(1) The increase of MAU under our online reading platform services during the Track Record Period was in line with the business expansion of our online reading platform services.

(2) Click-through rate equals the number of clicks per year divided by the number of displays per year.

(3) The decrease of MPU under our online reading platform services during the Track Record Period was primarily due to our exposure to the ongoing free-to-read industry trend. According to Analysys, in addition to the paid readership, our industry peers in China's online literature market sought to achieve multi-faceted monetization by generating advertising income through expanding the offerings of free reading resources. The availability of reading with advertising services led to an industry-wide decrease in users' willingness to pay for literature content, and a more rapid growth of user base compared to reading with paid services and broader acceptance of reading with advertising by users. Therefore, in order to respond to such prevailing industry trend, we increased the promotion of free reading products and related resources on our platform (e.g., Easou Reading App Light Version) to (i) attract new users to use our reading with advertising services; and (ii) offer our users with expanding free reading resources. For details, please refer to the "Industry Overview" section of this document.

(4) The decrease of MPU/MAU was mainly due to the combined effect of the decreasing MPU and increasing MAU.

(5) The ARPPU decreased in 2023 compared to that of 2022 primarily because we provided discount on premium membership subscription at the beginning of 2023.

	For the year ended December 31,		
	2021	2022	2023
Digital Marketing Services			
– Number of clicks per year *(million)*	331.5	327.9	415.8
– Number of displays per year *(million)*	38,239.4	38,927.8	44,524.5
– Click-through rate[1] *(%)*	0.9	0.8	0.9

Note:

(1) Click-through rate equals the number of clicks per year divided by the number of displays per year.

The various key operating metrics under our digital marketing services increased or remained relatively stable during the Track Record Period, such as the number of clicks per year, the number of displays per year and click-through rate, primarily because we expanded business scale of our digital marketing services.

	For the year ended December 31,		
	2021	2022	2023
Online Games Publishing Services[1]			
***Age of Empires*（帝王世紀）**			
– Number of newly registered users *(thousand)*	23.7	–	–
– ARPPU per year *(RMB)*	714.5	–	–
– Average DAU *(thousand)*	1.0	–	–
***Civilization*（文明）**			
– Number of newly registered users *(thousand)*	–	243.7	428.5
– ARPPU per month *(US$)*	–	66.3	177.9
– Average DAU *(thousand)*	–	3.4	3.6

Note:

(1) We started the official operation of The Legend of Ninja（忍者傳奇）and The Awakening of Super Saiyan（超賽覺醒）in the second half of 2023. Due to the limited period of operation, the operating metrics of these two games were not comparable with other games, which were launched before 2023.

We temporarily suspended our online games publishing services in June 2020 to further optimize our business structure and streamline our operations. Due to our temporary suspension, we only retained a few of the external channels to publish the game called the Age of Empires in 2021. We resumed our online games publishing services in the fourth quarter of 2021 and officially launched our first overseas online game, Civilization（文明）, in October 2022 mainly in the United States, Canada and Europe.

OUR PLATFORM AND PRODUCTS

We have built an online platform around our Easou Recommendation Engine, our user base and diversified digital content. Our platform connects cross-scenario digital content, involves various participants, such as digital content providers, media channels, users, advertising customers and telecommunications operators, and enables them to interact with each other. This allows us to achieve synergy across our various business lines and helps us realize diversified monetization.

Our platform primarily consists of following three types of proprietary products:

- *Easou Reading App Series*. We mainly rely on the Easou Reading App Series to conduct our online reading platform services. Our flagship application, Easou Reading App, was launched in 2013 and provides a large number of e-books with diversified product functions featuring personalized reading experience for our users, such as audiobooks and eye-care reading mode. In 2017, we launched Easou Reading App Light Version to cater to different user needs and usage scenarios and expand our user acquisition channels.

- *Easou H5 Pages*. Easou H5 Pages is mainly designed for users who prefer to read online literature through mobile browsers and webpages instead of an App and serves as a channel for us to attract more users to Easou Reading App Series.

- *Win Ads*. Win Ads is our proprietary intelligent advertising platform that serves as the core platform for our advertising services under our online reading platform services business and our digital marketing services business. It is primarily composed of three core modules: a demand-side platform, a supply-side platform and an algorithm strategy system, which are used collectively by us mainly to provide data support, assist us to generate placement strategies and display the advertisements, thereby enabling us to achieve suitable multi-matching between our advertising customers and media. For further details, please refer to the section headed "Business – Our Platform and Products – Our Proprietary Products" in this document.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to the success of our business and facilitate our future development:

- We are a technology-driven mobile internet company dedicated to the research, development and application of our Easou Recommendation Engine;

- We have successfully applied our Easou Recommendation Engine to a number of application scenarios;

- We operate the largest third-party online literature platform and the fifth largest online literature APP in China, and provide users with fair, accurate and personalized online reading platform services through our Easou Recommendation Engine;

- As a third-party platform that connects content providers and users, we have built a platform of mutually beneficial businesses and achieved multi-level monetization of our proprietary platform traffic;
- We are capable of continuously leveraging a large amount of user behavior data generated from our increasing user traffic and user base to optimize our Easou Recommendation Engine; and
- Our dedicated and experienced management team possesses the execution capability and deep understanding and insights into technology development and evolving industry trends.

OUR BUSINESS STRATEGIES

We intend to pursue the following strategies to facilitate our future development:

- Continue to invest in R&D to maintain long-term technological advantage;
- Further tap the potential of online literature industry to increase our market share and improve our operating metrics;
- Continue to leverage the capability of our Easou Recommendation Engine to increase the business scale of our digital marketing services; and
- Expand our online games publishing services, primarily in overseas markets.

CUSTOMERS

Our customers primarily consist of (i) users of our online reading platform services (reading with paid services) and our online games publishing services, who usually make payments through third-party payment channels; and (ii) advertising customers for our online reading platform services (reading with advertising services) and digital marketing services. In each year of the Track Record Period, revenue from our five largest customers amounted to approximately RMB143.3 million, RMB133.5 million and RMB129.6 million, respectively, accounting for approximately 33.1%, 29.2% and 23.2%, respectively, of our total revenue. In each year of the Track Record Period, revenue from our largest customer amounted to RMB41.4 million, RMB35.2 million and RMB27.4 million, respectively, accounting for approximately 9.6%, 7.7% and 4.9%, respectively. In each year of the Track Record Period, all of our five largest customers were Independent Third Parties. None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any interest in these customers during the Track Record Period and up to the Latest Practicable Date. Please see "Business – Customers" for details.

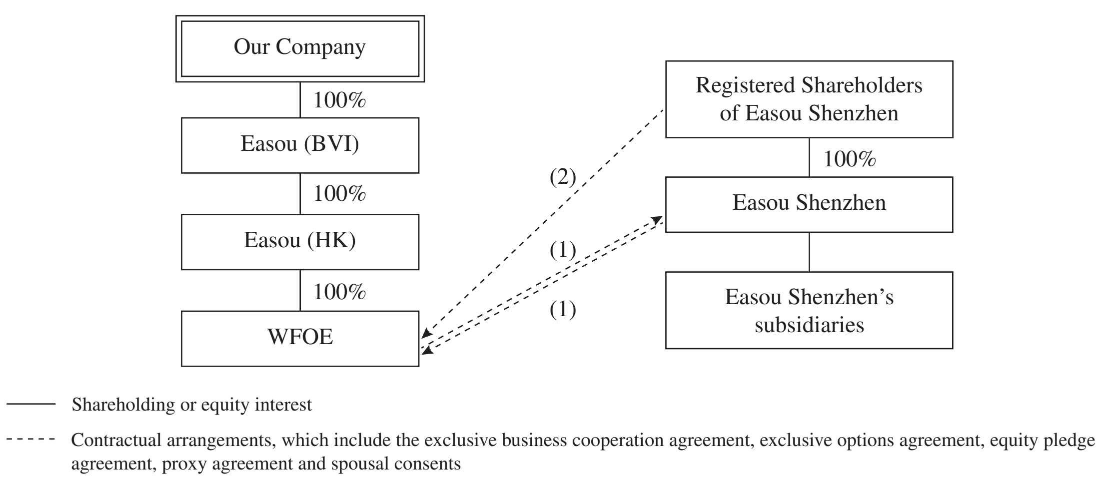
SUPPLIERS

Our suppliers primarily consist of (i) content suppliers, including suppliers for literary content and game content; (ii) internet traffic suppliers, including suppliers for business promotion and advertising; and (iii) other product or service suppliers, such as suppliers for bandwidth services and servers and third-party payment service providers. In each year of the Track Record Period, purchases from our five largest suppliers amounted to approximately RMB115.6 million, RMB146.4 million and RMB167.3 million, respectively, accounting for approximately 35.3%, 42.9% and 34.9%, respectively, of our total purchases. In each year of the Track Record Period, purchases from our largest suppliers amounted to RMB28.6 million, RMB43.0 million and RMB39.3 million, respectively, accounting for approximately 8.7%, 12.6% and 8.2%, respectively. In each year of the Track Record Period, all of our five largest suppliers were Independent Third Parties, and none of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any interest in these suppliers during the Track Record Period and up to the Latest Practicable Date. Please see "Business – Suppliers" for details.

CONTRACTUAL ARRANGEMENTS

Our Company operates or intends to operate certain businesses that are subject to restrictions and/or prohibitions under the current PRC laws and regulations. In order to comply with such laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on December 31, 2022.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

(1) Pursuant to an exclusive business cooperation agreement, WFOE shall provide technical support, consulting services and other services in exchange for a service fee from Easou Shenzhen.

(2) Representing:
  (a) an exclusive option agreement executed by the Registered Shareholders of Easou Shenzhen in favor of WFOE for the acquisition of all or part of the shares and/or assets in Easou Shenzhen;
  (b) an equity pledge agreement executed by the Registered Shareholders of Easou Shenzhen, pursuant to which the Registered Shareholders of Easou Shenzhen granted security interests in favor of WFOE over the shares in Easou Shenzhen held by the Registered Shareholders of Easou Shenzhen;
  (c) a proxy agreement executed by the Registered Shareholders of Easou Shenzhen in favor of WFOE for the exercise of all shareholders' rights in Easou Shenzhen; and
  (d) the spousal consents executed by the spouse of each individual Registered Shareholder of Easou Shenzhen in favor of WFOE.

Given the principal business activities of the Consolidated Affiliated Entities as outlined below, the Consolidated Affiliated Entities operate in the foreign-prohibited business and foreign-restricted business under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) published by certain departments of the State Council (the "2021 Negative List"):

(i) the principal businesses of Easou Shenzhen, Shenzhen Dahuatong, Shenzhen Chuangtu and Guangzhou Tianshitong involve the operation of online entertainment, including publication of games and music, whereas the principal business of Shenzhen Eayou, Guangzhou Ledian, Easou Beijing, Shenzhen Taite, Shanghai Yinggao and Shenzhen New Drive involve internet cultural activities, including but not limited to online advertising or online reading platform services, which fall within the scope of internet cultural business;

(ii) the principal business of Beijing Yike involves the publication of digitized works with characteristics of publishing, which falls within the scope of internet publishing business; and

(iii) the principal businesses of Easou Shenzhen, Shenzhen Dahuatong, Shenzhen Chuangtu, Beijing Yike, Shenzhen Eayou, Shenzhen New Drive and Shenzhen Taite involve internet information services provided through mobile Apps and websites, which fall within the scope of value-added telecommunication services.

Given that Easou Shenzhen, Shenzhen Dahuatong, Shenzhen Eayou, Shenzhen Chuangtu, Easou Beijing, Beijing Yike, Shenzhen Taite, Guangzhou Tianshitong, Shenzhen New Drive, Guangzhou Ledian and Shanghai Yinggao (i.e., the Consolidated Affiliated Entities) operate in the foreign-prohibited business and foreign-restricted business under the current PRC laws and regulations, our Company would not be currently allowed to hold any equity interest in these companies. In order to comply with such laws and regulations, while availing ourselves of the international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements. Pursuant to the Contractual Arrangements, we have effective control over and are entitled to receive all the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entities. For further details, please see "Contractual Arrangements" in this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** (assuming full conversion of the **[REDACTED]** and without taking into account any Shares which may be issued upon the exercise of the **[REDACTED]** or any options that may be granted under the Share Option Scheme), Mr. Wang, through Growth Value, Fase Ltd and Gather Forever, will control the exercise of voting rights attached to Shares representing approximately **[REDACTED]**% of the issued share capital of our Company at general meetings of our Company.

Growth Value is controlled by Mr. Wang, upon the establishment of The Hope Trust, it is owned as to (i) 99% by Gather Forever, which is in turn wholly-owned by CMB Wing Lung (Trustee) Ltd. (the trustee of The Hope Trust); and (ii) 1% by Fase Ltd, which is wholly-owned by Mr. Wang. The Hope Trust is an irrevocable reserved power trust established by Mr. Wang, as the settlor and protector, with CMB Wing Lung (Trustee) Ltd., an independent trustee, as trustee, for the benefit of Mr. Wang and his family members. Accordingly, Mr. Wang, Growth Value, Fase Ltd and Gather Forever will be our Controlling Shareholders upon completion of the **[REDACTED]**.

PRE-[REDACTED] INVESTMENTS

SBCVC Fund III, BlueSky Holding, Estate Success, Ventech China II SICAR, Shenzhen Lihe Partnership, Shenzhen Lihe, Mr. Ding and Jinhe Capital Limited are regarded as pre-**[REDACTED]** investors of our Company. Please see "History, Reorganization and Corporate Structure – The 2023 Subscription and the Pre-**[REDACTED]** Investments" in this document for details of the background of the Pre-**[REDACTED]** Investors.

As of the Latest Practicable Date, the Pre-**[REDACTED]** Investors held approximately 24.94% of our issued share capital. Immediately following the completion of the **[REDACTED]**, the Pre-**[REDACTED]** Investors will hold approximately **[REDACTED]**% of our total issued share capital (assuming full conversion of the **[REDACTED]** and without taking into account any Shares which may be issued upon the exercise of the **[REDACTED]** or any options which may be granted under the Share Option Scheme). All the special rights granted will be automatically terminated immediately upon the **[REDACTED]**. The Shares held by the 2023 Subscribers (including the Pre-**[REDACTED]** Investors) are subject to a lock-up period of six months commencing from the **[REDACTED]**, save for (i) the use of the Shares as security in favor of an authorized institution for a bona fide commercial loan, provided that the person making such loan also undertakes to be bound by such lock-up undertaking; (ii) the Shares to be acquired by the 2023 Subscribers after the **[REDACTED]** to the extent that such acquired Shares are not subject to any lock-up or similar transfer restrictions; and (iii) the transfers to another corporation, partnership or other business entity that wholly owns, is wholly owned by or is wholly owned by an entity that wholly owns, the relevant 2023 Subscriber, provided that there is no change in the ultimate beneficial ownership to such Shares and that such entity gives a written undertaking agreeing to be bound by the same lock-up undertaking given by the relevant 2023 Subscriber.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary of consolidated financial information set forth below should be read together with, and qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRSs.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below presents a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	433,108	100.0	456,411	100.0	559,045	100.0
Cost of sales	(224,416)	(51.8)	(217,741)	(47.7)	(299,317)	(53.5)
Gross profit	208,692	48.2	238,670	52.3	259,728	46.5
Other income and gains	11,531	2.7	6,528	1.4	3,157	0.6
Selling and distribution expenses	(99,270)	(22.9)	(133,612)	(29.3)	(153,660)	(27.5)
Administrative expenses	(18,642)	(4.3)	(19,774)	(4.3)	(25,566)	(4.6)
Research and development expenses	(50,951)	(11.8)	(38,738)	(8.5)	(37,615)	(6.7)
Fair value losses on financial assets at FVTPL	–	–	(5,897)	(1.3)	(10,925)	(2.0)
Other expenses	(580)	(0.1)	(301)	*	(592)	(0.1)
Finance costs	(305)	(0.1)	(2,131)	(0.5)	(8,442)	(1.5)
Profit before tax	**50,475**	**11.7**	**44,745**	**9.8**	**26,085**	**4.7**
Income tax expenses	(464)	(0.1)	(297)	(0.1)	(1,074)	(0.2)
Profit for the year	**50,011**	**11.5**	**44,448**	**9.7**	**25,011**	**4.5**
Other comprehensive loss						
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)	(0.9)
Total comprehensive income for the year	**50,011**	**11.5**	**44,448**	**9.7**	**20,212**	**3.6**
Attributable to:						
Owners of the parent	49,983	11.5	44,388	9.7	20,172	3.6
Non-controlling interests	28	*	60	*	40	*

Note:

* *Less than 0.1%*

For the years ended December 31, 2021, 2022 and 2023, our revenue amounted to RMB433.1 million, RMB456.4 million and RMB559.0 million, respectively. During the Track Record Period, we generated revenue from four business lines, namely, online reading platform services, digital marketing services, online games publishing services and other digital content services. The increase in our revenue during the Track Record Period was mainly due to increased revenue from online reading platform services business and digital marketing services business.

The decrease in our profit for the year from RMB50.0 million in 2021 to RMB44.4 million in 2022 was primarily due to a combined effects of (i) our increased selling and distribution expenses as we relaunched our online games publishing services; and (ii) our decreased other income and gains mainly as a result of a decrease of one-off government subsidies and a reduction in interest income. Our profit for the year decreased from RMB44.4 million in 2022 to RMB25.0 million in 2023, primarily due to a combined effects of (i) our increased fair value losses on financial assets at FVTPL arising from our private equity fund investments; (ii) our increased selling and distribution expenses as we increased our promotional activities relating to the expansion of our online games publishing services business; and (iii) our increased **[REDACTED]** in connection with our preparation for the **[REDACTED]**. See "Financial Information – Period to Period Comparison of Results of Operations" in this document for more information.

We incurred fair value losses on financial assets at FVTPL of nil, RMB5.9 million and RMB10.9 million for the years ended December 31, 2021, 2022 and 2023, respectively, primarily due to the losses incurred from our private equity fund investments as we purchased two open-ended private equity funds denominated in RMB and US dollar, respectively. Specifically, in January 2022, we invested in an open-ended private equity investment fund denominated in RMB (the "RMB Fund") with an aggregate subscription amount of RMB88.0 million. We redeemed RMB76.8 million of the RMB Fund in December 2022, and subsequently made additional investments in the fund with a subscription amount of RMB5.0 million and RMB3.0 million in May and June 2023, respectively. In addition, we invested in an open-ended US dollar-denominated private equity fund (the "USD Fund") with a subscription amount of US$9.9 million (equivalent to RMB70.3 million) in January 2023. Please see "Financial Information - Description of Certain Key Items from Our Consolidated Statements of Financial Position" in this document for more information.

The following table sets forth revenue attributable to each of our four business lines for the periods indicated:

	For the year ended December 31,					
	2021		**2022**		**2023**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online reading platform services:						
– Reading with advertising	185,959	42.9	220,007	48.2	229,416	41.0
– Reading with paid services	32,173	7.4	24,703	5.4	19,513	3.5
Sub-total	218,132	50.4	244,710	53.6	248,929	44.5
Digital marketing services	201,607	46.5	200,721	44.0	288,836	51.7
Online games publishing services	4,330	1.0	4,944	1.1	10,553	1.9
Other digital content services	9,039	2.1	6,036	1.3	10,727	1.9
Total	**433,108**	**100.0**	**456,411**	**100.0**	**559,045**	**100.0**

The table below sets forth our cost of sales and the components as a percentage of total cost of sales by nature for the periods indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Internet traffic cost	185,038	82.5	184,754	84.9	265,670	88.8
Online reading content cost	9,803	4.4	6,328	2.9	2,995	1.0
Depreciation and amortization	16,453	7.3	16,808	7.7	19,665	6.6
Operator value-added service content cost	4,243	1.9	3,098	1.4	4,498	1.5
Staff costs	7,488	3.3	5,344	2.5	5,057	1.7
Mobile game content cost	42	*	384	0.2	11	*
Server maintenance cost	961	0.4	793	0.4	1,019	0.3
Rental	388	0.2	232	0.1	402	0.1
Total	**224,416**	**100.0**	**217,741**	**100.0**	**299,317**	**100.0**

Note:

* *Less than 0.1%*

We incurred cost of sales of RMB224.4 million, RMB217.7 million and RMB299.3 million for the years ended December 31, 2021, 2022 and 2023, respectively. Our cost of sales decreased from RMB224.4 million in 2021 to RMB217.7 million in 2022. The decrease was mainly due to a decrease in online reading content cost and staff cost. The decrease in online reading content cost was primarily due to a decrease in revenue from reading with paid services. The decrease in staff cost was primarily because we reduced staff headcount in an effort to improve our operating efficiency. Our cost of sales increased from RMB217.7 million in 2022 to RMB299.3 million in 2023, mainly due to increases in internet traffic cost and depreciation and amortization. Internet traffic cost increased primarily because we procured additional internet traffic to serve the development of our digital marketing services business. Depreciation and amortization increased mainly because we continued to expand our online games offering, including beta testing, official launch of new games and continued operation of several existing games and incurred amortization expenses of the intangible assets.

The table below sets forth the gross profit and gross profit margin by our business lines for the periods indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online reading platform services	184,488	84.6	217,596	88.9	224,739	90.3
Digital marketing services	15,787	7.8	15,482	7.7	22,494	7.8
Online games publishing services	4,048	93.5	2,839	57.4	6,570	62.3
Other digital content services	4,369	48.3	2,753	45.6	5,925	55.2
Total	**208,692**	**48.2**	**238,670**	**52.3**	**259,728**	**46.5**

For the years ended December 31, 2021, 2022 and 2023, our gross profit amounted to RMB208.7 million, RMB238.7 million and RMB259.7 million, respectively. During the same years, our gross profit margin was 48.2%, 52.3% and 46.5%, respectively. The increase in our gross profit and gross profit margin from 2021 to 2022 was primarily due to an increase in the gross profit margin of online reading platform services in 2022. The decrease in our gross profit margin in 2023 compared to 2022 was primarily because the revenue contribution from digital marketing services increased, the gross profit margin of which was significantly lower than that of our other business lines.

The gross profit margin of each of our four business lines varied during the Track Record Period. For the years ended December 31, 2021, 2022 and 2023, the gross profit margin of our online reading platform services was 84.6%, 88.9% and 90.3%, respectively and the gross profit margin of our digital marketing services remained relatively stable at 7.8%, 7.7% and 7.8%, respectively. For the same years, the gross profit margin of our online games publishing services was 93.5%, 57.4% and 62.3%, respectively.

The gross profit margin of online reading platform services remained relatively high during the Track Record Period primarily because (i) our online literature platform services enabled us to generate revenue from our use of literary content and our user traffic; (ii) cost of sales under the pro-rata income sharing model decreased given the decreased revenue generated from reading with paid services and cost of sales under the buy-out model (purchasing content rights from content providers in a lump sum) remained relatively stable; and (iii) we utilized our proprietary platform traffic to serve the demand of our advertising customers under reading with advertising, which allowed us to save internet traffic cost. The gross profit margin of online games publishing services was relatively high in 2021, mainly because we only operated a game called "Age of Empires (帝王世紀)", which generated revenue but did not incur any amortization of content cost in 2021. The gross profit margin of online games publishing services decreased from 93.5% in 2021 to 57.4% in 2022, primarily because we launched a game called "Civilization (文明)" in the overseas markets in 2022, which did not generate significant revenue at such stage but we had begun to amortize the game content costs during this period. The gross profit margin of online games publishing services increased from 57.4% in 2022 to 62.3% in 2023, mainly because we continued to expand our online games offering, including beta testing and official launch of new games as well as continued operation of several existing games.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2021	**2022**	**2023**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total non-current assets	91,617	82,421	105,488
Total current assets	313,330	311,892	399,943
Total assets	**404,947**	**394,313**	**505,431**
Total non-current liabilities	6,480	4,668	4,367
Total current liabilities	48,552	132,976	121,730
Total liabilities	**55,032**	**137,644**	**126,097**
Net current assets	**264,778**	**178,916**	**278,213**
Net assets	**349,915**	**256,669**	**379,334**
Non-controlling interests	528	588	628

Our net current assets increased from RMB178.9 million as of December 31, 2022 to RMB278.2 million as of December 31, 2023, which was primarily attributable to the increase in our current assets and a decrease in our current liabilities. Our current assets increased from RMB311.9 million as of December 31, 2022 to RMB399.9 million as of December 31, 2023, primarily due to (i) an increase in trade receivables from RMB127.0 million as of December 31, 2022 to RMB161.5 million as of December 31, 2023, mainly due to our increased sales in reading with advertising under the online reading platform services business and increased sales in digital marketing services business; (ii) an increase in prepayment, deposits and other receivables from RMB23.5 million as of December 31, 2022 to RMB76.0 million as of December 31, 2023, primarily because we increased the prepayment of advertising expenses relating to the increased promotional activities for our Easou Reading App Series, and we increased our prepayment to procure internet traffic to support the growth of our digital marketing services business and to expand our online games offering in 2023; and (iii) an increase in financial assets at FVTPL from RMB5.3 million as of December 31, 2022 to RMB73.3 million as of December 31, 2023, primarily because we made additional investments in two open-ended private equity funds in 2023. The increase in our current assets was partially offset by a decrease in cash and cash equivalents from RMB152.2 million as of December 31, 2022 to RMB89.1 million as of December 31, 2023, as we utilized a portion of our cash to invest in two open-ended private equity funds in 2023 as part of our wealth management activities. Our current liabilities decreased from RMB133.0 million as of December 31, 2022 to RMB121.7 million as of December 31, 2023, primarily due to a decrease in other payable and accruals from RMB19.6 million as of December 31, 2022 to RMB11.1 million as of December 31, 2023, mainly because (i) we distributed the 2022 bonuses for our employees before December 31, 2023 and such delayed distribution was mainly a result of the impact of the COVID-19 pandemic; and (ii) we cooperated with certain new advertising service providers who required us to make prepayments to them prior to using their products/services.

Our net current assets decreased from RMB264.8 million as of December 31, 2021 to RMB178.9 million as of December 31, 2022, which was primarily attributable to an increase in our current liabilities and a slight decrease in our current assets. Our current liabilities increased from RMB48.6 million as of December 31, 2021 to RMB133.0 million as of December 31, 2022, primarily due to an increase in interest-bearing bank and other borrowings as we incurred new bank borrowings to fund our working capital, partially offset by (i) a decrease in trade payables mainly because the number of suppliers using prepayment settlement method has increased in 2022; and (ii) a decrease in contract liabilities mainly due to a decrease in service fee collected in advance as we performed our obligations under the relevant contracts. Our current assets decreased slightly from RMB313.3 million as of December 31, 2021 to RMB311.9 million as of December 31, 2022, primarily due to a decrease of cash and cash equivalents primarily because we utilized a portion of our cash as deemed distribution to the then equity owners of our Group in connection with the Reorganization, partially offset by (i) an increase of prepayments, deposits and other receivables, reflecting the expansion in our digital marketing services; and (ii) an increase in trade receivables, which was mainly due to increased sales in reading with advertising under our online reading platform services business and increased sales in digital marketing services.

In addition, as of December 31, 2021, 2022 and 2023, our net assets amounted to RMB349.9 million, RMB256.7 million and RMB379.3 million, respectively. Our net assets decreased from RMB349.9 million as of December 31, 2021 to RMB256.7 million as of December 31, 2022, mainly due to the deemed distribution to the then equity owners of our Group of RMB137.7 million in connection with the Reorganization, partially offset by profit and total comprehensive income for the year of RMB44.4 million in 2022. Our net assets increased from RMB256.7 million as of December 31, 2022 to RMB379.3 million as of December 31, 2023, primarily due to capital contribution from holders of preferred shares of RMB559.5 million in connection with the Reorganization, which involved the issuance of **[REDACTED]** to a new investor and the then shareholders of Easou Shenzhen, partially offset by the deemed distribution to the then equity owners of our Group of RMB468.2 million in connection with the Reorganization.

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2021	2022	2023
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Cash generated from operations before changes in working capital	**69,299**	**73,237**	**69,849**
Net cash flows from/(used in) from operating activities	50,952	6,070	(29,501)
Net cash flows from/(used in) from investing activities	(22,430)	(20,696)	(127,044)
Net cash from/(used in) financing activities	(20,265)	(48,179)	97,488
Net increase/(decrease) in cash and cash equivalents	**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)
Cash and cash equivalents at the end of year	214,960	152,155	89,081
Cash and balances	112,960	152,155	89,081
Non-pledge time deposits with original maturity of less than three months when acquired	102,000	–	–
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	**214,960**	**152,155**	**89,081**

Our cash and cash equivalents decreased substantially as of December 31, 2022 compared to that as of December 31, 2021 primarily due to a deemed distribution of RMB137.7 million to the then equity owners of our Group in connection with the Reorganization. Our cash and cash equivalents decreased as of December 31, 2023 compared to that as of December 31, 2022, mainly because we utilized a portion of our cash to invest in two open-ended private equity funds in 2023 as part of our wealth management activities. For details, please referred to the sections headed "History, Reorganization and Corporate Structure – Reorganization" and "Financial Information – Description of Certain Key Items from Our Consolidated Statements of Financial Position" in this document.

In 2023, we had net cash flow used in operating activities of RMB29.5 million. The net cash used in operating activities was mainly attributable to (i) negative movements in working capital of RMB91.7 million; and (ii) interest paid of RMB8.4 million, partially offset by (i) positive total adjustments before movements in working capital of RMB43.8 million; (ii) profit before tax of RMB26.1 million; and (iii) PRC taxation received of RMB1.4 million. See "Financial information – Liquidity and Capital Resources – Cash Flow Analysis" for more information.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	As of/For the year ended December 31,		
	2021	**2022**	**2023**
Net profit margin	11.5%	9.7%	4.5%
Current ratio	6.5	2.3	3.3
Gearing ratio	–	34.9%	22.4%
Return on equity	14.3%	17.3%	6.6%

Net profit margin equals profit for the year divided by the revenue for the same year. Our net profit margin decreased from 2021 to 2022 mainly because our selling and distribution expenses increased significantly as we expanded the scale of advertising for our online reading platform services and online games publishing services. Our net profit margin further decreased in 2023 primarily because (i) our private equity fund investment incurred losses; (ii) we continued to expand our online games offering, including beta testing, official launch of new games and continued operation of several existing games that involved the purchases of the relevant game content and incurred amortization expenses of the intangible assets; and (iii) our **[REDACTED]** increased as a result of our continued preparation for the **[REDACTED]**. For details, please refer to "Financial Information – Period to Period Comparison of Results of Operations" in this document for the reasons of the fluctuations in our net profit margin.

Current ratio equals our current assets divided by current liabilities as of the end of the year. Our current ratio decreased from 6.5 as of December 31, 2021 to 2.3 as of December 31, 2022 mainly because our current liabilities increased at a faster pace than our current assets. Our current liabilities increased mainly as a result of additional bank loans we borrowed to fund our working capital. Our current assets increased slightly primarily due to increases in trade receivables and financial asset at FVTPL, partially offset by a decrease in our cash and cash equivalents mainly as a result of a deemed distribution to the then equity owners of our Group in connection with the Reorganization. Our current ratio increased from 2.3 as of December 31, 2022 to 3.3 as of December 31, 2023, mainly because our current assets increased while our current liabilities decreased. Our current assets increased primarily due to increases in trade receivables, prepayments, deposits and other receivables and financial assets at FVTPL, partially offset by a decrease in our cash and cash equivalents mainly due to additional investments we made in two open-ended private equity funds in 2023. Our current liabilities decreased mainly due to a decrease in other payables and accruals.

Gearing ratio equals total debt as of the end of the year divided by total equity as of the end of the same year. Total debt includes all interest-bearing borrowings. Gearing ratio was not applicable as of December 31, 2021 because we did not record any outstanding bank loans as of December 31, 2021. Our gearing ratio was 34.9% as of December 31, 2022 because we had outstanding bank loans of RMB89.7 million and there had been a deemed distribution to the then equity owners of our Group in connection with the Reorganization, which reduced our total equity. Our gearing ratio decreased to 22.4% as of December 31, 2023 primarily because our total equity increased from RMB256.7 million as of December 31, 2022 to RMB379.3 million as of December 31, 2023 while our total outstanding bank loans remained relatively stable at RMB89.7 million and RMB84.9 million as of December 31, 2022 and 2023.

Return on equity equals net profit for the year divided by total equity as of the end of the year. Our return on equity was 14.3%, 17.3% and 6.6% for the years ended December 31, 2021, 2022 and 2023, respectively. The changes in our return on equity primarily reflected the fluctuations of our net profit in the corresponding years.

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors" in this document. As different **[REDACTED]** may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to **[REDACTED]** in the **[REDACTED]**. Some of the major risks that we face include:

- If our Easou Recommendation Engine fails to properly analyze and predict the users' behaviors and preferences or to keep up with the technological changes, our business, results of operations, financial condition and prospects may be materially and adversely affected;

- We apply our Easou Recommendation Engine to our various business lines, which involve separate and independent industries, and the developments in those industries could subject our business to risks, which makes it difficult to evaluate our business and prospects;

- We do not produce proprietary digital content and the content we recommend to our users and customers was primarily sourced from third-party content providers of online literature, online games and other digital content;

- Our online reading platform services accounted for a significant portion of our revenue during the Track Record Period. If we fail to retain our user or if user engagement ceases to grow or declines, which may materially and adversely affect our business, financial condition, results of operations and prospects;

- We generate a significant portion of our revenue from digital marketing services. If we fail to attract new advertising customers, retain existing advertising customers, or maintain their demand for our services, our business, results of operations and financial condition may be materially and adversely affected;

- We temporarily suspended our online games publishing services beginning in June 2020 and began to resume such services in December 2021. If we fail to promote new games with good market reception or efficiently and effectively operate our existing games, we may not be able to maintain or grow our revenue generated from online game publishing and our business, financial condition and results of operations may be materially and adversely affected;

- If we fail to anticipate user/customer preferences and provide attractive services, or if we fail to keep up with rapid changes in user behavior or customer requirements, we may not be able to retain existing users, attract sufficient user traffic or enhance customer engagement; and

- We operate in highly competitive industries. If we are unable to compete effectively against other industry players, our user and customer bases, market share and profitability may be materially and adversely affected.

FUTURE PLANS AND USE OF [REDACTED]

The estimated net **[REDACTED]** of the **[REDACTED]** which we will receive after deduction of **[REDACTED]** fees and commissions and estimated expenses payable by us in connection with the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), will be approximately HK$**[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of the **[REDACTED]**). We intend to use the net **[REDACTED]** as follows (based on the mid-point of the **[REDACTED]** range stated in this document):

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities to ensure long-term technological advantage;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to reinforce our strength as a third-party online literature platform;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand our digital marketing services; and

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand our online games publishing services in overseas markets.

Please refer to "Future Plans and Use of **[REDACTED]**" in this document for details.

[REDACTED] STATISTICS (1)

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
[REDACTED] of our Shares upon completion of the **[REDACTED]**(2)	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible asset value per Share(3)	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) All statistics in this table are presented based on the assumption that the **[REDACTED]** is not exercised.

(2) The calculation of **[REDACTED]** is based on **[REDACTED]** Shares expected to be in issue immediately following the completion of the **[REDACTED]**.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible asset value per Share is calculated after the adjustments referred to in "Appendix II – Unaudited **[REDACTED]** Financial Information" to this document and on the basis of **[REDACTED]** Shares expected to be in issue and outstanding immediately following the completion of the **[REDACTED]**.

[REDACTED] EXPENSES

Our **[REDACTED]** mainly include **[REDACTED]** fees and commissions and professional fees paid to legal advisers and service providers for their services rendered in relation to the **[REDACTED]**. We expect to incur a total of RMB**[REDACTED]** of **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range between HK$**[REDACTED]** and HK$**[REDACTED]**, and assuming that the **[REDACTED]** is not exercised) until the completion of the **[REDACTED]**, including (i) **[REDACTED]** commission of RMB**[REDACTED]**; and (ii) non-**[REDACTED]** related expenses of RMB**[REDACTED]**, which consist of fees and expenses of legal advisers and Reporting Accountants of RMB**[REDACTED]** and other fees and expenses of RMB**[REDACTED]**, which account for **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**. We estimate that approximately RMB**[REDACTED]** will be charged to our profit or loss after December 31, 2023, and the balance of approximately RMB**[REDACTED]**, which was directly attributable to the **[REDACTED]** of the **[REDACTED]**, will be deducted from equity upon **[REDACTED]**. The **[REDACTED]** above are the best estimate as of the Latest Practicable Date and for reference only, actual amount may differ from this estimate. **[REDACTED]** of RMB**[REDACTED]** were incurred on or before December 31, 2023, of which RMB**[REDACTED]** were recorded as prepayment, and the remaining RMB**[REDACTED]** were charged to our profit and loss.

DIVIDEND

No dividend has been paid or declared by our Company since its incorporation or other companies comprising our Group during the Track Record Period. Our Group currently does not have a pre-determined dividend policy. The Board may declare, and we may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends by way of cash, or warrant. We may distribute stock dividends if our Directors consider that our stock price and equity scale do not match and that distribution of stock dividends is beneficial to all Shareholders' interest. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. In addition, we may declare interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting. Please refer to the section headed "Financial Information – Dividends" in this document for more information.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period, there were three legal proceedings involving two of our subsidiaries in the PRC with the amount in dispute in each of which was over RMB1.0 million. Among these cases, we were the plaintiff in two proceedings with an aggregate dispute amount of approximately RMB6.4 million and the defendant in one other proceeding with the dispute amount of approximately RMB2.7 million. Two proceedings had received the final judgment and one proceeding had been settled as of the Latest Practicable Date as disclosed in the section headed "Business – Legal Proceedings and Compliance – Legal Proceedings" in this document. The court was partially in favor of us for the two proceedings that received the final judgment, and was in full favor of us for the proceeding that was subsequently settled. These legal proceedings would not, individually or in the aggregate, have any material adverse effect on our Group's business, financial condition or results of operations. Our Directors confirmed that there had been no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our business, financial condition or results of operations. Our Directors are also of the view that we have complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material adverse impact on our business, financial condition and results of operations.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the date of this document, our business and operation have remained stable, which was in line with our past trends and expectations. According to the operating metrics recorded in our business operation system, on Easou Reading App Series, our cumulative registered users increased to 44.9 million as of March 31, 2024, and our average MAU were 26.3 million for the three months ended March 31, 2024.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2023 (being the date on which the latest consolidated financial information of our Group was prepared) and there is no event since December 31, 2023 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

IMPACT OF THE COVID-19 PANDEMIC

Beginning in December 2019, there was an outbreak of the novel coronavirus, COVID-19, across the world. On January 30, 2020, the World Health Organization declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern (PHEIC). In February and March 2020, an increasing number of additional cases were confirmed around the world. In March 2020, the World Health Organization declared the coronavirus disease, or COVID-19, as a global pandemic.

The PRC government gradually eased restrictive measures on business and social activities in December 2022, and re-opened the borders and eliminated mandatory quarantine requirements on January 8, 2023. Since the ease of COVID-19 restrictions in December 2022, there had been a rapid progression of the COVID-19 infections in China. As of the Latest Practicable Date, COVID-19 was stabilized and all of our businesses had returned to normal.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, our operations had not experienced any material suspension due to the COVID-19 pandemic. Our Directors confirm that our business and financial performances were not materially and adversely impacted by the COVID-19 pandemic. As of the Latest Practicable Date, our services, marketing and business operation of our Group remained stable and normal. Furthermore, on the basis of actions taken to date, our Directors believe that we have demonstrated our ability to respond swiftly in these emergency circumstances and that the overall impact of COVID-19 on us was limited. Please refer to the section headed "Business – Impact of COVID-19 Pandemic on Our Group" in this document for more information.

REGULATORY UPDATE

Overseas Listing

On February 17, 2023, the CSRC released the Trial Measures for Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and new rules for the filing-based administration of oversea securities offerings and listings by Chinese domestic companies (the "New Filing Rules"). As advised by our PRC Legal Advisers, the **[REDACTED]** is determined as an indirect **[REDACTED]** that requires filing with the CSRC under the Trial Measures. Subject to the New Filing Rules, we are required to go through the filing procedures with the CSRC after the submission of our application for the **[REDACTED]** to the Stock Exchange and to obtain the CSRC approval with respect to the **[REDACTED]**. We submitted the filing application to the CSRC on April 27, 2023 with respect to the submission of our application for **[REDACTED]** to the Stock Exchange and our filing application was received by the CSRC on May 19, 2023. We obtained the filing notice issued by the CSRC dated April 22, 2024 indicating that we have completed the filing application. Please see the section headed "Regulatory Overview – Regulations Relating to M&A and Overseas Listing" in this document for further details.