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Easou Technology Holdings Limited

宜搜科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2550)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Easou Technology Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**”, “**we**” or “**our**”) for the year ended December 31, 2024 (the “**Reporting Period**”).

FINANCIAL SUMMARY

	For the year end	
	December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue	604,164	559,045
Gross profit	255,805	259,728
(Loss)/profit before tax	(1,016)	26,085
(Loss)/profit for the year	(2,049)	25,011
(Loss)/earnings per share attributable to ordinary equity holders of the Company (RMB cents)	(0.65)	8.72
Adjusted profit for the year⁽¹⁾	14,916	36,709

Note:

(1) Adjusted profit for the year excludes the IPO intermediaries fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Founded in 2005, the Company has been deeply involved in the research and development (“R&D”) of AI-based recommendation technology. We have successfully applied our proprietary intelligent recommendation engine, Easou AI Recommendation Engine, in various application scenarios, including online literature recommendation, digital marketing and online games publishing. 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 exploring business opportunities to apply our Easou Recommendation Engine in additional scenarios.

In 2024, we continued to invest in the R&D of intelligent recommendation technology and recorded R&D expenses of RMB36.1 million, observing positive development. The Company enhanced the analysis of content by AI technology and dug deep into users’ historical behaviors so as to understand the change in interests and preferences of users more accurately and further improve the capacity of our recommendation engine. On the other hand, the Company focused on increasing R&D investments in AIGC (AI Generated Content) technologies and actively explored the application scenarios of AI technology in fields such as literary creation, advertising, speech generation and film and television creation.

For 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 third-party advertising channels. In 2024, the Company strengthened the technological upgrade of the Win Ads advertising platform by combining it with AI technology to further optimize the advertising recommendation algorithm and improve marketing conversion efficiency. At the same time, coupled with the gradual recovery of advertisers’ demands, the Company enhanced its expansion efforts in the digital marketing business segment and achieved revenue of RMB337.0 million with a year-on-year increase of 16.7%. In 2024, the number of clicks, displays and click-through rate was 449.9 million, 46,743.3 million and 1.0%, respectively.

For online reading platform services, in 2024, we continued to optimize the engine recommendation technology, enhance users' experiences and expand user scale. The number of cumulative registered users of our Easou products was 46 million as of December 31, 2024, and the average MAU (monthly active users) of our Easou products reached 26 million. In 2024, the Company began to explore the recommendation services of short drama content, actively introducing high-quality short drama content from home and abroad, and further expanding the application scenarios of our recommendation engine. At the same time, we promoted the development of our other business segments by heavily leveraging the recommendations and algorithm tests of gaming and other digital content scenarios through the user traffic of the online reading platform.

For online games publishing services, revenue in 2024 amounted to RMB6.1 million with a year-on-year decrease of 41.8%. In 2024, the Company tested and trial-operated a number of games, but the performance was not as good as expected, resulting in a lower revenue. Currently, the Company focuses on overseas markets for games publishing. We will continue to identify online games with commercial value and market performance that meet the screening criteria and, based on our analysis of users' behaviors and their preferred game categories or content, publish and recommend such games to suitable users on our proprietary platform and external channels.

In 2024, revenue from other digital content services achieved RMB19.2 million with a year-on-year increase of 79.0%. In 2024, the Company explored the recommendation scenarios of music, videos and e-commerce digital content products proactively and performed a large number of testing and promotion on our proprietary platform, which achieved a rapid increase in revenue.

Outlook

Continue to increase R&D investments to maintain long-term technological advantages

In 2025, we will continue to increase efforts in scientific research, so as to further enhance the service recommendation capability of our Easou AI Recommendation Engine. Specifically, we will fully leverage the large model technology and adopt a time-aware attention mechanism to process the sequence data of users' behaviors, and will introduce the multimodal feature fusion strategy to enable cross-modal semantic alignment of text and image data, thereby introducing image information into algorithm calculations and improving the accuracy of the recommendation algorithm. At the same time, we will focus on increasing investments in AIGC technologies and actively explore the application scenarios of AIGC in fields such as advertising platforms, literary creation, speech generation and film and television creation. Specifically, we will develop a multimodal generation framework based on the diffusion model to enhance the advertising creative generation system. In terms of literary creation, we will further optimize long text generation. In terms of speech generation, a diffusion model will be introduced on the basis of speech recognition → large language model processing → speech synthesis, so as to optimize the delicate emotional expression of speech generation in the process of film and television dubbing.

Upgrade the technology of mobile advertising platforms to foster continuous business growth

In 2025, we will continue to optimize the application of AI technology in our digital marketing business, enhance the advertising creative generation system, and improve the comprehensive capabilities of advertising platforms. We will improve the accuracy and efficiency of marketing in aspects such as data analysis and prediction, advertising optimization, advertising content creation and intelligent customer services. On the other hand, we will increase our efforts in market expansion with the new development directions of leveraging e-commerce customers and assisting domestic customers to go overseas, thereby further expanding the revenue scale.

Expand overseas markets comprehensively to seek new profit growth points

The overseas digital content recommendation market witnesses huge market opportunities. In particular, the rapid maturity of AI technology has also provided new development momentum for the Company to expand overseas markets. As such, for our principal business segments, on the basis of maintaining the stable development of our existing domestic business, the Company will make overseas markets the focus of the next breakthrough.

For online reading platform services, we will use short drama content recommendation as a point of breakthrough to overseas. We will focus on the recommendation of high-quality translated dramas and original dramas with European and American users as the key target market, and use AI technology extensively to optimize content production costs and improve conversion efficiency, with the goal of establishing a high-quality overseas short drama distribution platform.

For online games publishing services, in 2025, we will continue to proactively cooperate with multiple content providers, focusing on identifying high-quality overseas games publishing opportunities. For game categories, in addition to SLGs (Simulated Life Games) and card games that have mature numerical models, we also focus on the promotion and publishing of light games with IAA (In-App Advertising) as a monetization method. Currently, we have two games in the testing and trial operation stage, and no less than four games are expected to be launched in overseas markets in 2025.

Continue to explore recommendation scenarios of other digital contents

The Company will continue to explore recommendation scenarios of other digital contents and attempt to achieve new business growth points in multiple scenarios like digital music, videos and e-commerce.

Financial Review

Results of operation

Revenue

Our revenue increased by 8.1% from RMB559.0 million for the year ended December 31, 2023 to RMB604.2 million for the year ended December 31, 2024. The increase was mainly due to the increase in revenue generated from digital marketing services and other digital content services.

Specifically in regard to online reading platform services, revenue generated from reading with advertising decreased by 1.5% from RMB229.4 million for the year ended December 31, 2023 to RMB226.1 million for the year ended December 31, 2024, primarily due to our strategy to proactively reduce advertisement placements in 2024 and utilize our own traffic for the testing and recommendation of our own games and digital content. Revenue generated from reading with paid services decreased by 19.2% from RMB19.5 million for the year ended December 31, 2023 to RMB15.8 million for the year ended December 31, 2024, primarily due to our strategy to focus on promoting free reading, which resulted in a decline in revenue generated from reading with paid services. Therefore, the overall revenue of online reading platform services decreased by 2.9% from RMB248.9 million for the year ended December 31, 2023 to RMB241.8 million for the year ended December 31, 2024.

Revenue of digital marketing services increased by 16.7% from RMB288.8 million for the year ended December 31, 2023 to RMB337.0 million for the year ended December 31, 2024, primarily due to our increased efforts to expand digital marketing services, to improve the efficiency of advertising platforms and to attract new advertising customers.

Revenue of online games publishing services decreased by 41.8% from RMB10.6 million for the year ended December 31, 2023 to RMB6.1 million for the year ended December 31, 2024. The decrease was mainly because new online games launched overseas received unsatisfactory results with lower conversion rates and we are looking for new market opportunities.

Revenue of other digital content services significantly increased by 79.0% from RMB10.7 million for the year ended December 31, 2023 to RMB19.2 million for the year ended December 31, 2024. The increase was mainly because of our increased expansion of music and video digital content services.

Cost of Sales

Our cost of sales increased by 16.4% from RMB299.3 million for the year ended December 31, 2023 to RMB348.4 million for the year ended December 31, 2024, primarily due to the increase in cost of sales of digital marketing services.

In terms of cost of sales by services, the cost of sales of online reading platform services decreased by 6.9% from RMB24.2 million for the year ended December 31, 2023 to RMB22.5 million for the year ended December 31, 2024, which was in line with the decrease in revenue of online reading platform services.

The cost of sales of digital marketing services increased by 17.1% from RMB266.3 million for the year ended December 31, 2023 to RMB311.9 million for the year ended December 31, 2024, which was in line with the increase in revenue of this business line.

The cost of sales of online games publishing services increased by 28.5% from RMB4.0 million for the year ended December 31, 2023 to RMB5.1 million for the year ended December 31, 2024, primarily due to the launch of new online games overseas, resulting in an increase in amortization expenses for the copyrights of such new games.

The cost of sales of other digital content services increased by 83.9% from RMB4.8 million for the year ended December 31, 2023 to RMB8.8 million for the year ended December 31, 2024, which was in line with the increase in revenue of this business line.

Gross Profit and Gross Profit Margin

Based on the foregoing, our gross profit decreased by 1.5% from RMB259.7 million for the year ended December 31, 2023 to RMB255.8 million for the year ended December 31, 2024. Our gross profit margin decreased from 46.5% for the year ended December 31, 2023 to 42.3% for the year ended December 31, 2024, 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 for online reading platform services remained stable at 90.3% and 90.7% for the years ended December 31, 2023 and 2024, respectively.

The gross profit margin for digital marketing services remained stable at 7.8% and 7.4% for the years ended December 31, 2023 and 2024, respectively.

The gross profit margin for online games publishing services decreased from 62.3% for the year ended December 31, 2023 to 16.7% for the year ended December 31, 2024, primarily because new online games launched overseas received unsatisfactory results and the cost of copyrights for the new games amortized as usual.

The gross profit margin for other digital content services remained stable at 55.2% for the year ended December 31, 2023 and 54.0% for the year ended December 31, 2024.

The table below sets forth the revenue, the cost of sales, the gross profit and gross profit margin by our business lines for the years indicated:

	For the year ended December 31,							
	2024				2023			
	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Gross profit margin	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Gross profit margin
Online reading platform services	241,821	22,521	219,300	90.7%	248,929	24,190	224,739	90.3%
Digital marketing services	336,991	311,889	25,102	7.4%	288,836	266,342	22,494	7.8%
Online games publishing services	6,147	5,118	1,029	16.7%	10,553	3,983	6,570	62.3%
Other digital content services	<u>19,205</u>	<u>8,831</u>	<u>10,374</u>	<u>54.0%</u>	<u>10,727</u>	<u>4,802</u>	<u>5,925</u>	<u>55.2%</u>
Total	<u>604,164</u>	<u>348,359</u>	<u>255,805</u>	<u>42.3%</u>	<u>559,045</u>	<u>299,317</u>	<u>259,728</u>	<u>46.5%</u>

Other Income and Gains

Our other income and gains increased by 30.9% from RMB3.2 million for the year ended December 31, 2023 to RMB4.1 million for the year ended December 31, 2024, mainly attributable to the increase in government subsidies and interest income.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 20.4% from RMB153.7 million for the year ended December 31, 2023 to RMB185.0 million for the year ended December 31, 2024, primarily due to the increase in promotion of overseas short dramas. Our selling and distribution expenses accounted for approximately 27.5% and 30.6% of our total revenue for the years ended December 31, 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses increased by 69.5% from RMB25.6 million for the year ended December 31, 2023 to RMB43.3 million for the year ended December 31, 2024, primarily due to an increase in listing expenses. Our administrative expenses accounted for approximately 4.6% and 7.2% of our total revenue for the years ended December 31, 2023 and 2024, respectively.

Research and Development Expenses

Our R&D expenses decreased by 4.0% from RMB37.6 million for the year ended December 31, 2023 to RMB36.1 million for the year ended December 31, 2024, primarily due to the optimization of R&D expenditures and the improvement of efficiency. Our R&D expenses accounted for approximately 6.7% and 6.0% of our total revenue for the years ended December 31, 2023 and 2024, respectively.

Fair Value Gains/(Losses) on Financial Assets at FVTPL

We recorded a fair value gain on financial assets at fair value through profit or loss (“FVTPL”) of RMB9.4 million for the year ended December 31, 2024, compared to a fair value loss of RMB10.9 million for the year ended December 31, 2023, primarily due to the fluctuations in market values of the invested financial assets.

Finance Costs

Our finance costs decreased by 39.0% from RMB8.4 million for the year ended December 31, 2023 to RMB5.2 million for the year ended December 31, 2024, primarily attributable to the decrease in interest rates of bank borrowings.

(Loss)/Profit Before Tax

As a result of the foregoing, we recorded a loss before tax of RMB1.0 million for the year ended December 31, 2024, compared to a profit before tax of RMB26.1 million for the year ended December 31, 2023.

Income Tax Expense

We recorded income tax expense of RMB1.1 million and RMB1.0 million for the years ended December 31, 2023 and 2024, respectively.

(Loss)/Profit for the Year

Based on the foregoing, we recorded a loss of RMB2.0 million for the year ended December 31, 2024, compared to a profit of RMB25.0 million for the year ended December 31, 2023. Our net margin was 4.5% (profit) and 0.3% (loss) for the years ended December 31, 2023 and 2024, respectively.

Financial position

Overview

Our total assets increased by 34.7% from RMB505.4 million as of December 31, 2023 to RMB680.8 million as of December 31, 2024, primarily due to the increase in cash and cash equivalents, trade receivables and prepayments, while our total liabilities increased by 86.4% from RMB126.1 million as of December 31, 2023 to RMB235.1 million as of December 31, 2024, primarily due to an increase in bank borrowings. Our total equity increased by 17.5% from RMB379.3 million as of December 31, 2023 to RMB445.7 million as of December 31, 2024, primarily due to the receipt of proceeds raised from the Company's initial public offering.

Net current assets

Our net current assets increased by 23.5% from RMB278.2 million as of December 31, 2023 to RMB343.5 million as of December 31, 2024, primarily because the increase in our current assets outpaced the increase in our current liabilities. Our current assets increased by 43.7% from RMB399.9 million as of December 31, 2023 to RMB574.7 million as of December 31, 2024. Our current liabilities increased by 89.9% from RMB121.7 million as of December 31, 2023 to RMB231.2 million as of December 31, 2024.

Certain items of current assets and current liabilities

Trade Receivables

Our trade receivables increased by 39.0% from RMB161.5 million as of December 31, 2023 to RMB224.6 million as of December 31, 2024, mainly due to an increase in revenue of digital marketing services and the extension of credit periods granted to customers.

Financial Assets at FVTPL

Our financial assets at FVTPL decreased by 1.3% from RMB73.3 million as of December 31, 2023 to RMB72.3 million as of December 31, 2024, mainly due to changes in the fair values of financial assets and receipt of proceeds upon disposal of financial assets.

Trade Payables

Our trade payables decreased by 29.5% from RMB11.8 million as of December 31, 2023 to RMB8.3 million as of December 31, 2024, primarily because some suppliers changed to use prepayment settlement method.

Other Payables and Accruals

Our other payables and accruals (current portion) increased by 19.4% from RMB11.1 million as of December 31, 2023 to RMB13.2 million as of December 31, 2024, primarily due to the accrual of the auditor's audit fees for 2024.

Contract Liabilities

Our contract liabilities (current portion) increased by 16.2% from RMB13.8 million as of December 31, 2023 to RMB16.0 million as of December 31, 2024, mainly due to the slight increase in unconsumed service fees collected in advance for online reading platform services.

Lease Liabilities

Our lease liabilities (current portion) increased by 228.7% from RMB101,000 as of December 31, 2023 to RMB332,000 as of December 31, 2024, primarily due to the renewal of long-term lease contracts for office premises.

Certain items of non-current assets and non-current liabilities

Property, Plant and Equipment

Our property, plant and equipment decreased by 1.3% from RMB19.1 million as of December 31, 2023 to RMB18.8 million as of December 31, 2024, mainly due to the depreciation of original fixed assets, offset by the additions during the year.

Goodwill

Our goodwill remained stable at RMB32.3 million as of December 31, 2023 and December 31, 2024, respectively.

Other Intangible Assets

Our other intangible assets primarily include copyright and software. Our other intangible assets decreased by 29.4% from RMB50.8 million as of December 31, 2023 to RMB35.9 million as of December 31, 2024, primarily due to the amortization of copyrights as usual.

Contract Liabilities

Our contract liabilities (non-current portion) primarily consist of advertising fee collected in advance under the CPT (cost per time) pricing method. Our contract liabilities (non-current portion) decreased by 12.4% from RMB3.9 million as of December 31, 2023 to RMB3.4 million as of December 31, 2024, primarily because some of the non-current portion became current portion.

Lease Liabilities

Our lease liabilities (non-current portion) increased by 90.8% from RMB142,000 as of December 31, 2023 to RMB271,000 as of December 31, 2024, mainly attributable to the renewal of long-term lease contracts.

Liquidity and financial resources

Our Group funds our working capital mainly from cash from operating activities, borrowings and proceeds raised from the Global Offering (as defined in the prospectus of the Company dated May 30, 2024 (the “**Prospectus**”)). As of December 31, 2024, our cash and cash equivalents amounted to RMB160.8 million, representing an increase of 80.6% from RMB89.1 million as of December 31, 2023, primarily because of the proceeds raised from the Global Offering and an increase in bank borrowings. Our bank balances and financial assets at FVTPL are primarily denominated in Renminbi (“**RMB**”), United States dollars and Hong Kong dollars.

As of December 31, 2024, our interest-bearing bank and other borrowings amounted to RMB193.1 million, representing an increase of 127.4% from RMB84.9 million as of December 31, 2023, primarily due to the working capital needs for business expansion. Our borrowings are denominated in RMB. Our interest-bearing bank and other borrowings are all at fixed interest rates. Our Group’s borrowings as of December 31, 2024 were repayable within one year.

Our gearing ratio, which is calculated as total debt divided by total equity, was 43.3% as of December 31, 2024 (as of December 31, 2023: 22.4%).

For the year ended December 31, 2024, our Group did not use any financial instruments for hedging purposes.

Capital expenditures

Our capital expenditures were primarily expenditures for property, plant and equipment, as well as intangible assets. Our capital expenditures amounted to RMB14.6 million for the year ended December 31, 2024, representing a decrease of 69.7% from RMB48.2 million for the year ended December 31, 2023. We expect to fund our planned capital expenditures primarily with the cash generated from operations and the net proceeds from the Global Offering.

Contingent liabilities

As of December 31, 2024, we did not have any unrecorded significant contingent liabilities (as of December 31, 2023: none).

Mortgage and pledge of assets

As of December 31, 2024, our subsidiary in the People's Republic of China (the “**PRC**”), Shenzhen Easou Technology Co., Ltd. (深圳宜搜天下科技股份有限公司) pledged a bank deposit of RMB8.5 million for a bank borrowing of RMB8.0 million for Easou Technology (HK) Limited, our Hong Kong subsidiary, which was used as its general working capital.

Share option scheme

Pursuant to a written resolution of all the then shareholders of the Company passed on May 17, 2024, the Company adopted a share option scheme (the “**Share Option Scheme**”) for a period of 10 years commencing from the Listing Date (as defined below). The purpose of the Share Option Scheme is (i) to attract and retain the best quality personnel for the development of our Group's businesses; (ii) to provide additional incentives or rewards to selected eligible participants for their contribution to the creation of our Company's value; and (iii) to promote the long-term financial success of our Group by aligning the interest of any eligible participant who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme to those of our shareholders.

During the period from the Listing Date (as defined below) and up to the date of this announcement, the Group has not granted any share option under the Share Option Scheme.

Foreign exchange risk management

The businesses of the Group are mainly managed and operated in the PRC, where most of its income and expenses are denominated in RMB.

For the year ended December 31, 2024, the Group has foreign investments denominated in United States dollars but no borrowing in foreign currencies.

The Group will continue to monitor exchange rates so as to cope with changes in the foreign exchange market and enhance the risk management on exchange rates by various management measures.

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries, associates and/or joint ventures for the year ended December 31, 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on June 7, 2024 (the “**Listing Date**”) and issued 14,802,500 ordinary shares at an offer price of HK\$5.80 per share and the net proceeds from the Global Offering, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering, amounted to approximately HK\$40.70 million. The proceeds from the Global Offering were and will be utilized in accordance with the plan as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus and a summary of the use of the net proceeds is set out below.

Purpose	Percentage to the total net proceeds	Available amount for utilization <i>HK\$ in million</i>	Utilized as of December 31, 2024 <i>HK\$ in million</i>	Unutilized as of December 31, 2024 <i>HK\$ in million</i>	Expected timetable for the unutilized balance
Enhancing our R&D capabilities to ensure long-term technological advantage:					
– Investing in a series of R&D projects with a focus on improving our technological capability in Easou Recommendation Engine	15.0%	6.1	0	6.1	Fourth quarter of 2027
– Enhancing the versatility of our technology in proprietary intelligent recommendation engine	15.0%	6.1	0	6.1	Fourth quarter of 2027
– Increasing our investment in equipment to improve our hardware support capabilities	15.0%	6.1	6.1	0	–
Subtotal	45.0%	18.3	6.1	12.2	

Purpose	Percentage to the total net proceeds	Available amount for utilization <i>HK\$ in million</i>	Utilized as of December 31, 2024 <i>HK\$ in million</i>	Unutilized as of December 31, 2024 <i>HK\$ in million</i>	Expected timetable for the unutilized balance
Reinforcing the strength as a third-party online literature platform:					
– Expanding our user base by increasing the number of users in our online reading platform services	10.0%	4.1	4.1	0	– Third quarter of 2026
– Expanding our collaboration with content providers	10.0%	4.1	0	4.1	
– Continuously optimizing the application depth of our Easou Recommendation Engine in online reading platform services	5.0%	2.0	0	2.0	Third quarter of 2026
Subtotal	25.0%	10.2	4.1	6.1	
Expanding our digital marketing services:					
– Establishing cooperative relationship with new media channels and strengthening the depth of cooperation with media resources and attract more traffic	10.0%	4.1	4.1	0	– Third quarter of 2026
– Deepening our collaboration with advertising customers, expanding our sales and marketing team in digital marketing business, exploring new advertising customers and retaining existing ones	5.0%	2.0	0	2.0	
Subtotal	15.0%	6.1	4.1	2.0	
Relaunching our online games publishing services in overseas markets	15.0%	6.1	1.1	5.0	Third quarter of 2026
Total	100.0%	40.7	15.4	25.3	

Note: Figures shown as total in the table is not an arithmetic aggregation of the figures preceding them. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
REVENUE	4	604,164	559,045
Cost of sales		<u>(348,359)</u>	<u>(299,317)</u>
Gross profit		255,805	259,728
Other income and gains	4	4,132	3,157
Selling and distribution expenses		(184,952)	(153,660)
Administrative expenses		(43,342)	(25,566)
Research and development expenses		(36,126)	(37,615)
Fair value gains/(losses) on financial assets at fair value through profit or loss		9,352	(10,925)
Other expenses		(666)	(592)
Finance costs	6	(5,151)	(8,442)
Share of loss of associate		<u>(68)</u>	<u>–</u>
(LOSS)/PROFIT BEFORE TAX	5	(1,016)	26,085
Income tax expense	7	<u>(1,033)</u>	<u>(1,074)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(2,049)</u>	<u>25,011</u>
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		<u>(5,406)</u>	<u>(4,799)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(7,455)</u>	<u>20,212</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2024

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/profit attributable to:			
Owners of the parent		(2,085)	24,971
Non-controlling interests		<u>36</u>	<u>40</u>
		<u>(2,049)</u>	<u>25,011</u>
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(7,491)	20,172
Non-controlling interests		<u>36</u>	<u>40</u>
		<u>(7,455)</u>	<u>20,212</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB cents</i>)	9	<u>(0.65)</u>	<u>8.72</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		18,800	19,053
Right-of-use assets		611	228
Goodwill		32,273	32,273
Other intangible assets		35,854	50,802
Investment in an associate		932	–
Prepayments and deposits		15,692	688
Deferred tax assets		2,014	2,444
Total non-current assets		106,176	105,488
CURRENT ASSETS			
Trade receivables	<i>10</i>	224,561	161,501
Prepayments, deposits and other receivables		106,842	76,048
Financial assets at fair value through profit or loss	<i>11</i>	72,324	73,282
Tax recoverable		–	31
Restricted cash		1,600	–
Pledged deposit		8,500	–
Cash and cash equivalents		160,846	89,081
Total current assets		574,673	399,943
CURRENT LIABILITIES			
Trade payables	<i>12</i>	8,309	11,781
Other payables and accruals		13,221	11,070
Contract liabilities		16,045	13,814
Interest-bearing bank and other borrowings		193,050	84,900
Lease liabilities		332	101
Tax payable		237	64
Total current liabilities		231,194	121,730
NET CURRENT ASSETS		343,479	278,213
TOTAL ASSETS LESS CURRENT LIABILITIES		449,655	383,701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2024*

	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	228	228
Contract liabilities	3,412	3,897
Lease liabilities	271	142
Deferred tax liabilities	–	100
Total non-current liabilities	3,911	4,367
Net assets	445,744	379,334
EQUITY		
Equity attributable to owners of the parent		
Ordinary share capital	22	10
Preferred share capital	–	11
Other reserves	445,058	378,685
	445,080	378,706
Non-controlling interests	664	628
Total equity	445,744	379,334

NOTES TO 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 in Hong Kong is located at Office No. 6, 13th Floor, Strand 50, No. 50 Bonham Strand, Sheung Wan, and the principal place of business of the Company in the People’s Republic of China (the “**PRC**”) is located at Room 403, Building 5C, Software Industry Base, Keyuan Road, Nanshan District, Shenzhen.

The shares of the Company were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 June 2024.

During the year, the Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the following principal activities:

- online literature recommendation services
- digital marketing services
- online games publishing services
- other digital content services

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards are described below:

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use, which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. 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 Mainland 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 Mainland 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 Mainland China. Accordingly, no geographical information of non-current assets is presented.

Information about a major customer

During the years ended 31 December 2024 and 2023, no revenue from a single external customer contributed 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>604,164</u>	<u>559,045</u>

Disaggregated revenue information

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services		
Reading with paid services	15,771	19,513
Reading with advertising services	226,050	229,416
Digital marketing services	336,991	288,836
Online games publishing services	6,147	10,553
Other digital content services	<u>19,205</u>	<u>10,727</u>
Total	<u>604,164</u>	<u>559,045</u>

Timing of revenue recognition

Point in time	598,256	553,853
Over time	<u>5,908</u>	<u>5,192</u>
Total	<u>604,164</u>	<u>559,045</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income and gains		
Government subsidies*	1,224	527
Interest income	2,682	867
Others	<u>226</u>	<u>1,763</u>
Total	<u>4,132</u>	<u>3,157</u>

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

5. (LOSS)/PROFIT BEFORE TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of sales	348,359	299,317
Depreciation of property, plant and equipments	6,807	6,311
Depreciation of right-of-use assets	138	154
Amortisation of other intangible assets	16,353	17,873
Lease payments not included in the measurement of lease liabilities	3,513	2,792
Listing expense	16,965	11,698
Employee benefit expense (including directors' remuneration):		
Wages and salaries	30,383	33,934
Pension scheme contributions	10,358	8,958
Total	40,741	42,892
Auditor's remuneration	2,300	–
Impairment of other intangible assets	6,000	–
Impairment of trade receivables	996	379
Loss on disposal of items of property, plant and equipment*	606	547

* Includes in “other expenses” in the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other borrowings	5,136	8,430
Interest on lease liabilities	15	12
Total	5,151	8,442

7. INCOME TAX

All subsidiaries of the Company established in the PRC are subject to PRC corporate income tax at a standard rate of 25% during the year, 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
- (ii) Certain subsidiaries of the Group, which applied the Small-Scaled Minimal Profit Enterprise Income Tax Preferential Policy announced by the PRC's State Administration of Taxation, were entitled to a tax rate of 5% (2023: 5%) for the year.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current – PRC		
Charge for the year	703	450
Deferred	330	624
Total tax charge for the year	<u>1,033</u>	<u>1,074</u>

8. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 322,547,094 (2023: 286,404,599) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic (loss)/earnings per share for the year ended 31 December 2024 was the total number of the ordinary shares in issue during the year, the ordinary shares issued pursuant to the conversion of preferred shares as if these shares had been in issue throughout the year, and the ordinary shares issued in connection with the listing of the Company.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2023 was the total number of the ordinary shares in issue during the year and the ordinary shares issued pursuant to the conversion of preferred shares as if these shares had been in issue on date of issuance of preferred shares.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculation of basic (loss)/earnings per share is based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Earnings</u>		
(Loss)/profit attributable to ordinary equity holders of the parent	<u>(2,085)</u>	<u>24,971</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year	<u>322,547,094</u>	<u>286,404,599</u>

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024 (2023: Nil).

10. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	230,115	166,059
Impairment	<u>(5,554)</u>	<u>(4,558)</u>
Net carrying amount	<u>224,561</u>	<u>161,501</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 180 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.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	92,553	121,638
3 to 6 months	71,601	34,819
6 to 12 months	60,406	4,880
Over a year	<u>1</u>	<u>164</u>
Total	<u>224,561</u>	<u>161,501</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted fund investments, at fair value	<u>72,324</u>	<u>73,282</u>

As at 31 December 2024, the above unlisted investment of carrying amount of RMB72,324,000 was denominated in United States dollars. 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 United States dollars, 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.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	7,429	10,930
3 to 6 months	510	609
6 to 12 months	83	185
Over a year	<u>287</u>	<u>57</u>
Total	<u>8,309</u>	<u>11,781</u>

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

EVENT AFTER THE REPORTING PERIOD

There has been no event subsequent to the Reporting Period and up to the date of this announcement which may have a material impact on the Group.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) since the Listing Date and up to the date of this announcement. As of December 31, 2024, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company aims to achieve and maintain a high level of corporate governance, which is crucial to our development and would safeguard the interests of the shareholders of the Company, and has complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) since the Listing Date and up to the date of this announcement, except as disclosed below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer of our Company are both performed by Mr. Wang Xi, an executive Director. Our Board believes that vesting the roles of both chairman and the chief executive officer in the same individual enables our Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Wang Xi's extensive industrial experience and significant role in the historical development of our Group, our Board believes that it is beneficial to the business prospects of our Group that Mr. Wang Xi continues to act as the chairman of our Company following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of our Board, comprising the executive Directors and independent non-executive Directors.

The Company will continue to review and monitor its corporate governance practices on a regular basis to ensure compliance with the Corporate Governance Code.

MODEL CODE FOR DEALING IN SECURITIES BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors. Having made specific enquiries to all of the Directors, all Directors confirmed that they had fully complied with the required standards set out in the Model Code since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of Mr. An Yingchuan, Ms. Meng Xue and Mr. Zhu Jianfeng, of whom Mr. An Yingchuan has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The Audit Committee has reviewed with the management the Group’s 2024 annual results and the consolidated financial information for the year ended December 31, 2024 and confirms that the applicable accounting standards and requirements had been complied with, and that adequate disclosures had been made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended December 31, 2024 as set out in this preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.easou.cn), respectively. The 2024 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Easou Technology Holdings Limited
Wang Xi
Chairman and Executive Director

Hong Kong
March 28, 2025

As at the date of this announcement, the Board comprises Mr. Wang Xi, Mr. Chen Jun and Mr. Zhao Lei as executive Directors; and Mr. Zhu Jianfeng, Mr. An Yingchuan and Ms. Meng Xue as independent non-executive Directors.