

SHANGHAI ABLE DIGITAL SCIENCE&TECH CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 02687

***GLOBAL
OFFERING***

Sole Sponsor, Sole Overall Coordinator,
Sole Global Coordinator, Sole Bookrunner and Joint Lead Manager

ABCI  農銀國際

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

SHANGHAI ABLE DIGITAL SCIENCE&TECH CO., LTD.

上海卓越睿新數碼科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 6,666,700 H Shares
Number of Hong Kong Offer Shares	: 666,700 H Shares (subject to reallocation)
Number of International Offer Shares	: 6,000,000 H Shares (subject to reallocation)
Maximum Offer Price	: HK\$76.10 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 2687

Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator,
Sole Bookrunner and Joint Lead Manager



Joint Lead Managers



利弗莫尔证券
LIVERMORE HOLDINGS LIMITED



老虎證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VII has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company on or about Thursday, December 4, 2025 or such later time as may be agreed between the parties, but in any event no later than 12:00 noon on Thursday, December 4, 2025. The Offer Price will be not more than HK\$76.10 per Offer Share and is currently expected to be not less than HK\$62.26 per Offer Share. If, for any reason, the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price by 12:00 noon on Thursday, December 4, 2025, the Global Offering will not become unconditional and will lapse immediately. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$76.10 per Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price should be less than HK\$76.10 per Hong Kong Offer Share.

The Sole Overall Coordinator (for itself and on behalf of the other Underwriters) may, with consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.able-elec.com as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Grounds for Termination." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.able-elec.com.

November 28, 2025

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.able-elec.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (a) apply online through the **HK eIPO White Form** service at www.hkeipo.hk;
- (b) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>
100	7,686.75	2,000	153,734.94	10,000	768,674.69	140,000	10,761,445.59
200	15,373.49	2,500	192,168.68	20,000	1,537,349.36	160,000	12,298,794.95
300	23,060.24	3,000	230,602.40	30,000	2,306,024.05	180,000	13,836,144.34
400	30,746.99	3,500	269,036.14	40,000	3,074,698.75	200,000	15,373,493.70
500	38,433.74	4,000	307,469.88	50,000	3,843,373.43	240,000	18,448,192.45
600	46,120.48	4,500	345,903.61	60,000	4,612,048.11	280,000	21,522,891.18
700	53,807.23	5,000	384,337.34	70,000	5,380,722.80	333,300 ⁽¹⁾	25,619,927.25
800	61,493.97	6,000	461,204.81	80,000	6,149,397.48		
900	69,180.72	7,000	538,072.28	90,000	6,918,072.16		
1,000	76,867.46	8,000	614,939.75	100,000	7,686,746.86		
1,500	115,301.20	9,000	691,807.22	120,000	9,224,096.22		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement on the website of our Company at www.able-elec.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Friday, November 28, 2025

Latest time to complete electronic applications
under the **HK eIPO White Form** service
through the designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on
Wednesday, December 3, 2025

Application lists of Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on
Wednesday, December 3, 2025

Latest time for (a) completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or
PPS payment transfer(s) and (b) giving
electronic application instructions to HKSCC⁽⁴⁾ 12:00 noon on
Wednesday, December 3, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of Hong Kong Public Offering close⁽³⁾ 12:00 noon on
Wednesday, December 3, 2025

Expected Price Determination Date⁽⁵⁾ Thursday, December 4, 2025

Announcement of:

- the final Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on the website of our Company
at www.able-elec.com⁽⁶⁾ and the website of the
Stock Exchange at www.hkexnews.hk before⁽⁸⁾ 11:00 p.m. on
Friday, December 5, 2025

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- (1) in the announcement to be posted on our website at www.able-elec.com⁽⁶⁾ and the website of the Hong Kong Stock Exchange at www.hkexnews.hk from Friday, December 5, 2025
- (2) from the "Allotment Results" page at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a "search by ID" function from 11:00 p.m. on Friday, December 5, 2025
to 12:00 midnight
on Thursday, December 11, 2025
- (3) from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, December 8, 2025,
to Thursday, December 11, 2025
(excluding Saturday, Sunday and public holiday in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁷⁾. Friday, December 5, 2025

HK eIPO White Form e-Auto Refund payment instructions/ refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before⁽⁸⁾⁽⁹⁾ Monday, December 8, 2025

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on. Monday, December 8, 2025

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

EXPECTED TIMETABLE⁽¹⁾

- (3) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 3, 2025, the application lists will not open or close on that day. For further details, see “How to Apply for Hong Kong Offer Shares – E. Bad Weather Arrangements.”
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC through HKSCC’s FINI system should refer to “How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares.”
- (5) The Price Determination Date is expected to be on or about Thursday, December 4, 2025, and in any event, not later than 12:00 noon on Thursday, December 4, 2025. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and us on or before 12:00 noon on Thursday, December 4, 2025, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (7) The H Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting – Underwriting Arrangements– Hong Kong Public Offering – Grounds for Termination” has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) **HK eIPO White Form** e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Further information is set out in “How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.”

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This Prospectus is issued by the Company solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this Prospectus to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by our Company, the Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator and Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, representatives or advisors or any other person involved in the Global Offering.

	<i>Page</i>
EXPECTED TIMETABLE.....	iii
CONTENTS.....	vi
SUMMARY	1
DEFINITIONS	24
GLOSSARY OF TECHNICAL TERMS	35
FORWARD-LOOKING STATEMENTS.....	37
RISK FACTORS.....	39
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES	68
INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING.....	72
DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING.....	76
CORPORATE INFORMATION	81

CONTENTS

INDUSTRY OVERVIEW	83
REGULATORY OVERVIEW	98
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	127
BUSINESS	144
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT.....	213
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	227
SUBSTANTIAL SHAREHOLDERS	231
SHARE CAPITAL.....	234
FINANCIAL INFORMATION.....	238
FUTURE PLANS AND USE OF PROCEEDS	297
UNDERWRITING.....	302
STRUCTURE OF THE GLOBAL OFFERING.....	314
HOW TO APPLY FOR HONG KONG OFFER SHARES	322
APPENDIX I – ACCOUNTANT’S REPORT	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III – TAXATION AND FOREIGN EXCHANGE	III-1
APPENDIX IV – SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS	IV-1
APPENDIX V – SUMMARY OF THE ARTICLES OF ASSOCIATION.....	V-1
APPENDIX VI – STATUTORY AND GENERAL INFORMATION.....	VI-1
APPENDIX VII – DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY	VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

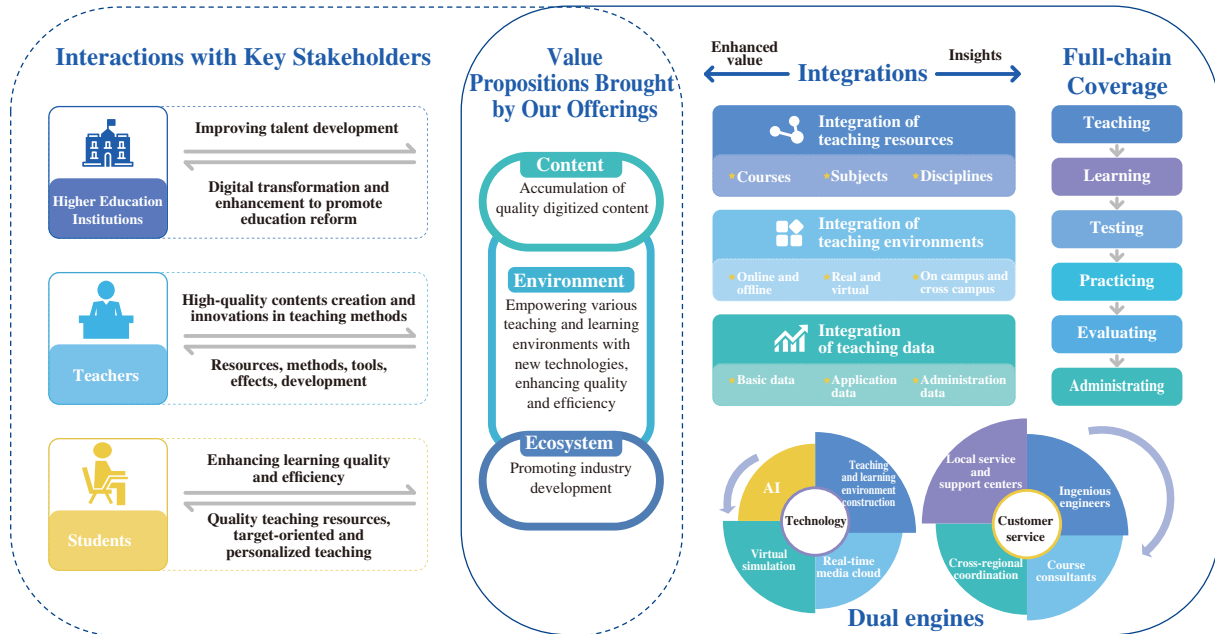
WHO WE ARE

We are a reputable digital teaching and learning solution provider for higher education institutions in China, committed to the provision, delivery and operation of digital educational content and digital teaching and learning environment services and products for higher education institutions. Our offerings cover all critical aspects from teaching, learning, practicing, testing and evaluating to administrating. We are committed to empowering higher education institutions, teachers and students by facilitating broad access to educational resources and enhancing the efficacy of educational outcomes. China’s higher education teaching and learning digitalization market is highly fragmented. According to Frost & Sullivan, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue in 2024. Higher education institutions in China include universities and higher vocational colleges. According to Frost & Sullivan, we ranked second in terms of revenue among all companies in China’s higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China’s higher education digital educational content production market with a market share of 7.3% in 2024.

Our long-standing dedication to the education sector has endowed us with insights into the teaching and learning process, the needs of higher education institutions and teachers, a diverse array of academic subjects, as well as the application of technology. These insights, combined with our focus on technology and customer service – the “dual engines” driving our progress – have enabled us to deliver advanced services and products and garner customer recognition. During the Track Record Period, we had delivered more than 44,000 digital educational content products and our services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education. We had 627 digital courses that won the gold awards in the first and second batch of national recognition of first-class undergraduate courses and the review of national online quality courses for vocational education by the Ministry of Education, being the most among the top five players by revenue in China’s higher education teaching and learning digitalization market.

SUMMARY

Below is a diagram which illustrates our business model and how we provide value propositions to the key stakeholders in the higher education industry:



OUR SERVICES AND PRODUCTS

During the Track Record Period, we primarily generated revenue from two types of services and products, namely digital educational content services and products and digital teaching and learning environment services and products. The digitalization for the higher education teaching and learning encompasses both educational content digitization and teaching and learning environment digitalization. We are capable of addressing the multifaceted needs of higher education institutions in such aspects. The following table sets forth some key performance indicators of our business during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
Number of customers	1,174	1,422	1,738	1,156	1,143
Average revenue per customer ⁽¹⁾ (RMB)	340,809.9	459,187.1	488,031.1	208,539.9	242,604.1
Number of Overlapping Customers	291	346	449	248	200
Average revenue per Overlapping Customer ⁽²⁾ (RMB)	711,504.1	1,018,652.0	1,102,294.3	414,125.7	475,864.8
Revenue contributed by Overlapping Customers (RMB in thousand)	207,047.7	352,453.6	494,930.2	102,703.2	95,173.0
Number of Key Account Customers	245	344	449	N/A ⁽⁴⁾	N/A ⁽⁴⁾
Average revenue per Key Account Customer ⁽³⁾ (RMB)	1,126,061.2	1,456,650.2	1,503,205.8	N/A ⁽⁴⁾	N/A ⁽⁴⁾
Revenue contributed by Key Account Customers (RMB in thousand)	275,885.0	501,087.7	674,939.4	N/A ⁽⁴⁾	N/A ⁽⁴⁾

SUMMARY

Notes:

- (1) The average revenue per customer is calculated as total revenue in the year divided by the number of customers served in the same year/period.
- (2) The average revenue per Overlapping Customer is calculated as total revenue generated from the Overlapping Customers in the year/period divided by the number of Overlapping Customers served in the same year/period.
- (3) The average revenue per Key Account Customer is calculated as the total revenue generated from the Key Account Customers in the year divided by the number of Key Account Customers served in the same year.
- (4) “Key Account Customers” refer to customers who contributed a revenue of or over RMB0.5 million in the relevant year. As such, the relevant data can only be determined on a full-year basis and is not available for the half-year periods.

Digital Educational Content Services and Products

We offer flexible options for our digital educational content services and products to meet higher education institutions’ evolving needs. We started with course digitization services, assisting our customers with converting their traditional educational content into digital forms. Through close collaboration with our customers and the continual adaption of leading technologies, we launched our virtual simulation development in 2020 and our knowledge graph construction in 2022 to assist our customers with delivering more interactive, engaging and personalized learning experiences for their students. Our digital educational content services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our digital educational content services and products revenues as a percentage of our total revenues was 83.9%, 82.5%, 83.7%, 87.1% and 91.3%, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 112, 313, 579, 233 and 373 customers who purchased multiple types of digital educational content services and products, respectively. Our digital educational content services and products are produced based on the propriety educational content provided and owned by our customers. As the customers are responsible for the accuracy and authenticity of the content, we are not liable for misrepresentation of facts or knowledge within the digital educational content services and products, as advised by our PRC Legal Advisor. As a result, all intellectual property rights attached to the digital courses are owned by our customers. During the Track Record Period, we primarily offer course digitization services, knowledge graph construction and virtual simulation development under digital educational content services and products.

SUMMARY

- **Digital course:** Our course digitization services focus on the digital transformation of higher education institution curricula, catering to the specific needs of teachers. By leveraging years of experience in digital teaching and learning solutions for the higher education sector, we offer course digitization services to assist our customers with the process of transforming their traditional in-classroom lecturing practice via building interactive and engaging digital educational content to meet their teaching requirements. We have set certain quality control rules and procedures encompassing the entire digitization process, including the design and formulation of syllabi for digital courses, scriptwriting, video recording, editing and review.

Our digital courses are typically delivered as interactive video lessons, often embedded with quizzes and discussion forums to enhance student engagement and learning outcomes, by converting traditional educational content into interactive and engaging digital educational content, typically in video format. For example, we digitized a course in “Fundamentals of Immunology and Pathogenic Biology” that sets up pop-up question windows and interactive exercises, allowing students to revisit key concepts at their own pace.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025 we had 950, 1,147, 1,298, 861 and 760 customers for our course digitization services and delivered 7,914, 11,167, 12,304, 5,823 and 3,540 digital courses during the same periods respectively.

- **Knowledge graph:** In 2021, we started research and development for knowledge graph construction. Following our continuous investment and efforts, we successfully commercialized and launched our knowledge graph construction business to meet both the evolving demand from our customers and the emergence of AI technologies in 2022. During the knowledge graph mapping process, we employ various AI techniques, such as natural language processing, optical character recognition and document structuring algorithms. These techniques help us to extract, link, expand and classify the concepts or entities from natural language texts and other data sources, and to identify the relations between them based on their features, correlation and similarity. The rapid growth of our knowledge graph business during the Track Record Period was primarily driven by our strategic decision to proactively allocate additional resources and investment to this segment, in view of its significant market potential and strong customer demand. As knowledge graphs represent a advanced and versatile form of digital educational content, they have quickly gained popularity among our existing and new customers, many of whom have adopted knowledge graph solutions alongside our digital course offerings. In addition, the increased investment in research and development, as well as our focused efforts in product promotion and customer engagement, have further accelerated the expansion of our knowledge graph business.

SUMMARY

Our knowledge graphs are able to transform complex information into a visualized format by showing relationships between key concepts, supporting systematic and personalized learning by assisting customers in integrating and mapping existing information and resources into visualized networks. For example, we assisted a leading national research university with systematically sorting 237 knowledge points and building 302 relationships, connecting the knowledge points, integrating pathological sections and other resources and constructing a “theory-practice integration” course knowledge system to improve comprehension of the material.

In 2023, 2024 and the six months ended June 30, 2025, we delivered more than 1,200, 4,600 and 2,800 knowledge graphs across various subjects including engineering, pharmacy, science and agriculture, among others, respectively.

- ***Virtual simulation:*** Our virtual simulation development uses technologies such as virtual reality and augmented reality to assist our customers with creating more immersive, focused, imaginative, interactive and effective educational content.

Our virtual simulation courses enable students to conduct experiments and practice skills in a safe, digital environment. It can not only realize simulated practical training under risky or infrequent conditions, but also reduce cost of experimental environment construction and enrich the experience of experimental training operations. For example, we developed a virtual simulation for automotive engine structure cognition, allowing students to experience realistic operational scenarios and safety procedures without physical risk.

Digital Teaching and Learning Environment Services and Products

Our suite of digital teaching and learning environment services and products, which includes cloud-based LMS (learning management system) and digital classrooms, is designed to help higher education institutions create effective and integrated digital settings. These digital teaching and learning environments are crucial for the efficient management of teaching and learning resources, the delivery of digital educational content and the enhancement of interactions between teachers and students. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our digital teaching and learning environment services and products revenues as a percentage of our total revenues was 15.9%, 17.4%, 16.2%, 12.8% and 8.7%, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 9, 23, 15, 2 and 2 customers who purchased both types of digital teaching and learning environment services and products, respectively.

- ***Cloud Learning Management System (LMS):*** We offer self-developed, AI-enabled, cloud-native and integrated LMS for higher education institutions to assist them with organizing course materials, scheduling classes, tracking student progress, and facilitating communication between teachers and students, thereby creating more streamlined and better connected teaching and learning processes. This allows them to connect their on-campus teaching facilities and enabling their administrators to monitor teaching quality and learning outcomes, and optimize operation efficiency and resource allocation.

SUMMARY

With features such as course management, classroom teaching, online assessments and real-time analytics, teachers can efficiently create, update and deliver courses, while administrators can monitor and improve teaching quality and student performance. For example, one of our major customers adopted our Cloud LMS to unify course delivery and student management, enabling administrators to monitor teaching quality and optimize resource allocation through a single platform.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, 477, 516, 676, 463 and 341 customers subscribed for our Cloud LMS, respectively.

- **Digital classroom:** In tandem with the digitization trend in educational content, we also offer digital classroom environment services and products to assist higher education institutions with designing and building digital classrooms. We embed technologies on hardware such as digital podiums, audio devices and panoramic screens procured from our suppliers to offer more immersive and engaging learning experiences for their students. Our services and products encompass a comprehensive delivery process from consultation and design, determining technologies, hardware and software required, to training and delivery, ensuring hassle-free experiences for our customer.

Our digital classrooms are equipped with smart hardware and our proprietary LiveCourse software, supporting real-time recording, and interactive teaching. For example, we helped University C upgrade 144 classrooms into digital classrooms and connect them to the LiveCourse software platform, which enables automatic recording and AI-powered analysis.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we delivered 6, 15, 5, 4 and 1 immersive classrooms and 3, 16, 12, 3 and 3 panoramic teaching spaces and nil, 5, 12, 1 and 3 customer subscribed for our LiveCourse during the same periods, respectively.

PRICING

We charge our digital educational content services and products by project with reference to certain price ranges, which were designed primarily to take into consideration the amount and complexity of work and time involved in the service and product development and delivery process and may be subject to change based on market condition. For Cloud LMS, we typically charge our customers on a subscription basis, and additional fees for customized development. We offer our digital classroom services and products to customers in accordance with their specific needs and charge them on a project basis. We adopt a cost-based approach, taking into consideration types of hardware, the size of classrooms and types of function, including immersive classrooms and panoramic teaching spaces.

SUMMARY

SALES AND MARKETING

We take immense pride in our extensive nationwide customer service and support center network, which stands as a testament to our unwavering commitment to customer-centric values and the guarantee of customer satisfaction. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities, covering substantially all provinces, municipal cities and autonomous regions in China. We tend to situate our customer service and support center within our network in areas with a high concentration of higher education institutions. Below is a map showing the distribution of our customer service and support centers:



See “Business – Sales and Marketing.”

SUMMARY

CUSTOMERS AND SUPPLIERS

Our customers primarily are higher education institutions including (i) universities, (ii) colleges and (iii) vocational schools. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from our top five customers in each year or period of the Track Record Period in aggregate accounted for 6.5%, 7.1%, 5.0% and 6.3% of our total revenue for the respective periods, and revenue from our largest customer in each year or period of the Track Record Period accounted for 1.4%, 2.6%, 1.2% and 1.5% of our total revenue for the respective periods. See “Business – Our Customers.”

Our suppliers are primarily cloud services provider, video and audio hardware suppliers and information technology services providers. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our top five suppliers in each year or period of the Track Record Period in aggregate accounted for 50.8%, 37.3%, 32.2% and 46.8% of our total purchases for the respective periods, and purchases from our largest supplier in each year or period of the Track Record Period accounted for 35.6%, 21.7%, 16.3% and 26.6% of our total purchases for the respective periods. See “Business – Our Suppliers.”

OUR STRENGTHS

We believe that the following strengths set us apart from our peers and allow us to capitalize on the market opportunities to ensure sustained development:

- Robust services and products development capabilities and excellent customer service with strong recognition;
- Strong technology application and rapid services and products iteration capabilities satisfy the diverse needs of customers in different scenarios;
- Customer base of leading higher education institutions empowering customer group expansion and enhancing customer loyalty; and
- Experienced management team, learning organization culture and long term dedication to higher education market.

See “Business – Our Strengths.”

SUMMARY

OUR STRATEGIES

We plan to pursue the following strategies to capitalize on industry opportunities, further consolidate our market position and contribute to ongoing industry value creation:

- Continue to focus on strategic customers and expand our business customer service and support center network;
- Continuing the iteration and upgrading of existing services and products and development of new products;
- Enhancing the strategical layout of our knowledge graph construction centers; and
- Continue to recruit, develop and retain talents.

See “Business – Our Strategies.”

COMPETITION

China’s higher education teaching and learning digitalization market is highly fragmented. According to Frost & Sullivan, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue in 2024. The market size of China’s higher education teaching and learning digitalization market has grown from RMB12.7 billion in 2020 to RMB21.3 billion in 2024, with a CAGR of 13.7%. We compete with numerous domestic companies, including those with extensive marketing and sales network, strong industry experience and extensive technology development resources. According to Frost & Sullivan, we ranked second in terms of revenue among all companies in China’s higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China’s higher education digital educational content production market with a market share of 7.3% in 2024. See “Industry Overview – Competitive Landscape.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountant’s Report in Appendix I to this prospectus. The summary historical financial data set forth below should be read together with the historical financial information included in the Accountant’s Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRS Accounting Standards.

SUMMARY

Summary of Consolidated Statements of Comprehensive Income or Loss

The following table sets forth a summary of our consolidated statements of comprehensive income or loss:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Revenue	400,111	100.0	652,964	100.0	848,198	100.0	240,982	100.0	275,421	100.0
Cost of sales	(223,566)	(55.9)	(256,621)	(39.3)	(323,040)	(38.1)	(130,003)	(53.9)	(146,223)	(53.1)
Gross profit	176,545	44.1	396,343	60.7	525,158	61.9	110,979	46.1	129,198	46.9
Distribution and selling expenses	(128,934)	(32.2)	(167,702)	(25.7)	(215,721)	(25.4)	(104,378)	(43.3)	(114,953)	(41.7)
General and administrative expenses	(39,400)	(9.8)	(44,393)	(6.8)	(68,622)	(8.1)	(38,193)	(15.8)	(40,499)	(14.7)
Research and development expenses	(98,136)	(24.5)	(101,075)	(15.5)	(126,923)	(15.0)	(54,194)	22.5	(81,300)	(29.5)
Net impairment losses on financial assets	(6,244)	(1.6)	(7,955)	(1.2)	(14,024)	(1.7)	(25,856)	(10.7)	(20,751)	(7.5)
Other income	13,322	3.3	10,795	1.7	8,619	1.0	2,544	1.1	1,410	0.5
Other gains – net	3,460	0.9	1,080	0.2	241	0.0	527	0.2	239	0.1
Operating (loss)/profit	(79,387)	(19.8)	87,093	13.3	108,728	12.8	(108,571)	(45.1)	(126,656)	(46.0)
Finance income	1,274	0.3	871	0.1	635	0.1	431	(0.2)	150	0.1
Finance costs	(960)	(0.2)	(1,330)	(0.2)	(2,765)	(0.3)	(814)	(0.3)	(1,313)	(0.5)
Finance income/(costs) – net	314	0.1	(459)	(0.1)	(2,130)	(0.3)	(383)	(0.2)	(1,163)	(0.4)
(Loss)/Profit before income tax	(79,073)	(19.8)	86,634	13.3	106,598	12.6	(108,954)	(45.2)	(127,819)	(46.4)
Income tax credit/(expense)	19,963	5.0	(5,213)	(0.8)	(1,527)	(0.2)	20,099	8.3	28,863	10.5
(Loss)/Profit and total comprehensive (loss)/income, attributable to owners of the Company	(59,110)	(14.8)	81,421	12.5	105,071	12.4	(88,855)	(36.9)	(98,956)	(35.9)

SUMMARY

Revenue

The following table sets forth a breakdown of our revenue by types of services and products in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Digital educational content										
services and products	335,554	83.9	538,434	82.5	709,964	83.7	209,790	87.1	251,339	91.3
Digital course	295,706	73.9	403,112	61.7	350,835	41.4	142,824	59.3	89,911	32.6
Knowledge graph	6,024	1.5	109,130	16.7	340,401	40.1	59,845	24.8	150,557	54.7
Virtual simulation	33,824	8.5	26,192	4.0	18,728	2.2	7,121	3.0	10,871	3.9
Digital teaching and learning										
environment services and										
products	63,471	15.9	113,915	17.4	137,620	16.2	30,870	12.8	24,026	8.7
Cloud LMS	44,948	11.2	47,538	7.3	88,243	10.3	17,672	7.3	14,781	5.4
Digital classroom	18,523	4.6	66,377	10.2	49,377	5.8	13,198	5.5	9,245	3.4
Others⁽¹⁾	<u>1,086</u>	<u>0.2</u>	<u>615</u>	<u>0.1</u>	<u>614</u>	<u>0.1</u>	<u>322</u>	<u>0.1</u>	<u>56</u>	<u>0.0</u>
Total	<u>400,111</u>	<u>100.0</u>	<u>652,964</u>	<u>100.0</u>	<u>848,198</u>	<u>100.0</u>	<u>240,982</u>	<u>100.0</u>	<u>275,421</u>	<u>100.0</u>

Note:

- (1) Other types of revenue primarily consisted of rental income and ancillary value-added service to enhance customer experience.

SUMMARY

Cost of Sales

The following table sets forth a breakdown of our cost of sales in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	145,560	65.1	159,139	62.0	245,785	76.1	106,338	81.8	121,089	82.8
Purchased goods used	14,407	6.4	31,267	12.2	23,354	7.2	4,200	3.2	4,163	2.8
Digital content editing fees	18,610	8.3	22,546	8.8	21,432	6.6	9,059	7.0	11,035	7.5
Network service fees	18,854	8.4	14,320	5.6	12,053	3.7	5,866	4.5	5,980	4.1
Depreciation and amortization	14,463	6.5	11,603	4.5	9,876	3.1	6,368	4.9	3,663	2.5
Warranty expenses ⁽¹⁾	607	0.3	863	0.3	687	0.2	439	0.3	279	0.2
Others ⁽²⁾	11,065	5.0	16,883	6.6	9,853	3.1	(2,267) ⁽³⁾	(1.7)	14	0.0
Total	223,566	100.0	256,621	100.0	323,040	100.0	130,003	100.0	146,223	100.0

Notes:

- (1) We provide warranties for our services and products, see “Business – Our Customers – Agreements with Customers.” Given that the warranty expenses were immaterial during the Track Record Period, we did not make any provision for warranty expenses.
- (2) Others mainly included travel expenses, tax and surcharges, office expenses and changes in inventories of work in progress.
- (3) We recorded a negative value for others in the six months ended June 30, 2024, primarily due to a negative change in work-in-progress inventories, as the period-end balance exceeded the opening balance, resulting in a deduction from cost of sales in accordance with accounting standards.

During the Track Record Period, the major components of our cost of sales mainly comprised of fixed cost, including employee benefit expenses, network service fees and depreciation and amortization which remained relatively stable regardless of the changes in the scale.

SUMMARY

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
(RMB'000, except for percentages)										
(Unaudited)										
Digital educational content services and products	146,856	43.8	326,829	60.7	434,766	61.2	91,332	43.5	114,160	45.4
Digital teaching and learning environment services and products	28,676	45.2	68,946	60.5	89,969	65.4	19,358	62.7	14,985	62.4
Others ⁽¹⁾	1,013	93.3	567	92.2	424	69.1	289	89.8	53	94.6
Total	176,545	44.1	396,343	60.7	525,158	61.9	110,979	46.1	129,198	46.9

Note:

- (1) Other types of gross profit primarily consisted of gross profit of rental income and ancillary value-added service to enhance customer experience.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 30.1% from RMB128.9 million in 2022 to RMB167.7 million in 2023. Such an increase was primarily due to (i) the increase in our employee benefit expenses paid to our sales personnel by 23.0% from RMB86.1 million in 2022 to RMB105.9 million in 2023, primarily due to the increased number of sales personnel and their performance-based compensation reflecting our business expansion; and (ii) the increase in our marketing expenses by 29.9% from RMB12.7 million in 2022 to RMB16.4 million in 2023, which was primarily due to the increasing number of customer communication activities to better understand their needs and promote our services and products. Our distribution and selling expenses increased by 28.6% from RMB167.7 million in 2023 to RMB215.7 million in 2024. Such an increase was primarily due to (i) the increase in our employee benefit expenses paid to our sales personnel by 31.4% from RMB105.9 million in 2023 to RMB139.1

SUMMARY

million in 2024, which was primarily due to the increased number of sales personnel to support our marketing activities; and (ii) the increase in our travel expenses by 61.2% from RMB12.3 million in 2023 to RMB19.9 million in 2024, which was primarily attributable to the increased number of sales personnel and our enhanced marketing activities to promote our solutions. Our distribution and selling expenses increased by 10.1% from RMB104.4 million in six months ended June 30, 2024 to RMB115.0 million in six months ended June 30, 2025, which was primarily attributable to (i) the increase in our employee benefit expenses paid to our sales personnel by 10.1% from RMB67.8 million in the six months ended June 30, 2024 to RMB74.6 million in the six months ended June 30, 2025, which was primarily due to the increased number of sales personnel; and (ii) the increase in our market development expenses by 30.8% from RMB8.8 million in the six months ended June 30, 2024 to RMB11.5 million in the six months ended June 30, 2025, which was primarily due to the increase in customer communication and engagement activities. See “Financial Information – Period-to-period Comparison of Results of Operations.”

Net Profit / (Loss)

During the Track Record Period, we recorded a net loss of RMB59.1 million in 2022, net profit of RMB81.4 million in 2023, net profit of RMB105.1 million in 2024, net loss of RMB88.9 million in the six months ended June 30, 2024 and net loss of RMB99.0 million in the six months ended June 30, 2025 respectively. We recorded net loss of RMB59.1 million in 2022, primarily due to the combined effect of (i) the business disruption caused by the pandemic in 2022; (ii) our continuous investment in research and development to maintain our competitiveness in the market; (iii) our increased distribution and selling expenses demonstrating our long-term dedication to effective customer coverage and fulfilling our customer-centric strategies; and (iv) our investment in maintaining the stability and quality of our delivery capacity. We recorded a net profit of RMB81.4 million in 2023 and RMB105.1 million in 2024, primarily due to (i) the significant increase of our total revenue by 63.2% in 2023 and by 29.9% in 2024, primarily attributable to the increase in number of our customers; (ii) the increase of gross profit margin from 44.1% in 2022 to 60.7% in 2023 and further to 61.9% in 2024, primarily attributable to our increased efficiency in offline customer communication, engagement, and delivery of our products and services, as well as the launch of new products which were high profit margin by nature, such as knowledge graphs; and (iii) our enhanced ability to manage costs and increase operational efficiency, demonstrated by the decreased ratio of expenses to total revenue from 2022 to 2024. We recorded net losses during the first half of 2024 and 2025, primarily due to less revenue recognized and fewer services and products delivered in the first half of a year, which is influenced by industry seasonality patterns, while our cost of sales continued to accrue as its major components are fixed in nature. See “Business – Seasonality.”

SUMMARY

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	June 30, 2025	September 30, 2025
	(RMB'000)				(Unaudited)
Current assets					
Inventories	9,569	15,145	27,873	44,327	41,914
Trade receivables and retention money receivables	134,958	205,065	337,916	411,387	449,623
Other receivables and prepayments	57,701	57,097	67,345	68,597	71,477
Financial assets at fair value through profit or loss	70,142	120,014	48,028	–	–
Restricted cash	5,218	5,556	4,721	6,400	6,400
Cash and cash equivalents	206,270	141,742	230,172	53,051	49,041
Total current assets	483,858	544,619	716,055	583,762	618,455
Current liabilities					
Trade payables	36,806	25,180	11,084	6,922	6,651
Other payables and accruals	76,122	62,116	87,126	82,033	84,217
Borrowings	–	–	56,240	102,677	169,792
Lease liabilities	8,398	14,503	17,593	12,700	10,960
Contract liabilities	130,951	124,498	113,439	69,232	84,996
Total current liabilities	252,277	226,297	285,482	273,564	356,616
Net current assets	231,581	318,322	430,573	310,198	261,839
Net assets	302,824	390,546	498,869	401,005	367,477

SUMMARY

The following table sets forth our total non-current assets and total non-current liabilities from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	(RMB'000)			
Total non-current assets	81,603	83,822	76,453	96,405
Total non-current liabilities	10,360	11,598	8,157	5,598

During the Track Record Period, we recorded net current assets of RMB231.6 million, RMB318.3 million, RMB430.6 million, RMB310.2 million and RMB261.8 million as of December 31, 2022, 2023, 2024, June 30, 2025 and September 30, 2025, respectively. Our net current assets increased from RMB231.6 million as of December 31, 2022 to RMB318.3 million as of December 31, 2023, primarily due to (i) an increase of RMB70.1 million in trade receivables and retention money receivables; (ii) an increase of RMB49.9 million in financial assets at fair value through profit or loss; and (iii) a decrease of RMB14.0 million in other payables and accruals, partially offset by the decrease of RMB64.5 million in cash and cash equivalents. Our net current assets increased from RMB318.3 million as of December 31, 2023 to RMB430.6 million as of December 31, 2024, primarily due to (i) an increase of RMB132.9 million in trade receivables and retention money receivables; and (ii) an increase of RMB88.4 million in cash and cash equivalents. Such an increase was partially offset by (i) a decrease of RMB72.0 million in financial assets at fair value through profit or loss; and (ii) an increase of RMB56.2 million in borrowings which we obtained in 2024. Our net current assets decreased by 28.0% from RMB430.6 million as of December 31, 2024 to RMB310.2 million as of June 30, 2025, primarily due to (i) a decrease of RMB177.1 million in cash and cash equivalents; (ii) a decrease of RMB48.0 million in financial assets at fair value through profit or loss; and (iii) an increase of RMB46.4 million in borrowings, partially offset by a decrease of RMB44.2 million in contract liabilities. Our net current assets decreased from RMB310.2 million as of June 30, 2025 to RMB261.8 million as of September 30, 2025, primarily due to (i) an increase of RMB67.1 million in borrowings; and (ii) an increase of RMB15.8 million in contract liabilities, partially offset by an increase of RMB38.2 million in trade receivables and retention money receivables.

During the Track Record Period, we recorded net assets of RMB302.8 million, RMB390.5 million, RMB498.9 million and RMB401.0 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. Our net assets increased from RMB302.8 million as of December 31, 2022 to RMB390.5 million as of December 31, 2023 because we recorded net profit of RMB81.4 million in 2023 and had share-based payment of RMB6.3 million in 2023. Our net assets increased by 27.8% to RMB498.9 million as of December 31, 2024, because we recorded net profit of RMB105.1 million in 2024 and had share-based payment of RMB3.3 million in 2024. Our net assets decreased by 19.6% from RMB498.9 million as of December 31, 2024 to RMB401.0 million as of June 30, 2025, because we recorded net loss of RMB99.0 million in the six months ended June 30, 2025 and had share-based payment of RMB1.1 million in the six months ended June 30, 2025.

SUMMARY

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB'000)			(Unaudited)	
Cash and cash equivalents at the beginning of the year/period	97,432	206,270	141,742	141,742	230,172
Net cash generated from/(used in) operating activities	(48,135)	10,914	(9,526)	(206,292)	(258,014)
Net cash (used in)/generated from investing activities	171,831	(57,807)	62,187	114,660	46,794
Net cash (used in)/generated from financing activities	(14,858)	(17,635)	35,139	18,788	34,099
Cash and cash equivalents at the end of the year/period	<u>206,270</u>	<u>141,742</u>	<u>230,172</u>	<u>68,898</u>	<u>53,051</u>

We recorded operating cash outflow in 2022, which was primarily attributed to the net loss of RMB59.1 million recorded in 2022, attributed to (i) the business disruption caused by the pandemic in 2022; (ii) our continuous investment in research and development to maintain our competitiveness in the market; (iii) our increased distribution and selling expenses in 2022 demonstrating our long-term dedication to effective customer coverage and fulfilling our customer-centric strategies; and (iv) our investment in maintaining the stability and quality of our delivery capacity. We recorded operating cash outflows in 2024, which were primarily attributed to a significant portion of our year-end revenue recognition being collected in the next year due to industry-specific fiscal cycles and seasonality, resulting in a certain mismatch in the timing of our revenue growth relative to cash collections. We recorded operating cash outflow in the six months ended June 30, 2025, which was primarily attributed to the net loss of RMB88.9 million in the six months ended June 30, 2024 and RMB99.0 million in the six months ended June 30, 2025. See “Financial Information – Liquidity and Capital Resources – Cash Flow – Net Cash Generated From/(Used in) Operating Activities.”

SUMMARY

Key Financial Ratios

The following table sets out our key financial ratios for the periods indicated:

	As of/For the year ended December 31,		As of/For the six months ended June 30,		
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Gross Profit Margin(%) ⁽¹⁾	44.1	60.7	61.9	46.1	46.9
Net Profit Margin (%) ⁽²⁾	N/A ⁽³⁾	12.5	12.4	N/A ⁽³⁾	N/A ⁽³⁾
Return on Equity (%) ⁽⁴⁾	N/A ⁽⁵⁾	23.5	23.6	N/A ⁽⁵⁾	N/A ⁽⁵⁾
Current Ratio (times) ⁽⁶⁾	1.9	2.4	2.5	2.0	2.1
Gearing Ratio (%) ⁽⁷⁾	6.2	6.7	16.4	20.6	30.2

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin is calculated using net profit divided by revenue for the year and multiplied by 100%.
- (3) Net profit margin is not applicable for 2022 and for the six months ended June 30, 2024 and 2025, respectively as net loss was recorded during such year or period.
- (4) Return on equity is calculated using net profit divided by the average of the beginning and ending total equity for that year and multiplied by 100%.
- (5) Return on equity is not applicable for 2022 and for the six months ended June 30, 2024 and 2025, respectively as net loss was recorded during such year or period.
- (6) Current ratio is calculated by using current assets divided by current liabilities as of the same date.
- (7) Gearing ratio is calculated by using total debt (including lease liabilities) as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

SUMMARY

USE OF PROCEEDS

Assuming an Offer Price of HK\$69.18 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), we estimate that we will receive net proceeds of approximately HK\$404.5 million from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 36.7% of the net proceeds, or approximately HK\$148.4 million, is expected to be used for our research and development;
- Approximately 31.8% of the net proceeds or approximately HK\$128.7 million, is expected to be used for enhancing our customer service and support capabilities;
- Approximately 21.5% of the net proceeds or approximately HK\$86.9 million, is expected to be used for establishing one or two knowledge graph construction centers in selected cities to enhance our capabilities and efficiency in terms of development, production and delivery of knowledge graphs; and
- Approximately 10.0% of the net proceeds or approximately HK\$40.5 million, is expected to be used for working capital and general corporate purposes.

See “Future Plans and Use of Proceeds.”

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in “Risk Factors.” You should carefully read that section in its entirety before you decide to invest in our Offer Shares. Some of the major risks we face include (i) any failure to improve and enhance the functions, performance, reliability, design, security and scalability of our services and products keeping pace with technological developments to suit our customers’ evolving needs may materially and adversely affect our business and results of operation; (ii) our success depends on the growth in market acceptance for our digital educational content and digital teaching and learning environment services and products; (iii) our failure to provide high-quality customer services may materially and adversely impact our business, financial condition and results of operations; (iv) if we fail to adequately expand and retain our sales team with qualified and productive persons, or if we fail to conduct our sales and marketing activities cost-effectively, we may not be able to grow our business effectively; (v) if we are unable to retain existing customers, acquire new customers and increase revenue from our customer base, our financial condition and results of operations would be materially and adversely affected; (vi) we may not be able to maintain the pricing terms for our

SUMMARY

services and products or enhance our customer retention rates going forward; (vii) we may be exposed to credit risks resulting from delays and/or defaults in payments in our operations, which would adversely affect our business, financial condition and results of operations; (viii) we operate in a competitive market and may not be able to compete successfully against our existing and future competitors; (ix) our recent growth may not be indicative of future performance, as sustaining our revenue growth rate may prove challenging, complicating the evaluation of our future prospects, while we face difficulties in executing our growth strategy and new initiatives; and (x) we recorded net losses and operating cash outflow in the past. See “Risk Factors.”

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang and Ms. Ge (the spouse of Mr. Wang) held in aggregate approximately 38.44% of the total issued share capital of our Company. Immediately following the completion of the Global Offering, Mr. Wang and Ms. Ge will collectively hold approximately 34.60% of our total issued share capital, and therefore will constitute a group of our Controlling Shareholders.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of our H Shares pursuant to (i) the Global Offering, and (ii) the H Shares to be converted from our existing Domestic Unlisted Shares on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue of RMB848.2 million (equivalent to approximately HK\$927.2 million) in the financial year ended December 31, 2024 exceeds HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative offer price range, exceeds HK\$4,000,000,000.

PRE-IPO INVESTMENTS

Since our establishment, we have attracted certain Pre-IPO Investors and completed several rounds of equity financing in the past few years to raise funds for the development of our business. For further information of the principal terms of the Pre-IPO Investments and the identity and background of our principal Pre-IPO Investors, see “History, Development and Corporate Structure – Pre-IPO Investments.”

SUMMARY

OFFERING STATISTICS

	Based on an Offer Price of HK\$62.26 per H Share	Based on an Offer Price of HK\$76.10 per H Share
Market capitalization of our Shares immediately after completion of the Global Offering ⁽¹⁾	HK\$4,150.7 million	HK\$5,073.3 million
Market capitalization of our H Shares immediately after completion of the Global Offering ⁽²⁾	HK\$3,857.2 million	HK\$4,714.6 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$12.44	HK\$13.79

Notes:

- (1) The calculation of market capitalization of our Shares is based on the assumption that 66,666,700 Shares will be in issue immediately upon completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares, comprising 4,713,900 Domestic Unlisted Shares in issue, 55,286,100 H Shares converted from Domestic Unlisted Shares and 6,666,700 H Shares expected to be issued pursuant to the Global Offering.
- (2) The calculation of market capitalization of our H Shares is based on the assumption that 61,952,800 H Shares will be in issue immediately upon completion of the Global Offering, comprising 6,666,700 H Shares to be issued pursuant to the Global Offering and 55,286,100 H shares to be converted from Domestic Unlisted Shares.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix II – Unaudited Pro Forma Financial Information” in this prospectus.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We do not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our shareholders in a shareholders meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure, future development requirements, Shareholders’ interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable laws and regulations and approval of our Shareholders. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of our Directors.

SUMMARY

LISTING EXPENSES

Assuming an Offer Price of HK\$69.18 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us, are estimated to amount in aggregate to be approximately HK\$56.7 million, accounting for 12.3% of the gross proceeds from the Global Offering, of which approximately HK\$38.8 million is expected to be charged to profit and loss, and approximately HK\$17.9 million is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately HK\$13.8 million, and (ii) non-underwriting related expenses of approximately HK\$42.9 million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK\$27.4 million and other fees and expenses of approximately HK\$15.5 million.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We have maintained stable business operation and development since June 30, 2025. For example, from July to September 2025, we delivered an aggregate of 1,908 digital courses and 1,833 knowledge graphs, respectively, in line with the seasonal delivery cycle typical in our industry. In addition, during the Track Record Period and subsequent to June 2025, the gross profit margin of our digital teaching and learning environment services and products has remained generally comparable to that for the full year primarily due to its cost structure consisting of a greater proportion of variable costs, such as hardware costs, which vary according to each project. This results in a gross profit margin that remains relatively stable throughout the year. Since June 30, 2025, we have also continued to maintain stable and in-depth strategic cooperation with our major customers and to explore further opportunities for collaboration and growth.

Our Directors confirm that, up to the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of the periods reported on in the Accountant's Report included in Appendix I to this Prospectus, and there is no event since June 30, 2025 that would materially affect the information as set out in the Accountant's Report included in Appendix I to this Prospectus.

Regulatory Development of CSRC Filing

The CSRC promulgated the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reform the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system.

SUMMARY

According to the Overseas Listing Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas. We had filed with the CSRC within three working days after we submit the A1 application to Hong Kong Stock Exchange. See “Regulatory Overview – Regulations relating to Overseas Securities Offering and Listing”.

U.S. OUTBOUND INVESTMENT RESTRICTIONS

On October 28, 2024, the U.S. Department of the Treasury released new regulations (the “**Final Rule**”) prohibiting or requiring notification of U.S. outbound investments in certain Chinese-affiliated companies operating in the semiconductor and microelectronics, quantum information technology, and artificial intelligence sectors (“**covered foreign persons**”). The Final Rule took effect on January 2, 2025. The Final Rule imposes additional diligence responsibilities, record-keeping, and notification requirements and restrictions on U.S. persons and their controlled foreign entities. Specifically, depending on the covered foreign person’s specific activities, U.S. persons are either prohibited from making certain types of investments in the covered foreign person, or must notify covered investments to the U.S. Department of the Treasury.

Prohibited transactions refer to the prohibition on certain U.S. investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A U.S. person may not engage in such transactions unless an exemption for that transaction has been granted. Notifiable transactions refer to transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a U.S. person of their transactions to the Department of the Treasury.

Based on our review of the Final Rule and our current business operations, our legal advisors as to U.S. export controls, tariff and outbound investment is of the view that our business activities do not fall within the scope of “prohibited activities” and “notifiable activities” under the Final Rule. In particular, our core business involves the provision of digital educational content, knowledge graph construction, virtual simulation, and digital teaching and learning environment solutions for our customers, which do not involve the development, production, or packaging of advanced semiconductors, quantum information technologies, or AI systems, nor the design, fabrication or packaging of integrated circuits as defined under the Final Rule. Specifically, though we engage in activities involving development of certain AI systems, the Final Rule only regulates AI development activities exceeding specific parameters or involving specific uses (such as military applications). Because none of these AI systems developed by us meet the criteria of prohibited and notifiable activities set forth in the Final Rule, we are of the view that our business will not be affected by the Final Rule. Accordingly, investments by U.S. persons in our publicly traded shares on the Stock Exchange would also be exempted by the Final Rule, regardless of whether the companies are engaging in “prohibited activities” or “notifiable activities.”

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings.

“%”	per cent
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Bairuixiang VC”	Dazi County Bairuixiang Venture Capital Management Co., Ltd. (達孜縣百瑞翔創業投資管理有限責任公司), a limited liability company established under the laws of the PRC on May 9, 2017 and one of our Pre-IPO Investors
“Board”	the board of directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediary(ies)”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the capital market intermediaries named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chengmai Xinri”	Chengmai Xinri Investment Management Center (Limited Partnership) (澄邁新日投資管理中心(有限合夥)), a limited partnership established under the laws of the PRC on October 20, 2015 and one of our Pre-IPO Investors

DEFINITIONS

“China”, “Mainland China” or “PRC”	the People’s Republic of China, which, for the purposes of this Prospectus only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Shanghai Able Digital Science&Tech Co., Ltd. (上海卓越睿新數碼科技股份有限公司), a company initially established under the laws of the PRC on April 7, 2008 as a limited liability company and converted to a joint stock company with limited liability on December 31, 2020
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Controlling Shareholder (s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang and Ms. Ge; and “Controlling Shareholder” shall mean any one of them
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Datai Yueda”	Jiangsu Datai Yueda Big Data Venture Capital Fund (Limited Partnership) (江蘇達泰悅達大數據創業投資基金(有限合夥)), a limited partnership established under the laws of the PRC on January 29, 2015 and one of our Pre-IPO Investors
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange

DEFINITIONS

“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“GDP”	Gross Domestic Product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “we”, “us”, or “our”	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guangzhou Chengheng”	Guangzhou Chengheng Investment Partnership (Limited Partnership) (廣州誠亨投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 6, 2020 and one of our Pre-IPO Investors
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

DEFINITIONS

“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions through HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Public Offering”	the offer by the Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in “Structure of the Global Offering – The Hong Kong Public Offering”
“Hong Kong Offer Shares”	the 666,700 H Shares initially being offered by the Company for subscription under the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting – Hong Kong Underwriters”

DEFINITIONS

“Hong Kong Underwriting Agreement”	the underwriting agreement dated November 27, 2025 relating to the Hong Kong Public Offering entered into among our Company, the Controlling Shareholders, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, ABCI Securities Company Limited and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting Arrangements – Hong Kong Public Offering”
“IASB”	International Accounting Standards Board
“IFRS Accounting Standards”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the IASB
“Independent Third Party” or “Independent Third Parties”	any entity or person who is not a connected person of our Company or an associate of any such person within the meaning ascribed thereto under the Listing Rules
“International Offer Shares”	the 6,000,000 H Shares being initially offered for subscription at the Offer Price under the International Offering, subject to reallocation as described under “Structure of the Global Offering”
“International Offering”	the offer of the International Offer Shares outside the United States in offshore transactions in accordance with Regulation S, as further described in “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the International Underwriters on or about the Price Determination Date, as further described in “Underwriting – Underwriting Arrangements – The International Offering”
“Jinzhuo Hengbang”	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (金卓恒邦科技(北京)有限公司), a limited liability company established under the laws of the PRC on February 12, 2004 and one of our Pre-IPO Investors
“Joint Lead Managers”	the joint lead managers as named in “Directors, Supervisors and Parties Involved in the Global Offering”

DEFINITIONS

“Latest Practicable Date”	November 20, 2025, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Listing”	the listing of the H Shares on the Main Board
“Listing Date”	the date, expected to be on or about Monday, December 8, 2025, on which the H Shares are listed and on which dealings in the H Shares are first permitted to take place on the Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Ministry of Education”	Ministry of Education of the People’s Republic of China
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Wang”	Mr. WANG Hui (王暉), one of our founders, the chairman of the Board and an executive Director and one of our Controlling Shareholders. Mr. Wang and Ms. Ge are spouses
“Ms. Ge”	Ms. GE Xin (葛新), one of our founders, a non-executive Director and one of our Controlling Shareholders. Mr. Wang and Ms. Ge are spouses
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final price per Offer Share (exclusive of any brokerage fee, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in “Structure of the Global Offering”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares

DEFINITIONS

“PBOC”	the People’s Bank of China
“Peixian Yingcui”	Peixian Yingcui Enterprise Management Partnership (Limited Partnership) (沛縣穎萃企業管理合夥企業(有限合夥)) was established in the PRC as a limited partnership on August 14, 2020 and one of our shareholding platforms
“PRC Data Compliance Consultant”	Commerce & Finance Law Offices
“PRC GAAP”	the PRC Accounting Standards and Accounting Regulations for Business Enterprises (《中國企業會計準則》) promulgated by the MOF on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Jingtian & Gongcheng
“Pre-IPO Investments”	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this Prospectus
“Price Determination Date”	the date, expected to be on Thursday, December 4, 2025, on which the Offer Price is to be fixed by an agreement among the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Ruixin Network”	Shanghai Zhuoyue Ruixin Network Technology Co., Ltd. (上海卓越睿新網絡科技有限公司), a limited liability company established under the laws of the PRC on June 1, 2021 and a wholly-owned subsidiary of our Company
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

DEFINITIONS

“SAT”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shandong Xiangjun”	Shandong Xiangjun Technology Service Co., Ltd. (山東祥鈞科技服務有限公司), a limited liability company established under the laws of the PRC on September 27, 2023 and a wholly-owned subsidiary of our Company
“Shanghai Baxuan”	Shanghai Baxuan Enterprise Management Consulting Partnership (Limited Partnership) (上海瀾軒企業管理諮詢合夥企業(有限合夥)) was established in the PRC as a limited partnership on August 12, 2020
“Shanghai Changshi”	Shanghai Changshi Information Technology Co., Ltd. (上海長視信息技術有限公司), a limited liability company established under the laws of the PRC on December 21, 1999 and one of our Pre-IPO Investors
“Shanghai Shanying”	Shanghai Shanying Culture Communication Co., Ltd. (上海杉盈文化傳播有限公司), formerly known as Shanghai Zhuoyue Ruixin Electronics Co., Ltd. (上海卓越睿新電子有限公司), a limited liability company established under the laws of the PRC on March 25, 2003
“Shanghai Shuhuai”	Shanghai Shuhuai Enterprise Management Consulting Partnership (Limited Partnership) (上海黍懷企業管理諮詢合夥企業(有限合夥)) was established in the PRC as a limited partnership on October 13, 2016 and one of our shareholding platforms
“Shanghai Suishang”	Shanghai Suishang Enterprise Management Consulting Partnership (Limited Partnership) (上海遂商企業管理諮詢合夥企業(有限合夥)) was established in the PRC as a limited partnership on September 23, 2016 and one of our shareholding platforms
“Shanghai Tingri”	Shanghai Tingri Technology Co., Ltd. (上海霆日科技有限公司), a limited liability company established under the laws of the PRC on October 30, 2023 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Shanghai Wenjing”	Shanghai Wenjing Education Technology Co., Ltd. (上海文菁教育科技有限公司), a limited liability company established under the laws of the PRC on October 28, 2020 and a wholly-owned subsidiary of our Company
“Shanghai Womiao”	Shanghai Womiao Enterprise Management Consulting Partnership (Limited Partnership) (上海喔淼企業管理諮詢合夥企業(有限合夥)) was established in the PRC as a limited partnership on August 12, 2020 and one of our shareholding platforms
“Shanghai Xuru”	Shanghai Xuru Enterprise Management Consulting Partnership (Limited Partnership) (上海許如企業管理諮詢合夥企業(有限合夥)) was established in the PRC as a limited partnership on September 9, 2016 and one of our shareholding platforms
“Shanghai Yongcang”	Shanghai Yongcang Equity Investment Partnership (Limited Partnership) (上海永倉股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on September 25, 2015 and one of our Pre-IPO Investors
“Shanghai Zhidao”	Shanghai Zhihui Zhidao Network Technology Co., Ltd. (上海智慧知到網絡科技有限公司), a limited liability company established under the laws of the PRC on July 22, 2020 and a wholly-owned subsidiary of our Company
“Shanghai Zhunshi”	Shanghai Zhunshi Network Technology Co., Ltd. (上海諄實網絡科技有限公司), a limited liability company established under the laws of the PRC on June 3, 2021 and a wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Sichuan Zaixiang”	Sichuan Zaixiang Technology Co., Ltd. (四川載庠科技有限公司), a limited liability company established under the laws of the PRC on September 26, 2023 and a wholly-owned subsidiary of our Company
“Sole Bookrunner”	ABCI Capital Limited
“Sole Global Coordinator”	ABCI Capital Limited

DEFINITIONS

“Sole Overall Coordinator” or “Sponsor-Overall Coordinator”	ABCI Capital Limited
“Sole Sponsor”	ABCI Capital Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three financial years ended December 31, 2022, 2023 and 2024, respectively and the six months ended June 30, 2025
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“Xinjiang Lianchuang”	Xinjiang Production and Construction Group Lianchuang Equity Investment Limited Partnership (新疆生產建設兵團聯創股權投資有限合夥企業), a limited partnership established under the laws of the PRC on July 1, 2011 and one of our Pre-IPO Investors

DEFINITIONS

“Yueda Taihe”	Jiangsu Yueda Taihe Equity Investment Fund Center (Limited Partnership) (江蘇悅達泰和股權投資基金中心(有限合夥)), a limited partnership established under the laws of the PRC on April 10, 2012 and one of our Pre-IPO Investors
“Yunnan Weiye”	Yunnan Weiye Yixing Technology Co., Ltd. (雲南維燁翊行科技有限公司), a limited liability company established under the laws of the PRC on September 19, 2023 and a wholly-owned subsidiary of our Company
“Zhihui Tongfu”	Xinjiang Zhihui Tongfu Technology Co., Ltd. (新疆智慧同富科技有限公司), a limited liability company established under the laws of the PRC on October 7, 2023 and a wholly-owned subsidiary of our Company
“Zhihuishu Network”	Zhihuishu Network (Shanghai) Digital Technology Co., Ltd. (智慧樹網(上海)數碼科技有限公司), a limited liability company established under the laws of the PRC on December 8, 2022 and a wholly-owned subsidiary of our Company
“ZhongYe ZhiYuan”	Shanghai ZhongYe ZhiYuan Venture Capital Partnership (Limited Partnership) (上海中葉至源創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 16, 2018 and one of our Pre-IPO Investors

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus in connection with our Group and our business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

“AI”	artificial intelligence
“app” or “application”	application software designed to run on smartphones and other mobile devices
“CAGR”	compound annual growth rate
“cloud-based”	applications, services or resources made available to users on demand via the Internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“customer retention rate”	is calculated by dividing the number of customers for the same period in the previous year who remain as the Group’s customers in the current period by the total number of customers for the same period in the previous year
“Double First-Class Initiative”	a higher education development and sponsorship scheme of the Chinese central government, initiated in 2015, which includes all universities nominated under the Project 985 and Project 211
“Double High Plan”	a higher education development and sponsorship scheme of the Ministry of Education and the Ministry of Finance of the PRC, initiated in 2019
“ESG”	environmental, social and governance
“data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“higher vocational colleges nominated under the Double High Plan”	higher vocational colleges on the list of higher vocational institutions and disciplines of the Circular on the Announcement of the List of Higher Vocational Institutions and Disciplines for High Level Development (教育部財政部關於公佈中國特色高水平高職學校和專業建設計劃建設單位名單的通知) jointly issued by the Ministry of Education and the MOF on December 10, 2019

GLOSSARY OF TECHNICAL TERMS

“Key Account Customers”	for the purpose of this prospectus, customers who contributed a revenue of or over RMB0.5 million in the relevant year
“LED”	light emitting diode
“LMS”	learning management system
“Overlapping Customers”	for the purpose of this prospectus, customers who purchased both of our digital educational content services and products and digital teaching and learning environment services and products during the relevant years/periods.
“PC”	personal computer
“Project 211”	a higher education development and sponsorship scheme of the Chinese central government for preparing approximately 100 universities for the 21st century, initiated in November 1995
“Project 985”	a higher education development and sponsorship scheme of the Chinese central government for creating world-class higher education institutions, initiated in May 1998
“R&D”	research and development
“universities nominated under the Project 985”	universities on the List of “Project 985” (“985工程”學校名單) issued by the Department of Degree Management and Postgraduate Education of the Ministry of Education on December 6, 2006
“universities nominated under the Project 211”	universities on the List of “Project 211” Schools (“211工程”學校名單) issued by the Department of Degree Management and Postgraduate Education of the Ministry of Education on December 23, 2005
“universities nominated under the Double First-Class Initiative”	universities on the updated list of Double First-Class universities of the Circular on Further Promoting the Development of First-Class Universities and First-Class Disciplines* (關於公佈第二輪“雙一流”建設高校及建設學科名單的通知) jointly issued by the Ministry of Education, the MOF and the National Development and Reform Commission on February 9, 2022

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- various business opportunities that we may pursue; and
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and Hong Kong and the industry and markets in which we operate.

FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this Prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this Prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any failure to improve and enhance the functions, performance, reliability, design, security and scalability of our services and products keeping pace with technological developments to suit our customers’ evolving needs may materially and adversely affect our business and results of operation.

The market for higher education teaching and learning digitalization in China in which we operate and compete is constantly developing with innovations. Since our inception, we have been dedicated to designing and constructing our offerings, providing a variety of services and products to help higher education institutions in China to transform and digitalize education practice, from digital educational content development to digital teaching and learning environment improvement and optimization, to address the evolving demands of teachers and students. Although we have been successful in capturing the market opportunities created by the digital transformation trend among higher education institutions in China based on our dedication to the development of digital teaching and learning solutions for higher education institutions in China and our ability to identify and meet the business needs of our customers, to remain competitive, we must continue to stay abreast of evolving industry trends and rapid technological developments.

We may face challenges in maintaining the relevance of our offerings, necessitating continual investment in adapting to the latest technologies, as the demands for education digitalization in higher education institutions continue to evolve in terms of content, form and method. Our ability to continue to attract and retain customers and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security and scalability of our digital educational content and digital teaching and learning environment services and products. Despite our past investments and our intention to continue committing significant resources to new technologies, including natural language processing, optical character recognition and document structuring algorithms, to enhance our services and products in different business scenarios, we may not be able to leverage new technologies effectively or adapt our services and products to meet customers’ needs or emerging industry standards or generate the expected returns. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions, whether for technical, financial, or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Moreover, our success will depend partially on our ability to continuously identify, acquire, apply, or build advanced new technologies that are valuable to our services and products, for example, in recent years, China's higher education teaching and learning digitalization market has been on the cusp of significant change due to the rapid development and integration of AI technologies. These technologies are expected to revolutionize the way digital educational content and digital teaching and learning environment services and products are delivered and have the potential to change the competitive landscape. While we are committed to applying these new technologies for innovation and continuous improvement, there is no guarantee that we will be able to successfully adapt to or stay ahead of the use of these emerging technologies to provide our customers with more advanced services and products. Failure to do so could render our existing services and products obsolete and unappealing, thereby adversely affecting our business prospects.

In addition, because our services and products are designed to operate over various networks, across numerous mobile devices, operating systems and computer hardware and software platforms, we will need to continuously modify and enhance our services and products to keep pace with changes in related hardware, software, communication, application software development platforms and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to the market in a timely manner. Moreover, uncertainties regarding the timing and nature of the development of network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development or services and products delivery expenses. Any failure of our services and products to operate effectively with future network platforms and technologies could reduce the demand for our services and products, result in customer dissatisfaction and adversely affect our business, financial condition, results of operations and prospects.

Our success depends on the growth in market acceptance for our digital educational content and digital teaching and learning environment services and products.

Our success depends on the willingness of our existing and potential customers to adopt new digitalization technologies. The acceptance of our digital educational content and digital teaching and learning environment services and products largely depends on the overall growth of higher education teaching and learning digitalization market in China. The expansion of the market, in turn, depends on a number of factors, including the cost, performance and perceived value associated with digital teaching and learning solutions. If we or other major service or product providers experience disruptions in delivery or other problems, higher education teaching and learning digitalization market in China as a whole, including our services and products, may be negatively affected. If there is a reduction in demand for such services and products caused by a lack of market acceptance, technological challenges, economic condition changes, security or privacy concerns, competing technologies and products, decreases in higher education institutions' spending, or otherwise, the market for our digital educational content and digital teaching and learning environment services and products may not develop and our business, financial conditions, results of operations and prospects could be materially and adversely affected.

RISK FACTORS

Our failure to provide high-quality customer services may materially and adversely impact our business, financial condition and results of operations.

We have established an extensive and nationwide customer service and support center network and place great emphasis on customer experience, recognizing customer service as pivotal to attracting new customers, retaining existing customers and growing our business. Our commitment to excellence in customer service quality is evidenced by our substantial investment in the training of our customer service and support team, the employment of course consultants and the enhancement of network coverage. Our customer service and support centers are staffed by a diverse team of professionals, each specializing in their respective roles to provide a smooth service experience. Despite our established network and dedication to customer satisfaction, we cannot provide absolute assurance that our coverage will be comprehensive or that our personnel will consistently address all customer needs effectively. There is no guarantee that we will be able to maintain a low turnover rate of existing employees and provide sufficient training to new employees to meet our standards of customer service or that an influx of less experienced personnel will not dilute the quality of our customer service. If our customer service representatives fail to provide satisfactory service, our brand and customer loyalty may be adversely affected.

If we fail to conduct our sales and marketing activities cost-effectively, we may not be able to grow our business effectively.

We rely on our sales team to market and sell our services and products. Due to the technical nature of our services and products, we believe it is in the best interest of our Company at its current growth stage to use our sales personnel, who have deep knowledge of our services and products and appreciation of our corporate values, to execute our sales and marketing strategies. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable marketing expenses, which could adversely affect our business and operating results. Additionally, our sales and marketing activities may not be well received by customers and may not result in the levels of sales that we anticipate. The factors mentioned above may materially and adversely impact our business, prospects, results of operations and financial condition.

If we are unable to retain existing customers, acquire new customers and increase revenue from our customer base, our financial condition and results of operations would be materially and adversely affected.

Our customers primarily include higher education institutions in China. Our ability to retain existing customers, attract new ones and expand the scope and increase the volume of our services and products is critical to our revenue growth. Our customer engagement may decrease for a variety of reasons, including their level of satisfaction with our services and products, our pricing and the pricing and quality of competing products or services, the effects of PRC and global economic conditions or changes in the contracting or fiscal policies of higher education institutions. Furthermore, we focus on the pioneers and leaders in China's higher education teaching and learning digitalization, and gained insights and built services and products based on their active feedbacks. If we fail to retain such customers, we may be unable to anticipate industry trend and develop new services and products that meet our customers' evolving needs or preferences. In addition, if we are unable to encourage customers to contract

RISK FACTORS

and use our services and products, enhance our infrastructure and innovate and expand our operations into new markets, we may not be able to attract more customers and acquire new customers. The loss of a significant number of customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

The growth of our business depends in part on existing customers keeping or expanding their use of our services and products. However, our customers have no obligation to continue to use our services and products and we cannot assure you that they will. In addition, we have invested and will continue to invest in improving our platform in order to offer better features, services and products, but they may not be adopted by our customers. If we are unable to retain customers and keep them continually using or broadening their use of our services and products, or if there is a decline in our customers' business performance, our growth may slow or decline, and our business may be materially and adversely affected.

We may not be able to maintain the pricing terms for our services and products or enhance our customer retention rates going forward.

We may need to decrease the prices of our services and products to stay competitive. As the markets for our services and products mature, or as new competitors introduce new services or products that compete with ours, we may be unable to attract new customers at the same prices or based on the same pricing model as we have adopted historically. Moreover, certain customers, such as certain renowned higher education institutions in China, may demand greater price concessions. As a result, in the future we may be required to reduce our prices, which could materially and adversely affect our revenues, profitability, financial position and cash flow.

In addition, our customers have no obligation to continually use our services and products. Our historical customer retention rates may not be indicative of our customer retention rates in the future. Our customers' retention rates may decline or fluctuate as a result of a number of factors, including their dissatisfaction with our pricing or our services and products and their ability to continue their spending levels. If our customers do not continually use our services and products on similar terms, our revenues may decline, and our business may be materially and adversely affected.

We may be exposed to credit risks resulting from delays and/or defaults in payments in our operations, which would adversely affect our business, financial condition and results of operations.

Our credit risk is primarily attributable to trade receivables. As of December 31, 2022, 2023, 2024 and June 30, 2025, our trade receivables and retention money receivables amounted to RMB140.8 million, RMB214.6 million, RMB345.5 million and RMB418.1 million, respectively. See "Financial Information – Discussion of Certain Key Balance Sheet Items – Trade Receivables and Retention Money Receivables." Our trade receivables and retention money receivables primarily included amounts due from customers for services and products sold in the ordinary course of our business.

If our customers delay or default on their payments to us, we may have to make impairment provisions and write off the relevant receivables and hence our liquidity may be adversely affected. This may in turn materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We operate in a competitive market and may not be able to compete successfully against our existing and future competitors.

We face competition in various aspects of our business, including research and development capabilities, customer services and retention, talents, brand awareness, commercial relationships and financial, technical, marketing and other resources. Our competitors may be able to develop services or products better received by higher education institutions in China or may be able to respond more quickly and effectively to new opportunities and changing technologies, regulations and customers' needs. In particular, AI technology companies have been actively exploring commercial application opportunities in the education industry and participated in bidding for knowledge graph construction projects for higher education institutions. In addition, some of our competitors may quickly expand their existing customer base and sales network and adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our services and products at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

We may be subject to more competition if any of our competitors enter into business partnerships or alliances or raise significant capital, or if established companies from other market segments or geographical markets expand into our market segment or geographical market. Any existing or potential competitor may also choose to operate based on a different pricing model or lower their prices in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, financial condition and results of operations may be materially and adversely impacted.

Our recent growth may not be indicative of future performance, as sustaining our revenue growth rate may prove challenging, complicating the evaluation of our future prospects, while we face difficulties in executing our growth strategy and new initiatives.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded total revenue of RMB400.1 million, RMB653.0 million, RMB848.2 million, RMB241.0 million and RMB275.4 million, respectively. In the six months ended June 30, 2025, our total revenue increased by 14.3% as compared to that in the same period of 2024. However, you should not rely on the revenue growth of any prior period as an indication of our future performance. We cannot assure you that we will be able to manage our growth at the same rate as we did in the past or avoid any decline in the future. To maintain our growth, we need to expand our services and products offerings, broaden our customer base and strengthen our technology capabilities, among other activities. Moreover, our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. To effectively manage the expected growth of our operations and personnel, we will also be required to refine our operational, financial and management controls and reporting systems and procedures. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not successfully attract a sufficient number of customers in a cost-effective manner, respond in a timely manner to competitive challenges or otherwise execute our business strategies. Our growth requires significant financial resources and we will continue to place significant demands on our management.

RISK FACTORS

In addition, our management is tasked with the complex coordination of a vast workforce spread across multiple locations in China, which places considerable demands on managerial structures and resources. There is no guarantee that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner or at all.

Moreover, our growth strategy is influenced, in part, by our ability to implement our newly launched initiatives. We may also be unable to identify new opportunities for the rendition and deployment of our services and products. If and when we choose to enter new sectors, our market validation process may not guarantee our success. We may be unable to tailor services and products for a new sector or in the event that we enter a new sector by way of a strategic acquisition, we may be unable to leverage the acquired platform in time to take advantage of the identified market opportunity and any delay in our time-to-market could expose us to additional competition or other factors that could impede our success. Furthermore, any services and products we develop or acquire for a new sector may not provide the functionality required by potential customers and, as a result, may not achieve widespread market acceptance. To the extent we choose to enter new sectors, whether organically or via strategic acquisition, we may invest significant resources to develop and expand the functionality of services and products to meet the needs of customers in those sectors.

In addition, our revenue is primarily derived from project-based contracts, which are typically non-recurring in nature. There is no assurance that our customers will continue to engage us for new projects after the completion of existing ones, or that we will be able to secure new projects on a continuous basis. As a result, our revenue may fluctuate significantly from period to period and may difficult to predict.

If we fail to effectively manage the growth of our business and operations or successfully implement our growth strategy, our reputation, results of operations and overall business and prospects may be materially and adversely impacted.

We recorded net losses and operating cash outflow in the past.

In 2022, we incurred a net loss of RMB59.1 million, due to the combined effect of (i) the business disruption caused by the pandemic in 2022; (ii) our continuous investment in research and development to maintain our competitiveness in the market; (iii) our increased distribution and selling expenses demonstrating our long-term dedication to effective customer coverage and fulfilling our customer-centric strategies; and (iv) our investment in maintaining the stability and quality of our delivery capacity. In the six months ended June 30, 2024 and 2025, we recorded net losses of RMB88.9 million and RMB99.0 million primarily due to less revenue recognized and fewer services and products delivered in the first half of a year, which is influenced by industry seasonality patterns, while our cost of sales continued to accrue as its major components are fixed in nature. See “Business – Seasonality.” Our future profitability will depend on a variety of factors, including the expansion and performances of our company, competitive landscape, customer preference and the macroeconomic and regulatory environment. Therefore, our revenue may not grow at the rate we expect and may not increase sufficiently to offset the increase in our costs and expenses. As a result, we may incur losses in the future.

RISK FACTORS

In 2022, 2024 and the six months ended June 30, 2024 and 2025, we incurred negative operating cash flow of RMB48.1 million, RMB9.5 million, RMB206.3 million and RMB258.0 million, respectively. See “Financial Information – Liquidity and Capital Resources – Cash Flow – Net Cash Generated From/ (Used in) Operating Activities.” If we continue to experience negative operating cash flows, our ability to sustain our operations and finance our business strategy may be adversely affected. This could necessitate additional financing to support our working capital requirements or to fund our expansion plans. There can be no assurance that such financing will be available to us on acceptable terms, or at all. If we are unable to generate positive cash flows or obtain external financing, we may need to curtail our operations or reduce our business ambitions, which could have a material adverse effect on our financial condition and results of operations.

We may not be able to procure new customer orders as planned or at a desirable pace or on favorable terms.

During the Track Record Period, we generally procured new customer orders through tender and bidding processes. The selection of a digital teaching and learning solution providers depends on a number of factors, including but not limited to the quality of services and products provided, the level of pricing and the operating capabilities of the provider. Tender outcome is ultimately at the discretion of the inviting party, and our efforts may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions and evolving government regulations as well as supply and demand dynamics within the industry. We cannot assure you that we will be able to maintain our high success rate in procuring new customer orders in the future as planned or at a desirable pace or on favorable terms.

Moreover, the tender and bidding process is subject to various laws and regulations in China. See “Regulatory Overview – Regulations on Tendering and Government Procurement”. If we fail to follow the relevant regulations, we may be subject to fines and disqualified from the tender and bidding process and our business, financial condition and results of operations may be materially and adversely affected.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand are critical to maintaining and expanding our business. Maintaining and enhancing our brand depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative digital teaching and learning solutions for higher education institutions, which we cannot assure you we will achieve successfully.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful innovative digital teaching and learning solutions for higher education institutions at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our digital educational content and digital teaching and learning environment services and products through our sales team and a number of free traffic sources, including customers’ word-of-mouth effect. Our efforts to market our brand have

RISK FACTORS

incurred significant costs and expenses, and we intend to continue such efforts. We cannot assure you, however, that our sales and marketing expenses will lead to increasing revenue, and even if they did, such increases in revenue might not be sufficient to offset the expenses incurred.

If our services and products contain material errors, defects, or security issues, we may lose our customers and incur significant remedial costs.

Our digital educational content and digital teaching and learning environment services and products often, by their nature, contain technological errors, defects and security issues that are difficult to detect and rectify, particularly when introduced or when new versions or upgrades are implemented. Despite various tests, our digital educational content and digital teaching and learning environment services and products may contain material errors, defects and security issues, which we may not be able to fix in a timely manner or at all. We may incur significant expenses rectifying any material serious errors or defects and compensating our customers who are affected by such errors and defects. In addition, if we fail to provide the prescribed digital educational content and digital teaching and learning environment services and products to our customers in time or at all due to such material errors, defects and security issues, our customers may receive unsatisfactory service experiences which may impair our relationships with our existing customers and adversely affect our capability to expand our customer base.

Given that many of our customers use our digital educational content and digital teaching and learning environment services and products in critical parts of their teaching programs, any error, defect, or service interruption in our services and products could result in significant losses for our customers. Our customers may seek damages from us for any losses they incur as a result of such errors or cease using our digital educational content and digital teaching and learning environment services and products altogether. We cannot assure you that the disclaimers limiting our exposure to claims, which we typically include in the agreements with our customers, will be enforceable or give us adequate protections against liabilities. Moreover, our customers may share information about their poor experiences in the community, resulting in negative publicity about us. Such negative publicity could damage our reputation and future sales.

Any flaws or misuse of AI technologies, whether actual or perceived, intended or inadvertent, committed by us or by third parties, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

AI technologies are at early stages of development and continue to evolve. Similar to many innovations, AI technologies present risks and challenges, such as potential misuse by third parties for inappropriate purposes or biased applications that breach public confidence or violate applicable laws and regulations in China and other jurisdictions or litigation or other proceedings initiated by certain individuals claiming for infringement of legitimate rights such as privacy or personality rights. Such misuse could affect customer perception, public opinion and the views of policymakers and regulators and result in decreased adoption of AI technologies. For example, the European Parliament called for a ban on police use of facial recognition technology in public places. Though we do not have a presence in the European Union and it is uncertain whether the proposed ban will take effect eventually, the negative perception of AI technologies could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

RISK FACTORS

We offer content-generation services within our digital content services to university students and teachers by leveraging large-model technology that has already been filed by another firm. As such, we are subject to the Interim Measures for the Management of Generative Artificial Intelligence Services and other relevant PRC regulations. These regulations require, among other things, that providers of generative-AI services with public-opinion or social-mobilization capabilities conduct safety assessments, file and update algorithms, and register such services with the relevant authorities. As of the Latest Practicable Date, we have filed all the deep synthesis algorithms used in our services with the CAC and have completed the registration of our generative AI services as required under applicable PRC laws and regulations. However, as the regulatory regime for AI technologies in China and other jurisdictions continues to evolve, there can be no assurance that we will be able to maintain full compliance at all times, or that future changes in laws, regulations or enforcement practices will not impose additional compliance requirements, increase our operational costs, or otherwise have a material adverse effect on our business, financial condition and results of operations.

In addition, we have invested significantly in our research and development efforts in AI technologies and its teaching and learning digitalization market applications, but we can make no assurance that these efforts will generate our expected returns or any return at all. AI technologies are constantly evolving. Failure to cope with the rapid development of AI technologies may materially and adversely affect our business, financial condition and results of operations. Flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the analysis and decisions made by our AI solutions. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner or at all. If the recommendations, forecasts or analysis that our AI solutions assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability and ethical or reputational harm. Any flaws or deficiencies in our AI technologies and solutions, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects. Similar to many disruptive innovations, AI technologies present risks and challenges that could affect user perception and public opinion. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent and whether by us or by third parties, may dissuade prospective users from adopting AI solutions, may impair the general acceptance of AI solutions by society, attract negative publicity and adversely impact our reputation. It may even violate applicable laws and regulations in China and other jurisdictions and subject us to legal or administrative proceedings, pressure from activists and/or other organizations and heightened scrutiny by regulators. Each of the foregoing events may in turn materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

If we fail to manage our technology infrastructure effectively, our existing customers may experience service outages and our new customers may experience delays in the deployment of our services and products.

We have experienced growth in the number of customers and data that our technology infrastructure supports. We seek to maintain sufficient excess capacity in our technology infrastructure to meet our customers' needs. We also seek to maintain excess capacity to facilitate rapid provision of new customer deployments and expansion of existing customer deployments. In addition, we need to properly manage our technology infrastructure in order to support version control, changes in hardware and software parameters and evolution of our services and products. However, provision of new hosting infrastructure requires a significant lead time. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, spikes in customer usage and denial-of-service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and materially and adversely affect our business, financial condition and results of operations.

Security breaches, attacks against our systems and network and any potential resulting breach or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and materially and adversely affect our financial condition and results of operations.

Our cybersecurity measures may not detect, prevent, or control all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence, or other attacks, risks, data leakage and similar disruptions that may cause service interruptions or jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against these attacks. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation and business would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

RISK FACTORS

We collect and have access to certain personal information belonging to users of our services and products through our system. Any failure or perceived failure to comply with data privacy, cybersecurity and data security laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure and other processing of data, could subject us to potential liabilities.

We collect and have access to certain data relating to background information of our customers and users of our services and products, such as names, student/faculty IDs, major, university and department information, and processing such data and providing our services and products via information systems are subject to PRC laws and regulations regarding privacy and the protection of data and cybersecurity. See “Regulatory Overview – Regulations on Data Security, Cyber Security and Data Privacy Protection.” We expect that the collection, use, processing and storage of personal information and data will receive greater and continued attention and scrutiny from regulators and the public going forward, which could increase the compliance costs of our Group and our customers. Furthermore, we are obliged to secure the safety of our information and network platform and keeping in compliance with relevant laws and regulations requires significant cost. We cannot guarantee that we will always be in compliance with such laws and regulations due to any misconduct of our employees, our misinterpretation of the laws and regulations, any changes of such laws and regulations, or further interpretation of such or any action of a third party. Our failure to comply with these laws and regulations in the collection, use or disclosure by us of personal information that we collect or which is accessed through our systems or cybersecurity may result in litigation or action against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

We cannot assure you that unauthorized third parties will not succeed in their attempts to obtain unauthorized access to any personal information relating to our customers and users of our services and products. Such information may also be exposed through human errors or other malfeasance. Any unauthorized access of such personal information or any compromise of our system security could have an adverse effect on our business, financial condition and results of operations.

We are dependent on the continued services of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our senior management or other key employees could significantly delay or prevent us from achieving our strategic business objectives and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. If we lose the services of any member of our senior management or key employees, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

RISK FACTORS

If we are unable to attract, retain and motivate qualified personnel, our business may be adversely affected.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in research and development and sales and marketing, particularly with experience in the China's higher education informatization market. The size and scope of our business may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. Competition for talent and qualified personnel in the industry in which we are involved is intense and the availability of suitable and qualified candidates in the PRC is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join, or continue working for, us. In order to enhance the stability of our team and attract talent and qualified personnel, we have devoted ourselves to building a nurturing corporate culture and offered various incentives and training to our staff. Nevertheless, we cannot assure you that we can attract or retain talent and qualified personnel.

If we fail to maintain an adequate labor force on a continuous and sustained basis, our financial position and results of operations could be materially and adversely affected.

We use third-party cloud-based infrastructure to support our business operations. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition and results of operations.

Our cloud infrastructure hosting our Cloud LMS (learning management system) for our customers is operated and maintained by our own servers operated in custody with a third-party data center and we use various third-party cloud infrastructures to support certain aspects of our business operations. We do not control, or in some cases have limited control over, the operation of the facilities or technologies we use from the third-party vendors. Customers expect to access our services at any time, without interruption or degradation of performance. Any limitation on the capacity of our cloud infrastructure could impede our ability to onboard new customers or expand the usage of our existing customers or serve our customers, which could adversely affect our business, financial condition and results of operations. In addition, any incident affecting our cloud infrastructure that may be caused by cyberattacks or natural disasters, such as fires, floods, severe storms, or earthquakes, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events beyond our control could negatively affect our platform. A prolonged service disruption for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs for using alternative providers or taking other actions in preparation for, or in response to, events that damage the third-party hosting services we use.

RISK FACTORS

In the event that our service agreements relating to our third-party cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of Internet service provider connectivity, or damage to such facilities, we could experience interruptions in access to our platform, as well as significant delays and additional expenses in arranging or creating new facilities and services or re-architecting our platform for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

We engage third-party suppliers for certain hardware and services. If any of these third-party suppliers terminates its business relationship with us, any issues related to such hardware or services could damage our reputation and sales, which may adversely affect our business.

We collaborate with external hardware suppliers to offer an attractive user experience and drive customer acceptance of our services and products. For example, we collaborate with hardware suppliers in relation to devices such as digital podiums, audio devices and panoramic screens. We anticipate that we will continue to rely on such third-party suppliers in the future. We believe that we have long and stable relationships with our existing large third-party suppliers. However, the stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure stable relationships and high-quality outsourced hardware with our large suppliers. If any of our large suppliers terminates its business relationship with us, we may encounter difficulty in finding a replacement that can provide services or hardware of equal quality at a similar price.

Integrating new third-party hardware and services into our existing services and products may consume a significant amount of our time and resources. Our services and products depend on the successful operation of third-party hardware in conjunction with our software, so any undetected errors or defects in the third-party hardware and services could impair our services and products.

Our business partners may engage in intentional or negligent misconduct or other improper activities, or violate laws, or the policies of our customers, which could impair the quality of our services and products, cause us to lose customers, or subject us to liability.

We risk compromising the quality of our digital educational content and digital teaching and learning environment services and products if our business partners do not perform in accordance with our standards. Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our business partners. Fraud or other misconduct by our business partners may involve engaging in unauthorized misrepresentation to our potential customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive personal information and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our customers or candidates for fraud or misconduct committed by such third parties. Any claims could subject us to costly litigation and impose a significant strain on our financial resources and the attention of management personnel regardless of whether the claims have merit, any of which could result in customers' and candidates' complaints and regulatory and legal liabilities, as well as serious harm to our reputation.

RISK FACTORS

We may not be able to adequately protect our intellectual property rights and may be subject to intellectual property infringement claims, which could be expensive and may materially and adversely affect our business, financial condition and results of operations.

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are critical to our success. We rely on and expect to continue to rely on agreements with our employees and third parties to protect our intellectual properties. However, events beyond our control may pose threats to our intellectual property rights and the integrity of our products and brand. Effective protection of our trademarks, copyrights, domain names, patent rights and other intellectual property rights is expensive and challenging. In addition, our intellectual property rights may be declared invalid or unenforceable by the courts.

Similarly, to protect our unpatented proprietary information and technology, such as trade secrets, we rely on our agreements with employees and third parties that contain restrictions on the use and disclosure of such information or technology. For example, our employees are required to keep confidential any unpatented proprietary information and technology during the contract term and two years after the termination of their employment agreement. These agreements may be inadequate or may be breached, either of which could potentially result in the unauthorized use or disclosure of our trade secrets and other proprietary information to third parties, including our competitors. As a result, we may lose our competitive advantages derived from such intellectual property rights. Significant impairments of our intellectual property rights may result in a material and adverse effect on our business.

Tariffs, export control and economic or trade restrictions that were imposed on a number of entities may affect our business, financial conditions and results of operations.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and export controls administered by the relevant government authorities involving the country in which we operate, and other geopolitical challenges. The U.S. government imposed targeted economic and trade restrictions on a number of Chinese companies and institutions that limit their access to U.S.-origin goods, software, and technologies (collectively, “**items**”), as well as items that contain a significant portion of certain U.S.-origin items or are a direct product of certain U.S.-origin items. We have conducted business with some of these entities and our business operation is subject to the evolving export controls administered by the relevant government authorities. In 2022, 2023, 2024 and the six months ended 30 June 2025, we had 13, 15, 15 and 15 customers are included on the U.S. Department of Commerce’s Entity List or Unverified List, respectively, and the revenue generated from such customers in aggregate accounted for approximately 3.7%, 6.0%, 6.6% and 6.6% of our total revenue for the same periods. If the U.S. government imposes more stringent restrictions, or if relevant government authorities interpret the current regulations differently from our view, our sales may be negatively affected.

RISK FACTORS

Our current services and products are not subject to the scope of the Export Administration Regulations (“EAR”). However, U.S. export controls and trade laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are out of our control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our services and products, hinder the stability of our supply chain, and may result in negative publicity, require significant management time and attention, any of which may have an adverse effect on our business, financial condition and results of operations.

Negative publicity and allegations involving us, our shareholders, directors, supervisors, officers, employees and business partners may adversely affect our reputation, business, financial condition and results of operations.

We, our shareholders, directors, supervisors, officers, employees, associates and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could change the market perception that we are a trustworthy services and products provider. In addition, to the extent our employees and business partners were in compliance with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs responding to allegations and negative publicity and may not be able to settle these issues to the satisfaction of our investors and customers.

Our use of open-source software could subject us to possible litigation.

We use open-source software in connection with our services and products. Companies that incorporate open-source software into their products and services may, from time to time, face claims challenging the ownership of open-source software and compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or non-compliance with open-source licensing terms. Some open-source software licenses require users who distribute open-source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open-source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, financial condition and results of operations.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to litigation, disputes, or claims of various types brought by our competitors, employees, customers, business partners, or others in matters relating to contractual or labor disputes, intellectual property infringements, or claims and disputes involving the misconduct of our employees. We cannot assure you that we will not be subject to similar disputes, complaints, or legal proceedings in the future, which may damage our reputation, evolve into litigations, or otherwise have a material adverse

RISK FACTORS

impact on our reputation and business. Litigation is expensive, subjects us to the risk of significant damages, requires significant management of time and attention and could have a material and adverse effect on our business, financial condition and results of operations. The outcomes of actions we institute may not be successful or favorable to us. Lawsuits against us may also generate negative publicity that significantly harms our reputation, which may adversely affect our customer base. We may also need to pay damages or settle lawsuits with a substantial amount of cash. If there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or adjust our business practices, which could have a material and adverse effect on our business, financial condition and results of operations.

Any failure to obtain and maintain the approvals, licenses and permits required for our operations may materially and adversely affect our business and results of operations.

Our business requires us to obtain and renew, from time to time, relevant approvals, licenses and permits. If we fail to obtain, maintain, or renew any necessary approval, license, or permit for our operations in a timely manner or at all, or if the scope of our operations exceeds the scope permitted under the applicable approvals, licenses and permits, we may be subject to fines, penalties, or the suspension of operations or even the revocation of operating licenses, and our business, financial condition and results of operations may be materially and adversely affected.

Our insurance coverage may be inadequate to protect us from the liabilities we may incur.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we did not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. In addition, we did not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, or any insurance policies for our properties. However, any uninsured losses may result in us incurring substantial costs and the diversion of our resources, which could have an adverse effect on our business and results of operations.

The discontinuation or fluctuation of any government grants could adversely affect our financial position, results of operations, cash flows and prospects.

During the Track Record Period, we received government grants which mainly include financial subsidies from local government authorities with certain specified conditions, as well as the amortization of deferred government grants. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recognized government grants of RMB13.3 million, RMB10.8 million, RMB8.6 million, RMB2.5 million and RMB1.4 million as other income, respectively. We cannot assure you that we will continue to receive such government grants from local government authorities or that the amount of such grants will not be reduced in the future. Any significant reduction of government grants received could have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Our results of operations are subject to seasonal fluctuations.

We have experienced and expect to continue to experience seasonal fluctuations depending on the relevant time of a year in our results of operations. Our services and products are subject to seasonal fluctuations depending on our customers' annual procurement timeline. Our customers, which primarily consist of higher education institutions in China, generally finalize their annual procurement schedules and budgets for digital teaching and learning solutions during the first quarter of the year, while companies operating in China's higher education teaching and learning digitalization market, such as us, generally communicate with these higher education institutions about their demands, participate in relevant project bidding, as well as deliver their services and products in the remaining period of the year. As a result of these seasonal fluctuations, comparisons of revenue and our results of operations between different periods within a single financial year are not necessarily meaningful, nor can these comparisons be relied upon as indicators of our future performance.

Failure to make timely social insurance and housing provident fund contributions for some of our employees as required by PRC laws and regulations may subject us to late payments and fines imposed by relevant governmental authorities.

Companies operating in the PRC are required to make social insurance and housing provident funds for their employees. During the Track Record Period, since some of our employees prefer their social insurance and housing provident funds to be paid at their respective residences for the convenience of utilizing such benefits locally, we engaged a third-party agent to pay social insurance and housing provident funds for them. As of the Latest Practicable Date, we had ceased such abovementioned arrangements and made rectifications in this respect and, as advised by our PRC Legal Advisor, we had complied with the requirements to pay for the social insurance and housing provident funds under our own accounts in all material respects. Despite we took such rectification measures, we cannot guarantee that we will not be subject to additional contribution, late payment fee or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer if relevant authorities determine our historical use of third-party agent to pay social insurance and housing provident funds to be non-compliant as required by applicable PRC laws and regulations. This in turn may affect our financial condition and results of operations.

In addition, we did not pay social insurance and housing provident fund contributions in the full amount for certain employees. See "Business – Employees – Social Insurance and Housing Provident Funds." We cannot assure you that we will not be subject to any order to rectify this non-compliance incident in the future. We may be ordered by the relevant authorities to pay the overdue contributions within the prescribed period, failing which we may be subject to a penalty or subject to specific enforcement by the People's Court. On July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (the "**Interpretation II**"), which took effect from September 1, 2025. Pursuant to the Interpretation II, any agreement between an employer and an employee, or an employee's commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people's court. If an employer fails to pay social insurance contributions in accordance with the law,

RISK FACTORS

and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such a request in accordance with the law. Any such order may materially and adversely affect our business, financial condition and results of operations.

Our rights to use some of our leased properties could be challenged by property owners or other third parties due to defects, which may adversely affect our business operations and financial condition.

We leased certain properties in the PRC in connection with our business operations. As of the Latest Practicable Date, (i) eight of the lessors of our lease properties did not provide valid title certificates or authorization for leasing; (ii) the actual usages of 10 leased property were used for purposes inconsistent with their respective designated use; and (iii) 46 lease agreements had not been registered with relevant authorities as required by applicable PRC laws and regulations. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements may lead to a fine ranging from RMB1,000 to RMB10,000 imposed by the relevant PRC authorities for each of these lease agreements if we fail to complete the registration of lease agreements within the stipulated period, and as such, the potential maximum penalties in relation to the aforementioned incidents is approximately RMB0.5 million. See “Business – Properties.” As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to such leases. If any of these challenges are successful, the lease may be affected and we may be required to relocate from these relevant properties. If we fail to find qualified alternative premises on terms acceptable to us, or if we are subject to any material liability resulting from challenges to our leases of properties for which our lessors do not hold valid titles or failed to complete the necessary procedures, our business, financial condition and results of operations may be materially and adversely affected.

Any future occurrence of *force majeure* events, natural disasters, or outbreaks of contagious diseases in regions where we primarily operate may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, or outbreaks of pandemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza, Ebola virus and the COVID-19 pandemic, may materially and adversely affect our business, financial condition and results of operations. An outbreak of a pandemic or contagious disease or other adverse public health developments in China or elsewhere in the world could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business.

RISK FACTORS

Moreover, the regions where we primarily operate have experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of pandemics and contagious diseases, or the measures taken by the PRC government or other countries in response to such events, will not seriously disrupt our operations or those of our customers and other business partners, which may materially and adversely affect our business, financial condition and results of operations.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

Our contract liabilities primarily represented the advance payment from customers for our services and products. We recorded contract liabilities of RMB131.0 million, RMB124.5 million, RMB113.4 million and RMB69.2 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Contract Liabilities.”

If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the advance payments we have received. This may materially and adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, our relationship with such customers may deteriorate, which may also affect our reputation and financial condition in the future.

Fair value changes for our financial assets at fair value through profit or loss may adversely affect our financial condition and results of operations.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our financial assets at fair value through profit or loss amounted to RMB70.1 million, RMB120.0 million, RMB48.0 million and nil, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2025, we had financial assets at fair value through profit or loss comprised of investments in wealth management products issued by banks, of which fair value is measured based on discounted cash flows. According to our accounting policy in respect of fair value measurements, the valuation basis of our financial assets amounts to unobservable input for the relevant asset (level 3 fair value measurement). Should there be any valuation uncertainties from such unobservable input, the value of our financial assets recognized in profit or loss due to fair value change may be overestimated or underestimated by our management. In addition, we are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect the fair value of our financial assets. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Financial Assets at Fair Value Through Profit or Loss.” We cannot guarantee that the fair value of our financial assets will not fall or always remain stable. If there is a decrease in fair value of our financial assets, our results of operations and financial conditions may be adversely affected.

RISK FACTORS

RISKS RELATING TO LAWS AND REGULATIONS

Our business is subject to various evolving laws and regulations. Any adverse changes in the regulatory regime relating to the areas where we operate businesses may affect our ability to provide offerings, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our businesses are subject to various laws, rules and regulations at the national and regional levels of China's higher education industry. Such laws, rules and regulations mainly relate to the Company Law, the Telecommunications Regulations and the Administrative Regulations on Publication, among other things. Compliance with these laws and regulations could cause difficulties and incur higher costs. New laws or regulations or developments to laws and regulations could impose additional compliance costs, reduce our revenue and require us to change our operations to ensure compliance or otherwise change our business.

In recent years, the PRC government has, on many occasions, introduced new laws, rules and regulations relevant to our businesses and amended or replaced the current applicable regulations, requiring us to conduct business with newly enacted oversight and regulatory compliance. Any developments in the applicable laws, rules and regulations could require us to obtain newly enacted licenses, permits, approvals, or certificates, increase our operational expenses or result in the invalidation of licenses, permits, approvals, or certificates we currently have.

Newly promulgated laws and regulations may be subject to further variations in application, interpretation and implementation. As a result, we may not become aware in a timely manner that we have violated certain policies and rules. There can be no assurance that we can adapt to the developments in the regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel, or services to comply with the latest laws and regulations in light of developments in the regulatory environment, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

Developments in economic conditions could adversely affect our business, financial condition, results of operations, cash flows and prospects.

All of our current businesses, assets, operations and revenues are located in or derived from our operations in the PRC, and, as a result, our business, financial condition and results of operations are influenced by the overall economic environment in the PRC. The PRC government regulates the economy and industries by imposing industrial policies and regulating the PRC's macroeconomy through fiscal and monetary policies. Our performance is affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world could also impact China's economy. We are unable to predict all the risks that we face as a result of current economic and regulatory developments, and many of these risks are beyond our control. All such factors may materially and adversely affect our business and results of operations as well as our financial performance.

RISK FACTORS

The remittance of Renminbi into and out of the PRC and governmental administration of currency conversion may affect our ability to pay dividends and other obligations and affect the value of your investment.

The PRC government regulates the convertibility of Renminbi into foreign currencies. We receive all of our revenue in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations. Shortages in the availability of foreign currency may affect our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency-denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Under the relevant laws and regulations, the government is eligible to take necessary measures to guarantee and regulate the international balance of payments when serious balance disequilibrium of payments occurs, or it is possible that it may occur, or other legal circumstances occur. If the foreign exchange administration system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Data protection, cybersecurity, privacy and similar laws in China and other jurisdictions regulate the collection, use and disclosure of information and data and cybersecurity and failure to comply with or adapt to changes in these laws could materially and adversely harm our business.

Our business collects and processes certain data, including students' personal data and other information and data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

As collecting, using, storing, sharing, transferring and disclosing personal data are highly regulated in the PRC, we have adopted various measures to ensure our compliance with the confidentiality of personal data. However, these measures may not always be effective and there can be no guarantee that we can completely protect the information from leakage and constantly maintain compliance within an evolving regulatory environment. Such information could be divulged due to, for example, theft or misuse arising from employee misconduct or negligence or compromised in the event of a security breach of any third-party online platform we use. The activities of such parties are beyond our control, and there is no guarantee as to the effectiveness of the measures we have taken to urge and supervise third parties to abide by applicable cybersecurity and data privacy and protection laws and regulations. If any third party fails, or is deemed to have failed, to obtain authorization from the subject of personal information in a reasonable and lawful manner, or to comply with applicable cybersecurity and data privacy and protection laws and regulations, it may also have a material adverse effect on our businesses as well as our reputation.

RISK FACTORS

Additionally, a technological failure or security breach may result in the violation of regulations, and may lead to civil, administrative, or criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations. Regulators have increased their focus on data protection, cybersecurity and privacy in the PRC. In addition, any developments in applicable laws and regulations could impose more stringent requirements on us and subject us to increased compliance costs, which may have a material and adverse effect on our business, financial condition and results of operations.

Due to the ongoing developments of the regulatory environment, there can be no assurance that our operation will consistently comply with the applicable laws and regulations on data protection, cybersecurity and privacy laws, regulations and policies. If we fail to do so, we may become subject to fines or other penalties, such as being required to cease operations or modify the functionalities or contents of our platform, or we may choose to terminate certain operations if we determine that the requirements to operate in compliance are overly burdensome. In each case, our business, financial condition and results of operations may be materially and adversely affected.

On December 28, 2021, the Cyberspace Administration of China (“CAC”) and other regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. The Cybersecurity Review Measures stipulate that (i) critical information infrastructure operators (“CIIOs”) purchasing network products and services which affect or may affect national security, must file for the cybersecurity review; (ii) Internet platform operators holding the personal information of more than one million users seeking a listing in a foreign country (“**Foreign Listing**”) must file for the cybersecurity review; and (iii) where members of the cybersecurity review working mechanism believe that network products and services and data-processing activities affect or are likely to affect national security, the Cybersecurity Review Office shall report to the Central Cyberspace Affairs Commission for approval as per procedure and then conduct a review in accordance with the Cybersecurity Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a CIIO or being involved in any investigations of cybersecurity review by cybersecurity authorities.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, or privacy protection nor had there been material cybersecurity and data protection or privacy protection incidents or infringement upon any third parties or other legal proceedings or administrative or governmental proceedings pending or, to the best of our knowledge, threatened against or relating to us regarding cybersecurity, data protection and privacy protection. Based on the aforementioned factors, we and our PRC Data Compliance Consultant believe that (i) as of the Latest Practicable Date, we were in compliance with existing applicable laws and regulations relating to data security, privacy and personal information protection in all material aspects and (ii) the cybersecurity-related regulations will not have any material and adverse effect on our business operations or the Listing, based on our PRC Data Compliance Consultant’s consultations with the China Cybersecurity Review

RISK FACTORS

Technology and Certification Center (中國網絡安全審查技術與認證中心) (the “CCRC”, currently the China Cybersecurity Review, Certification and Market Regulation Big Data Center, which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotlines) on April 17, 2024, a listing in Hong Kong does not fall within the definition of “Foreign Listing,” and therefore the obligation to proactively apply for a cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the Listing.

We may be held liable if users upload unlawful content to our credit course sharing platform.

We operate a credit course-sharing platform that enables users to upload and share courses and related educational materials. Pursuant to the relevant laws and regulations of the PRC, we, as the credit course sharing platform operator, shall be liable if any courses or materials uploaded onto the credit course sharing platform contain content in violation of applicable laws and regulations. As such, there may exist a risk that some materials may contain unlawful or non-compliant information. If users upload content that violates applicable laws or regulations, including materials that are illegal, infringing, misleading, or otherwise prohibited, we may be subject to regulatory investigations, administrative penalties, civil claims, or other enforcement actions. Such incidents could also expose us to reputational damage and loss of user trust. As advised by our PRC Legal Advisor, should there be any content on our platform that violates applicable PRC laws and regulations, we are required to take immediate action to remove such content. In addition, regulatory authorities in PRC may impose increasingly stringent content management requirements, failure to fully comply with which could result in fines, business restrictions, or suspension of certain platform functions. Any such event could materially and adversely affect our business operations, financial condition, brand image, and prospects.

Any failure to comply with PRC regulations regarding our share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

The SAT has issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon the exercise of the share options or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon the exercise of the share options or grant of the restricted shares. If our employees fail to pay, or we fail to withhold, their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by competent governmental authorities.

Also, pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in the Stock Incentive Plan of an Overseas Listed Company, or SAFE Circular 7, issued by SAFE in February 2012, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC residents or who are non-PRC residents residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

RISK FACTORS

After our company becomes an overseas listed company upon completion of the Global Offering, we and our directors, executive officers and other employees who are PRC residents and who have been granted share-based awards may follow SAFE Circular 7 to register with SAFE or its local counterparts. We will make efforts to comply with these requirements upon completion of our initial public offering. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also affect the ability to make payments under our share incentive plans or receive dividends or sales proceeds related thereto or our ability to contribute additional capital to our wholly foreign-owned enterprises in China and limit our wholly foreign-owned enterprises' ability to distribute dividends to us.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system and take necessary measures to implement their confidentiality and archive management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations, or financial conditions.

Given that the Archives Rules were recently promulgated, their interpretation, application and enforcement are still evolving and subject to change. We are closely monitoring how they will affect our operations and our future financing.

RISK FACTORS

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC, and all our non-current assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management may also be located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon our Directors, Supervisors and senior management outside the PRC. In addition, investors may also experience difficulties in enforcing judgments due to the lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

We may be subject to the approval, filing, or other requirements of the CSRC or other PRC governmental authorities in connection with future capital-raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose new requirements on us or otherwise tighten the regulations on us. If it is determined in the future that new approval from or filing with the CSRC or other regulatory authorities or other procedures is required, we may fail to obtain such approval, perform such filing procedures, or meet such new requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition. Furthermore, any unforeseeable circumstances and/or negative publicity regarding such an approval, filing, or other requirements may also have a material adverse effect on the price of our shares.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering. Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them. As a result, the absence of any sale of Shares by such persons during the lock-up period may cause, or at least contribute to, limited liquidity in the market for our Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

RISK FACTORS

The liquidity, trading volume and market price of our Shares following the Global Offering may be volatile, which could result in substantial losses to you.

The trading price and volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes for, our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their offerings. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will experience immediate dilution and may experience further dilution if we issue additional Shares or other equity securities in the future.

As the Offer Price of our Shares is higher than the consolidated net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in *pro forma* adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the *pro forma* adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if we issue additional shares in the future to raise additional capital.

Any possible conversion of our Domestic Unlisted Shares into H Shares in the future could increase the number of our H Shares in the market and negatively impact the market price of our H Shares.

We have applied to the CSRC for the conversion of a portion of our Domestic Unlisted Shares into H Shares. If the conversion is filed by the CSRC, such a portion of the Domestic Unlisted Shares will be converted into H Shares upon the Listing, which will be listed and traded on the Stock Exchange. If our separate application is filed with the CSRC, our remaining Domestic Unlisted Shares may also be converted into H Shares in the future, and such converted shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, any requisite internal approval by our Shareholders in a general meeting is duly obtained and the filing notice from relevant PRC regulatory authorities shall be obtained. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of listing. Therefore, upon obtaining the requisite approval and filing notice, our Domestic Unlisted Shares may be traded, after the conversion, in the form of H Shares on the Hong Kong Stock Exchange one year after the Global Offering, which at that time could further increase the number of our H Shares available in the market and may negatively impact the market price of our H Shares.

RISK FACTORS

Establishing share option scheme and granting options under it may affect our result of operation and dilute Shareholders' percentage of ownership

We may establish share option scheme and grant share options under such scheme in the future. The fair value of the options on the date on which they are granted with reference to the valuer's valuation will be charged as share-based compensation, which may adversely affect our Group's results of operation. Issuance of Shares for the purpose of satisfying any award made under such share option scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No share option scheme has been established as of the Latest Practicable Date.

Our Controlling Shareholders have significant influence over us, and their interests may not always be aligned with the interest of our other Shareholders.

Immediately following the completion of the Global Offering, our Controlling Shareholders will control approximately 36.52% of our issued share capital. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying, preventing, or deterring a change in control of us that would otherwise benefit our Shareholders. The interests of the Controlling Shareholders may not always coincide with our or your best interests. If the interests of the Controlling Shareholders conflict with the interests of us or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of us or other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

We cannot assure you whether and when we will declare and pay dividends in the future.

We may not be able to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our H Shares as a source of any future dividend income.

Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. The distribution of dividends shall be proposed by our Board of Directors at their discretion and will be subject to corporate approval processes. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

RISK FACTORS

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers, Controlling Shareholders and Pre-IPO Investors, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers, Controlling Shareholders and Pre-IPO Investors, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods. While we are not currently aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. Information derived from official government sources has not been independently verified by us or any of the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. Further, we cannot assure you that facts and statistics derived from official government sources are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance should be attached to or placed on facts or statistics derived from official government sources.

Forward-looking information in this Prospectus is subject to risks and uncertainties.

This Prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events, or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this Prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any of the projections, valuations, or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this Prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views, or opinions expressed by the press or other media regarding our Shares, the Global Offering, or us. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports, or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus and the Global Offering.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters is based, and most of the business operations of our Company and our subsidiaries are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play important roles in our Company's business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

1. we have appointed Mr. XI Puzhao and Ms. YEUNG Siu Wai Kitty ("**Ms. Yeung**") as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;
2. when the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;
3. all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

4. we have appointed Silver Nile Global Investments Limited as our compliance advisor (the “**Compliance Advisor**”) upon Listing pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as the additional channel of communication with the Hong Kong Stock Exchange during the period from the Listing Date to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing; and
5. each of our Directors has provided his/her mobile phone numbers, office phone numbers, e-mail addresses and fax numbers (where available) to the Hong Kong Stock Exchange. In the event that a Director expects to travel and be out of office, he/she shall provide to the Authorized Representatives the phone numbers of the place of his/her accommodations or the phone numbers where he/she can be contacted.
6. meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company’s Compliance Advisor, or directly with our Directors within a reasonable period. Our Company will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the Compliance Advisor of our Company in accordance with the Listing Rules.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing (the **“Waiver Period”**) and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Ms. CAO Rui (**“Ms. Cao”**) and Ms. Yeung as the joint company secretaries of our Company. Ms. Cao, our chief financial officer and secretary of the Board, is responsible for financial management of our Group and has extensive experience in board and corporate management matters but personally does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Yeung, a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Cao for an initial period of three years from the Listing Date to enable Ms. Cao to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See “Directors, Supervisors and Senior Management – Joint Company Secretaries” in this Prospectus for further information regarding the qualifications of Ms. Cao and Ms. Yeung. By virtue of Ms. Cao’s experience and familiarity with our Company, we believe she is capable of discharging the duties as one of the joint company secretaries and is suitable to act in this capacity. Furthermore, given that the main operations of our Company are located in the PRC, we believe that it would be in the best interests of our Company and our corporate governance to have Ms. Cao, who possesses the relevant background and experience in the PRC, to act as our joint company secretary. The waiver will be revoked if and when Ms. Yeung ceases to provide assistance to Ms. Cao as a joint company secretary.

Accordingly, whilst Ms. Cao does not possess the formal qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, based on the above reasons, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Cao will be appointed as our joint company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The waiver was granted for a three-year period on the condition that Ms. Yeung, as a joint company secretary of our Company, will work closely with, and provide assistance to Ms. Cao, in the discharge of her duties as a joint company secretary for an initial period of three years from the Listing Date. Ms. Yeung is a suitably qualified person to render assistance to Ms. Cao so as to enable her to acquire the “relevant experience” required of a company secretary under Rule 3.28 of the Listing Rules. In addition, Ms. Cao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Cao has access to the relevant training and support that would strengthen her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Hong Kong Stock Exchange.

Before the expiration of the end of the three-year period, the qualifications and experience of Ms. Cao and the need for on-going assistance from Ms. Yeung will be evaluated by our Company. Our Company will liaise with the Hong Kong Stock Exchange before the end of the three-year period to enable it to assess whether, having benefited from the assistance of Ms. Yeung for the preceding three years, Ms. Cao has attained the relevant experience (within the meaning of Rule 3.28 Note 2) and is capable of discharging the duties of a company secretary so that a further partial waiver will not be necessary.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering,” and the procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares.”

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement and is subject to us and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or about the Price Determination Date, subject to determination of the Offer Price.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

CSRC FILING REQUIREMENT

The CSRC issued notice of filing on October 15, 2025 for the Global Offering and the making of the application to list our H Shares on the Stock Exchange. Our filing procedures with the CSRC for the conversion of 55,286,100 Domestic Unlisted Shares into H Shares on a one-for-one basis upon the completion of the Listing were completed on October 15, 2025. In granting its notice of filing, the CSRC does not accept responsibility for our financial soundness, or for the accuracy of any of the statements made or opinions expressed in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by us and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) on or around Thursday, December 4, 2025 or such other date as agreed between the parties, and in any event no later than 12:00 noon on Thursday, December 4, 2025. If, for any reason, the Offer Price is not agreed among us and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) by 12:00 noon on Thursday, December 4, 2025, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

RESTRICTIONS ON OFFER AND SALE OF THE H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his, her or its acquisition of the Offer Shares to, confirm that he, she or it is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Hong Kong Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Domestic Unlisted Shares.

No part of our share capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on our H Share Registrar in order to enable them to be traded on the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Under section 44B (1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. in Hong Kong on Monday, December 8, 2025, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, December 8, 2025. The H Shares will be traded in board lots of 100 H Shares each, and the stock code of the H Shares will be 2687.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing to, purchasing, holding or disposing of, and/or dealing in the H Shares (or exercising rights attached thereto). None of us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription to, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the H Shares or exercising any rights attached to them.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty. See “Statutory and General Information – E. Other Information – 8. Taxation of Holders of H Share” in VI to this prospectus. Investors should seek professional tax advice for further details of Hong Kong stamp duty.

Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders’ risk in Hong Kong dollars.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain currencies based on the exchange rates prevailing on November 20, 2025. Unless otherwise specified, amounts denominated in RMB and US\$ have been translated into Hong Kong dollars in this prospectus at the following exchange rates: HK\$1.00:RMB0.91064 and US\$1.00:RMB7.0905. The aforementioned exchange rates are for illustrative purposes only and such conversions shall not be construed as representations that amounts in Renminbi, US dollars and Hong Kong dollars were or could have been or could be converted at such rates or any other exchange rates.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the translated English names of the PRC and foreign nationals, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding. Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

For further information on our Directors and Supervisors, please refer to the section headed “Directors, Supervisors and Senior Management” of this prospectus.

DIRECTORS

Name	Address	Nationality
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Executive Directors

Mr. WANG Hui (王暉)	Room 2603, No. 5, Lane 768 Dingxi Road, Changning District Shanghai PRC	Chinese
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Mr. XI Puzhao (龔普照)	Room 1102, No. 23, Lane 2328 Yishan Road, Minhang District Shanghai PRC	Chinese
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Ms. WANG Xin (王欣)	No. 35, Lane 888 Minghua Road, Xinqiao Town Songjiang District Shanghai PRC	Chinese
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Non-executive Directors

Ms. GE Xin (葛新)	Room 2603, No. 5, Lane 768 Dingxi Road, Changning District Shanghai PRC	Chinese
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Mr. JIN Xingshen (金省深)	Room 301, 3F, Building 4 No. 15 Deshengmen West Street Haidian District Beijing PRC	Chinese
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Ms. WANG Ying (王穎)	Room 602, Unit 6, Building 5 Kangjiayuan Community Chaoyang District Beijing PRC	Chinese
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DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
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Independent non-executive Directors

Mr. YAU Ka Chi (邱家賜)	Flat H, 15/F, BLK 6 Highland Park 11 Lai Kong Street Kwai Tsing NT Hong Kong	Canadian
Prof. LIU Ningrong (劉寧榮)	Flat E, 40/F, Tower 2 University Heights 23 Pokfield Road Hong Kong	Chinese
Prof. MA Xufei (馬旭飛)	Flat D, G/F, BLK 11 Centra Horizon NO 18 Chong San Road Tai Po NT Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
------	---------	-------------

Mr. LI Quansheng (李泉生)	Room 2801, No. 3, Lane 339 Xikang Road, Jing'an District Shanghai PRC	Chinese
Mr. HAN Yuze (韓宇澤)	No. 60, Lane 99 Jiajing Road, Pudong New Area Shanghai PRC	Chinese
Mr. WANG Jian (王健)	Room 802, No. 20, Lane 333 Laifang Road, Songjiang District Shanghai PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Sponsor-Overall Coordinator**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Sole Overall Coordinator**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Sole Global Coordinator**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Sole Bookrunner**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Lead Managers**ABCI Securities Company Limited**

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Livermore Holdings Limited

Unit 1214A 12/F Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Capital Market Intermediaries

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Livermore Holdings Limited

Unit 1214A 12/F Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Reporting Accountant and Independent Auditor

PricewaterhouseCoopers

*Certified Public Accountants Registered Public Interest
Entity Auditor*
22/F, Prince's Building
Central
Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Clifford Chance

27th Floor, Jardine House
1 Connaught Place
Hong Kong

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing
PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to U.S. export controls, tariff and outbound investment:

King & Wood Mallesons

10F, Building B4
Xinchen Lingang Center
Lane 9, North Yunjuan Road
Shengang Street
Pudong New District
Shanghai
PRC

**Legal Advisors to the Sponsor and
the Underwriters**

As to Hong Kong law:

Han Kun Law Offices LLP

Rooms 4301–10, 43/F, Gloucester Tower
The Landmark, 15 Queen's Road
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices

12–14/F, China World Office 2
No. 1 Jianguomenwai Avenue, Chaoyang District
Beijing
PRC

Data Compliance Consultant

Commerce & Finance Law Offices

12–14/F, China World Office 2
No. 1 Jianguomenwai Avenue,
Chaoyang District
Beijing
PRC

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Room 2504, Wheelock Square,
No. 1717 West Nanjing Road,
Jing'An District
Shanghai
PRC

Receiving Bank

CMB Wing Lung Bank Limited

45 Des Voeux Road
Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Rooms 901–904, Building 1 No. 1188, Qinzhou North Road, Xuhui District Shanghai PRC
Headquarters and Principal Place of Business in the PRC	Rooms 901–904, Building 1 No. 1188, Qinzhou North Road, Xuhui District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	<u>www.able-elec.com</u> <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	Ms. CAO Rui (曹睿) Rooms 901–904, Building 1 No. 1188, Qinzhou North Road, Xuhui District Shanghai PRC Ms. YEUNG Siu Wai Kitty (楊小慧) <i>(ACG, HKACG)</i> Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorised Representatives**Mr. XI Puzhao (龔普照)**

Rooms 901–904, Building 1

No. 1188, Qinzhou North Road, Xuhui District

Shanghai

PRC

Ms. YEUNG Siu Wai Kitty (楊小慧)

Room 1910, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

Audit CommitteeMr. YAU Ka Chi (邱家賜) (*Chairman*)

Prof. LIU Ningrong (劉寧榮)

Prof. MA Xufei (馬旭飛)

Nomination CommitteeProf. LIU Ningrong (劉寧榮) (*Chairman*)

Prof. MA Xufei (馬旭飛)

Mr. WANG Hui (王暉)

Remuneration CommitteeProf. MA Xufei (馬旭飛) (*Chairman*)

Prof. LIU Ningrong (劉寧榮)

Mr. WANG Hui (王暉)

Compliance Advisor**Silver Nile Global Investments Limited**

Suite 4301, Tower One

Times Square, 1 Matheson Street

Causeway Bay

Hong Kong

H Share Registrar**Tricor Investor Services Limited**

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Principal Bank**Shanghai Pudong Development Bank****Caohejing Branch**

No. 65, Guiqing Road, Xuhui District

Shanghai

PRC

INDUSTRY OVERVIEW

*The information and statistics set out in this section and other sections of this Prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the “**Frost & Sullivan Report**”). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

CHINA’S HIGHER EDUCATION INFORMATIZATION MARKET

Overview of China’s Education Informatization Market

With the booming digital economy in China, the education informatization market has also witnessed significant development. The main source of funding for the education informatization market is the national fiscal expenditure on education. According to the explicit requirements of the Chinese government, the government fiscal expenditure on education should account for no less than 4% of the GDP. In addition, since 2011 the Ministry of Education has explicitly proposed that governments at all levels should allocate funding for education informatization at a rate of no less than 8% of the fiscal expenditure on education. The above-mentioned two explicit budget requirements for fiscal expenditure on education and education informatization support the stable and sustainable growth of the education informatization market.

In 2024, the education informatization expenditure in China reached RMB511.7 billion, representing a CAGR of 4.8% during the period from 2020 to 2024. By 2029, the education informatization expenditure in China is expected to reach RMB608.3 billion, with a CAGR of 3.5% from 2024 to 2029.

Market Size of China’s Higher Education Informatization Market

Higher education informatization refers to the use of information technologies to carry out comprehensive, systematic and in-depth informatization transformation and upgrading of campus management, teaching and learning and scientific research activities of higher education institutions. Higher education informatization aims to improve the quality, efficiency and effectiveness of higher education.

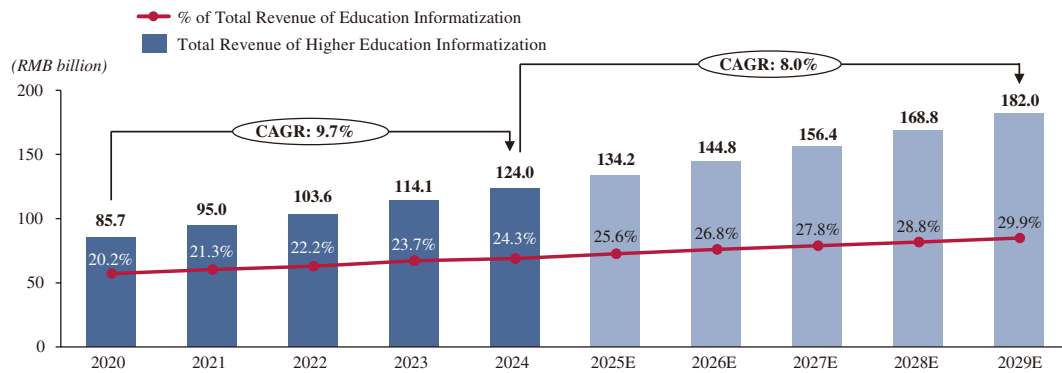
The 2024 “Chinese Government Work Report” reiterates the significance of in-depth implementation of the strategy of developing the country through science and education. Higher education plays a crucial role in China’s high-quality development process, especially for high-skilled talents cultivation, innovative scientific research and public services. The use of information technology in higher education is widespread due to the wide range of disciplines and the rapid iteration of knowledge under higher education. Under the influence of rapid development and iteration of revolutionary technologies,

INDUSTRY OVERVIEW

greater policy orientation and financial support will be given to higher education informatization. By 2024, the government expenditure on higher education informatization reached RMB124.0 billion, accounting for 24.3% of the total education informatization expenditure. Accompanied by a steady increase in fiscal support for education, continued growth in the number of students and policy support from central and local governments, higher education informatization is accelerating and will continue to be the largest subsegment in education informatization in terms of annual additional investment in the future.

The market size of higher education informatization in terms of total revenue in China reached RMB124.0 billion in 2024, with a CAGR of 9.7% from 2020. By 2029, the market size of higher education informatization in terms of total revenue in China is expected to reach RMB182.0 billion, with a CAGR of 8.0% from 2024 to 2029.

Market Size of Higher Education Informatization (China), 2020-2029E



Source: Ministry of Education, National Bureau of Statistics, Frost & Sullivan

Market Size of China's Higher Education Informatization Market by Application Scenario

China's higher education informatization can be divided into teaching and learning informatization, scientific research informatization and campus service informatization by application scenario. Teaching and learning informatization in higher education institutions mainly focuses on teaching and learning activities, including informatization of teaching and learning content, methods, resources and evaluation. Related applications include, but are not limited to, online courses (such as MOOCs), virtual simulation courses, digital classrooms, teaching resource management platforms and knowledge graphs. Scientific research informatization mainly focuses on scientific research activities, including the construction of research laboratories and the purchase and consumption of research-related equipment and consumables. Related applications include, but are not limited to, database sharing, university instrument and equipment sharing systems. Campus service informatization refers to the informatization solutions adopted by higher education institutions in the areas of operation, management and logistic services and the main applications include campus administration management system and library management system.

INDUSTRY OVERVIEW

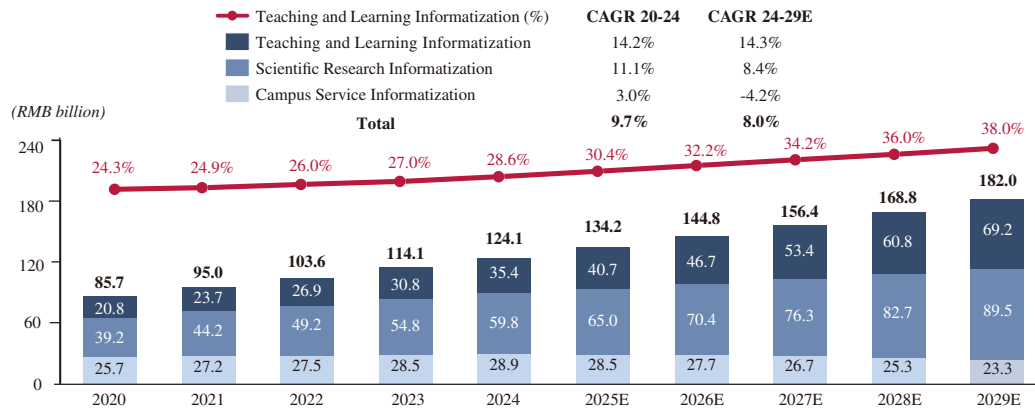
In the past ten years, the construction of campus informational hardware facilities and equipment of higher education institutions developed rapidly, with the average annual informatization expenditure exceeding RMB10.0 million for each higher education institution. By the end of 2024, the construction of campus informational hardware facilities and equipment of higher education institutions has been highly penetrated, and more than 90% of the higher education institutions have implemented campus service systems such as campus administration management system and library management system. In the past ten years, the average campus service informatization expenditure cumulatively reached approximately RMB30.0 million for each higher education institution, and the campus service informatization expenditure per institution in developed regions in China is near saturation. As campus service informatization construction entering the operational stage, future expenditure on higher education campus service informatization is expected to decrease correspondingly. The market size of campus service informatization in terms of revenue reached RMB28.9 billion in 2024, with a CAGR of 3.0% from 2020 to 2024. It is expected to decrease to RMB23.3 billion in 2029, with a CAGR of -4.2% from 2024 to 2029. The development of campus service informatization has also laid the foundation for scientific research informatization, and teaching and learning informatization in higher education.

Scientific research informatization is another important subsegment of the higher education informatization market. The market size of higher education scientific research informatization in terms of revenue reached RMB59.8 billion in 2024, with a CAGR of 11.1% from 2020 to 2024. With the rising demand for emerging technologies in scientific research activities, the market size of higher education scientific research informatization is expected to increase to RMB89.5 billion in 2029, with a CAGR of 8.4% from 2024 to 2029.

Teaching and learning informatization is the most promising subsegment of higher education informatization. Higher education teaching and learning informatization has become the core of higher education informatization. In recent years, the relevant national departments have increasingly emphasized the importance of teaching and learning informatization. The Ministry of Education and other six departments in the “Promoting the Construction of New Educational Infrastructure to Build a High-quality Education Support System of the Guiding Opinions” (《關於推進教育新型基礎設施建設構建高質量教育支撐體系的指導意見》) clearly state that, “to improve the digital teaching and learning facilities, upgrade multimedia teaching equipment, introduce high-definition live and recording teaching methods; to establish subject-specific classrooms and teaching laboratories, and create a vivid and intuitive teaching and learning environment through perceptual interaction, simulation experiments and other equipment; where possible, to popularize personalized teaching and learning devices that meet technical standards and learning needs; to support the construction of video interactive systems that meet teaching and management needs, and support home learning and home-school interaction.” After the COVID-19 pandemic, teachers and students in higher education are accustomed to a robust, flexible and efficient technology-based teaching and learning system, which stimulates further investment in higher education teaching and learning informatization. In the future, higher education teaching and learning informatization is expected to become one of the two mainstays of higher education informatization. The market size of higher education teaching and learning informatization in terms of revenue reached RMB35.4 billion in 2024, with a CAGR of 14.2% from 2020 to 2024. It is expected to increase to RMB69.2 billion in 2029, with a CAGR of 14.3% from 2024 to 2029. The revenue of higher education teaching and learning informatization accounted for 28.6% of the total revenue of higher education informatization, and this share is expected to rise continuously and to reach 38.0% in 2029.

INDUSTRY OVERVIEW

Market Size of Higher Education Informatization by Application Scenario (China), 2020-2029E



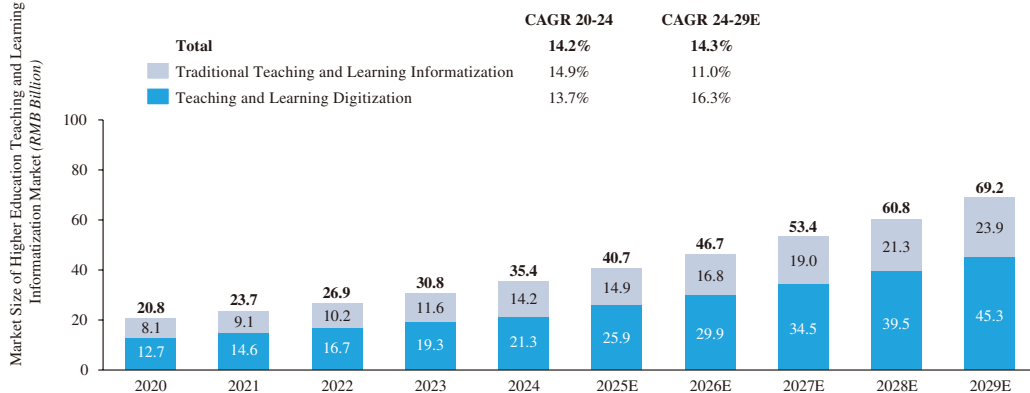
Source: Ministry of Education, National Bureau of Statistics, Frost & Sullivan

OVERVIEW OF CHINA'S HIGHER EDUCATION TEACHING AND LEARNING INFORMATIZATION MARKET

Market Size and Growth of China's Higher Education Teaching and Learning Informatization Market

With the rise in government expenditure on higher education informatization and the growing proportion of expenditure on teaching and learning informatization, the market size of China's higher education teaching and learning informatization market increased from RMB20.8 billion in 2020 to RMB35.4 billion in 2024, with a CAGR of 14.2%. It is expected to reach RMB69.2 billion by 2029, representing a CAGR of 14.3% from 2024 to 2029. In terms of development stage, higher education teaching and informatization market can be divided into traditional teaching and learning informatization and teaching and learning digitalization. The market share of higher education teaching and learning digitalization is expected to increase from 60.0% in 2024 to 65.5% in 2029.

Market Size of Higher Education Teaching and Learning Informatization Market by Development Stage (China), 2020-2029E



Source: Ministry of Education, National Bureau of Statistics, Frost & Sullivan

INDUSTRY OVERVIEW

Market Size and Growth of China's Higher Education Teaching and Learning Digitalization Market

Under the strong support of the government and the active response of higher education institutions to digitalization policies, the market size of China's higher education teaching and learning digitalization market has grown from RMB12.7 billion in 2020 to RMB21.3 billion in 2024, with a CAGR of 13.7%. It is expected to reach RMB45.3 billion by 2029, with a CAGR of 16.3% from 2024 to 2029. The higher education teaching and learning digitalization market can be categorized into two sub-markets by product or service type: higher education digital educational content production market and higher education digital teaching and learning environment market.

Digital educational content production is the core of education, the starting point and foundation of teaching and learning digitalization in higher education. High-quality educational content is carefully designed and produced by outstanding teaching teams within higher institutions, based on curricula. Capturing the teaching process or creating course materials allows students to watch independently or engage in hands-on learning, laying an important content foundation for digital teaching. In 2024, higher education digital educational content production market accounted for 46.0% of the overall market size of higher education teaching and learning digitalization in China, and is projected to reach 51.0% by 2029.

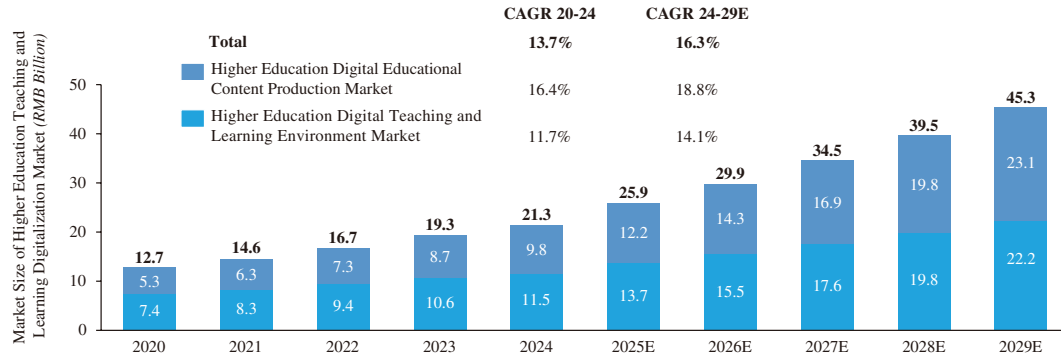
Digital teaching and learning environment represents the environmental carrier for education, such as smart classrooms and LMS (learning management system). These are intended to provide teachers and students with an immersive teaching experience and to serve personalized user requirements in various scenarios. It also refers to cloud platforms, software, or cloud-based APIs provided to higher education institutions to facilitate the management of their teaching resources. These tools serve the entire process of teaching activities, from course development, course management, course selection and payment, classroom teaching, online learning, to certification of studies.

According to the Ministry of Education, there were approximately 76,800 digital courses available for higher education by the end of January 2024. This represents less than 10% of the total higher education courses, indicating substantial potential for growth in the higher education digital educational content production market, as well as the overall higher education teaching and learning digitalization market.

In addition, a few services and products providers are actively developing an ecosystem for higher education teaching and learning digitalization, offering vital support to leverage the increased value of digital educational content and the digital teaching and learning environment, contributing significantly to the advancement of the industry.

INDUSTRY OVERVIEW

**Market Size of Higher Education Teaching and Learning Digitalization Market
by Product / Service Type (China), 2020-2029E**



Source: Ministry of Education, National Bureau of Statistics, Frost & Sullivan

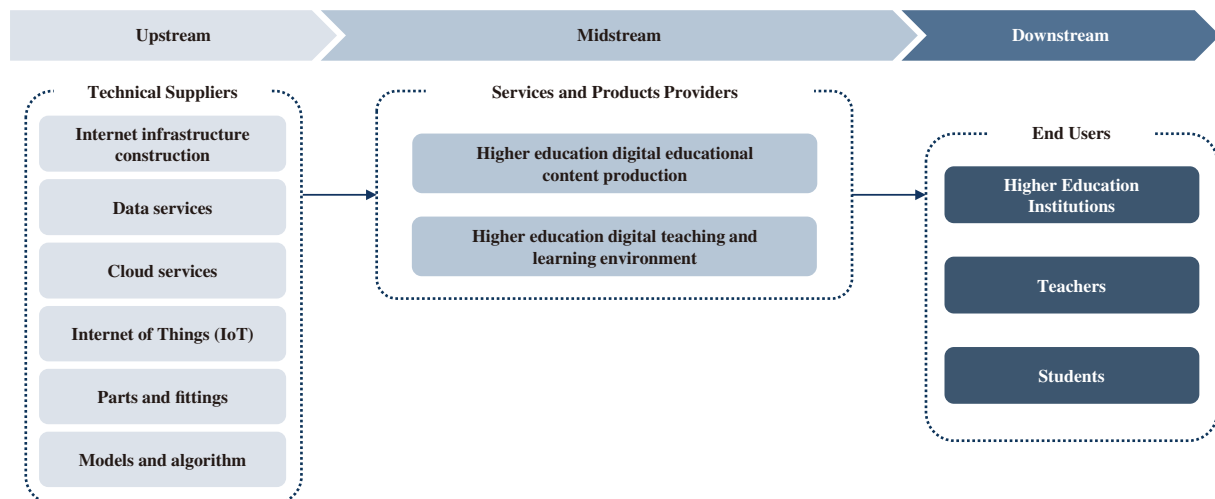
Value Chain

The value chain of China's higher education teaching and learning digitalization market includes upstream technical suppliers, midstream services and products providers and downstream end users.

The upstream of China's higher education teaching and learning digitalization market mainly involves technical suppliers providing internet infrastructure construction, data services, cloud services, Internet of Things (IoT), parts and fittings and models and algorithms.

The midstream of China's higher education teaching and learning digitalization market mainly involves two types of services and products for higher education institutions, including (i) digital educational content production and (ii) digital teaching and learning environment. Some leading services and products providers offer both.

The downstream of China's higher education teaching and learning digitalization market mainly involves end users such as higher education institutions, teachers and students.



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Policies and Regulations of China's Higher Education Teaching and Learning Digitalization Market

Over the past years, the Chinese government has issued a series of policies and regulations to encourage and promote the development of higher education teaching and learning digitalization. Below listed some policies and regulations that are promulgated in recent years.

Name	Issued Time	Issued Department	Key Messages
<i>Opinions on Accelerating Education Digitalization</i> 《關於加快推進教育數字化的意見》	2025	The Ministry of Education of the PRC and Eight Other Departments 中華人民共和國教育部等九部門	<ul style="list-style-type: none">The policy sets out to establish a modern, inclusive, and high-quality digital education system that supports lifelong learning and national modernization goals.Promote digital upgrades across all educational stages – from preschool to higher and vocational education – through smart classrooms, digital campuses, and intelligent teaching tools. Enhance national digital education infrastructure, including cloud platforms, data centers, and broadband connectivity in schools, particularly in rural and remote areas. Encourage the creation and sharing of high-quality digital teaching resources to reduce regional disparities and promote educational equity. Foster new pedagogical models such as blended learning, AI-assisted teaching, and personalized learning paths based on data and analytics.
<i>The 2024-2035 Master Plan on Building China into a Leading Country in Education</i> 《教育強國建設規劃綱要(2024-2035年)》	2025	Central Committee of the PRC, State Council of the PRC 中共中央、國務院	<ul style="list-style-type: none">Implement the national digital education strategy. Promote integration, intelligence, and internationalization, while strengthening and utilizing the National Smart Education Public Service Platform to establish a digital education system. Develop new types of digital education resources.Advance the construction of digital campuses and explore effective ways for digital empowerment in large-scale personalized learning and innovative teaching. Facilitate the global reach of high-quality Massive Open Online Courses (MOOCs).
<i>Highlights of the National Education Digitization Strategy Initiative 2024</i> 《國家教育數字化戰略行動2024年工作要點》	2024	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Strengthen overall planning for education digitalization; improve the National Smart Education Public Service Platform system; implement AI-powered education initiatives; and build a sound ecosystem for digital education applications.
<i>China Smart Education Development Report (2023)</i> 《中國智慧教育發展報告(2023)》	2024	China National Academy of Educational Sciences 中國教育科學研究院	<ul style="list-style-type: none">The global development of digital education will follow five major trends: 1) The application prospects of generative artificial intelligence in education are vast. 2) Technology-driven immersive scenarios will enhance the learning experience. 3) Education assessment will undergo a digital transformation. 4) Teachers and artificial intelligence will coexist, co-teach, and co-learn. 5) The digital education application ecosystem will thrive.
<i>Plan for the Overall Layout of Building a Digital China</i> 《數字中國建設整體佈局規劃》	2023	Central Committee of the PRC, State Council of the PRC 中共中央、國務院	<ul style="list-style-type: none">To vigorously implement the national education digitalization strategic action and improve the national smart education platform.
<i>Highlights of the work of the Department of Higher Education of the Ministry of Education for the year 2023</i> 《教育部高等教育司2023年工作要點》	2023	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Emphasized the in-depth implementation of the digital strategy action and the shaping of new advantages in the reform and development of higher education, include accelerating the digital transformation of higher education and creating a new form of teaching and learning in higher education; strengthening the construction of the National Higher Education Intelligent Education Platform, expanding the content of the platform, perfecting the platform's functions, and constructing a comprehensive service platform for higher education rich in content and highly efficient in terms of services.
<i>Notice on the release of two education industry standards for the smart education platform series</i> 《關於發佈智慧教育平台系列兩項教育行業標準的通知》	2022	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">To solidly advance the national education digitalization strategic action, to improve the education informatization standard system, and to enhance the construction and application level of smart education platforms at all levels.
<i>Guiding Opinions of the Ministry of Education and Five Other Departments on Promoting the Construction of New Educational Infrastructures and Constructing a High-Quality Educational Support System</i> 《教育部等六部門關於推進教育新型基礎設施建設構建高質量教育支撐體系的指導意見》	2021	Ministry of Education of the PRC, Office of the Central Cyberspace Affairs Commission, National Development and Reform Commission, Ministry of Industry and Information Technology of the PRC, Ministry of Finance of the PRC, the People's Bank of China 中華人民共和國教育部、中央網絡安全和信息化委員會辦公室、國家發展改革委、中華人民共和國工業和信息化部、中華人民共和國財政部、中國人民銀行	<ul style="list-style-type: none">To popularize blended, cooperative, experiential and inquiry-based teaching under new technology conditions, and explore new teaching methods.To promote applications such as the "three classrooms" and expand the coverage of high-quality resources.Develop applications such as intelligent diagnosis, resource pushing and learning counselling based on big data to promote students' personalized development.Develop teaching applications such as intelligent teaching assistants and intelligent learning companions based on artificial intelligence, realizing "human-machine co-teaching and human-machine co-education", and improving the quality of education and teaching and learning.
<i>Digital Campus Construction Specifications for Higher Education Institutions</i> 《高等學校數字校園建設規範》	2021	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Emphasized the establishment of a stable funding mechanism to ensure that the financial needs of digital campus construction are met.The government supports and incentivizes the construction of digital campuses in terms of policy, and promotes universities to accelerate the pace of information technology construction through policy guidance and financial support.
<i>Implementation Program for the Evaluation of Undergraduate Education Teaching and Learning in General Colleges and Universities (2021-2025)</i> 《普通高等學校本科教育教學審核評估實施方案(2021-2025年)》	2021	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Defined assessment criteria for undergraduate teaching, in which the digitalization of the content of the curriculum by schools and teachers plays an important role.
<i>Measures for the Recommendation and Recognition of National First-Class Undergraduate Programs under the "Twenty Thousand Plan"</i> 《「雙萬計劃」國家級一流本科課程推薦認定辦法》	2019	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">From 2019 to 2021, it would complete the identification of about 4,000 national online first-class courses (national high-quality online open courses), 4,000 national offline first-class courses, 6,000 national online and offline blended first-class courses, 1,500 national first-class courses for virtual simulation experimental teaching, and 1,000 national first-class courses for social practice.
<i>China Education Modernization 2035</i> 《中國教育現代化2035》	2019	Central Committee of the PRC, State Council of the PRC 中共中央、國務院	<ul style="list-style-type: none">Emphasized the importance of accelerating educational change in the information age.Proposed the construction of an intelligent campus and the coordinated construction of an integrated digital teaching, management and service platform.Proposed the use of modern technology to promote the reform of the talent training model and achieve the organic combination of large-scale education and personalized training.
<i>Implementation Program for Accelerating the Modernization of Education (2018-2022)</i> 《加快推進教育現代化實施方案(2018-2022年)》	2019	Central Committee of the PRC, State Council of the PRC 中共中央、國務院	<ul style="list-style-type: none">Included "vigorously promoting education informatization" as one of the ten key tasks, emphasizing the key role of education informatization in the modernization of education.

INDUSTRY OVERVIEW

Name	Issued Time	Issued Department	Key Messages
<i>Education Informatization 2.0 Action Plan</i> 《教育信息化2.0行動計劃》	2018	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Put forward the development goal of "three full, two high and one big", i.e. teaching application covers all teachers, learning application covers all students of school age, digital campus construction covers all schools, the level of informatization application and the information literacy of teachers and students are generally improved, and the "Internet + Education" platform is established.Emphasized on the deep integration of information technology and education; to promote the upgrading of the mode of supply of educational services and the level of educational governance.
<i>13th Five-Year Plan for Education Informatization</i> 《教育信息化「十三五」規劃》	2016	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Emphasized the in-depth integration of information technology and education services.To promote innovation in education concepts and models, and to reform the talent training model.
<i>Opinions on Strengthening the Application and Management of Online Open Course Construction in Higher Education Institutions</i> 《關於加強高等學校在線開放課程建設應用與管理的意見》	2015	Ministry of Education of the PRC 中華人民共和國教育部	<ul style="list-style-type: none">Colleges and universities should carry out the innovation of credit recognition and credit management system of online courses. Online courses should expand the scope of mutual recognition of credits, establish a unified standard for mutual recognition of credits, and rely on third-party recognition institutions to carry out credit recognition, accumulation and conversion.

Policies related to the digitalization of higher education in China have greatly advanced the development of digital teaching and learning. These policies provide clear development direction, enhance infrastructure, promote the integration of technology and education, facilitate the sharing of high-quality resources, upgrade the digital literacy of teachers and students, and optimize education management and services. This strong support has fostered innovation in education models and improved education quality, aligning higher education with the demands of the digital age.

Key Drivers of China's Higher Education Teaching and Learning Digitalization Market

Demands for Educational Equity: The continuous advancement of society places greater demands on educational equity. An increasing number of leading domestic higher education institutions are leveraging teaching and learning digitalization products and services to share high-quality educational resources with regional institutions with scarce educational materials or traditional teaching methods. This shared effort can help reduce regional imbalances in the distribution of educational resources, thereby promoting educational equity. Digitalization is critical to meeting such demands, as it fully leverages technology to address the challenges in creating, sharing and accessing high-quality educational resources.

Technology Accumulation and Innovative Application: Innovative developments in AI, virtual simulation, audio-video technology and data security have accelerated the transformation from traditional classrooms to digital and intelligent learning spaces. These technologies not only enhance the quality of education, but also facilitate the construction of intelligent teaching and learning environments and the sharing of resources, creating a constantly evolving digital ecosystem for education.

Pioneering Impact of Leading Higher Education Institutions: Higher education institutions in "Double First-Class Initiative" and "Double High Plan" are leading higher education institutions that excel in research capabilities, discipline building and faculty strength compared to other institutions. These leading universities are pioneers and leaders in China's teaching and learning digitalization in higher education, leading to the development of the entire market. In 2021, the average total expenditure on higher education informatization for universities within the "Double First-Class Initiative" reached RMB33.4 million being the latest publicly available data published in 2024, which was about three to four times that of other universities. Similarly, the average total expenditure on higher education informatization for vocational colleges within the "Double High Plan" reached RMB15.8 million in 2021 being the latest publicly available data published in 2024, approximately two to three times

INDUSTRY OVERVIEW

higher education institutions than of other vocational colleges. In terms of digitalization capabilities and willingness, these leading higher education institutions are significantly ahead of other domestic higher education institutions, playing a driving and exemplary role in the digitalization construction of other higher education institutions.

Evolution of Teaching and Learning Habits: The digital era has not only affected students, but has also significantly impacted teachers. As students increasingly embrace digital learning tools, teachers are adapting to this shift by incorporating digital resources into their teaching methods. This shift in teaching and learning habits has been accelerated by the COVID-19 pandemic, as teachers and students have had to quickly adjust to remote and online teaching and learning environments. As a result, higher education institutions are required to continuously update teaching facilities and methods to align with emerging learning habits and requirements. This trend has also stimulated the expansion of the market for higher education teaching and learning digitalization services and products.

Favorable Policies and Financial Support: The Chinese government is actively advocating for the implementation of digitalization in higher education teaching and learning, with the goal of nurturing more talents who can contribute to scientific research innovation and drive the overall economic and social development. Favorable policies to promote and facilitate the sharing and integration of high-quality educational resources can also enhance the overall quality of higher education.

Future Trends of China's Higher Education Teaching and Learning Digitalization Market

Focusing on High-Quality Digital Educational Content: The uneven distribution of educational resources reveals that teachers and courses in key disciplines will receive greater attention, prompting an increasing number of teachers to assume responsibility for the dissemination of knowledge and prioritize the creation of high-quality digital educational content. The continuous accumulation of such content fuels the expansion of digital environments and broadens the scope of digital resource sharing. This fosters equity in education, thus raising overall education standards.

Enhanced and Integrated Support for Digital and Intelligent Teaching Methods: Next-generation information technologies, such as AI and big data, serve as new drivers for the advancement of teaching and learning digitalization in higher education, facilitating the full integration and innovative evolution of information technology across all aspects of the higher education teaching system. This includes the establishment and enhancement of the supporting systems for higher education teaching and learning digitalization, such as integrated teaching and learning environments, teacher competency frameworks, technology-enabled teaching methodologies, personalized education resource services, education evaluation systems, data-driven governance frameworks for the evolving education sector.

Blended Learning Models: Blended learning models, which combine online and offline approaches, are emerging as a prominent educational strategy. This integration of traditional offline and online teaching methods is shaping a new teaching model. Moreover, it encompasses a rich fusion of real-world and virtual learning environments, spanning experiences both within and beyond individual institutions. In this model, digital tools and platforms are seamlessly integrated into teaching scenarios, enhancing flexibility in learning while maintaining continuity and quality of education.

INDUSTRY OVERVIEW

Personalized Teaching and Learning Approaches: With the increasing maturity of next-generation technologies such as AI, big data and cloud services, attention will be further focused on meeting the personalized needs of teachers and students through intelligent analysis and management tools. Taking university knowledge graphs as an example, as the core brain and engine of the future “AI + education” era, knowledge graphs not only help teachers visualize, personalize and systematize fragmented teaching resources, and provide intelligent education services, but also facilitate students’ personalized deep learning and adaptive learning from their own perspectives, achieving scientific learning paths.

Challenges for China’s Higher Education Teaching and Learning Digitalization Market

Data Privacy and Security: The increased use of digital platforms for learning has heightened concerns about data privacy and security. Robust systems must be implemented to protect students’ personal information.

Regulatory Environment: The regulatory environment for higher education teaching and learning digitalization in China is still evolving, leading to potential uncertainties and policy changes that could impact the market.

Quality of Digital Content: There is a need for high-quality, engaging, and interactive digital content that can effectively facilitate learning. This requires considerable investment in content development and regular updates to keep pace with advancements in various fields of study.

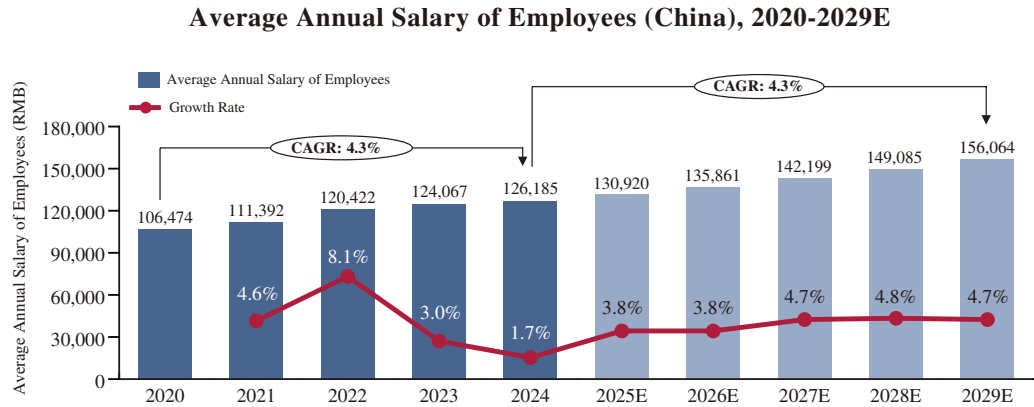
Training for Educators: Many educators may lack proficiency in using digital tools and platforms for teaching. Providing comprehensive training is crucial to ensure the effective implementation of digital teaching and learning in higher education.

Cost Analysis of China’s higher education teaching and learning digitalization market

In China’s higher education teaching and learning digitalization industry, employee benefit expenses constitute a major cost. Driven by the prosperity of China’s macroeconomy and the development of the education sector, the average annual salary in China’s higher education teaching and learning digitalization market has risen from RMB106,474 in 2020 to RMB126,185 in 2024, reflecting a CAGR of 4.3%, according to the National Bureau of Statistics. Such trend is expected to continue, with average annual salaries projected to reach RMB156,064 by 2029, growing at a CAGR of 4.3% from 2024 to 2029, due to the emphasis on education.

INDUSTRY OVERVIEW

The rise in employee benefit expenses presents both challenges and opportunities for enterprises operating in China's higher education teaching and learning digitalization market. The increase in employee benefit expenses may lead to increase in operating costs and market competition, which will affect profitability and investment appeal of such enterprises. In addition, it motivates companies to prioritize cost management and innovation, fostering the adoption of new technologies, the optimization of operating models and the development of more competitive and adaptable products and services.



Source: National Bureau Statistics, Frost & Sullivan

COMPETITIVE LANDSCAPE

Higher Education Teaching and Learning Digitalization Market in China

China's higher education teaching and learning digitalization market is characterized by a highly fragmented competitive landscape, with many providers offering a variety of services and products. By 2024, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue of China's teaching and learning digitalization market in higher education. There were around 2,000 players in higher education teaching and learning digitalization market in 2024.

The Company ranked second in terms of revenue among all companies in China's higher education teaching and learning digitalization market in 2024. This marked an increase from the Company's 2023 market share of 3.4%.

INDUSTRY OVERVIEW

Top Five Companies in Higher Education Teaching and Learning Digitalization Market by Revenue (China), 2024

Ranking	Top Five Companies in Higher Education Teaching and Learning Digitalization Market	Revenue (RMB Million)	Market Share (%)
1	Company A	950	4.5%
2	The Company	848	4.0%
3	Company B	440	2.1%
4	Company C	300	1.4%
5	Company D	200	0.9%
Top five		2,738	12.9%
Total		21,258	100.0%

Note:

1. Company A is a private domestic company, founded in 2000 and headquartered in Beijing. It primarily offers digital library solutions and services and products for higher education teaching and learning digitalization.
2. Company B is a private domestic company, founded in 2019 and headquartered in Guizhou Province. It primarily provides cloud services for IT infrastructure, including services and products for higher education teaching and learning digitalization.
3. Company C is a subsidiary of a New York Stock Exchange and Hong Kong Exchange listed company, founded in 2008 and headquartered in Zhejiang Province. It primarily provides cloud services for IT infrastructure, including services and products for higher education teaching and learning digitalization.
4. Company D is a subsidiary of a Hong Kong Exchange listed company, founded in 2010 and headquartered in Beijing. It primarily provides cloud services for IT infrastructure, including services and products for higher education teaching and learning digitalization.

Source: Frost & Sullivan

The higher education digital educational content production market is characterized by a highly fragmented competitive landscape. By 2024, the top three providers accounted for an aggregate market share of 12.5% in terms of revenue. There were around 1,000 players in higher education digital educational content production market in 2024.

The Company ranked first in terms of revenue among all companies in China's higher education digital educational content production market in 2024, with a market share of 7.3%.

INDUSTRY OVERVIEW

Top Three Companies in Higher Education Digital Educational Content Production Market (China), 2024

Ranking	Top Three Companies in Higher Education Digital Educational Content Production Market	Revenue (RMB Million)	Market Share (%)
1	The Company	710	7.3%
2	Company A	450	4.6%
3	Company F	60	0.6%
Top three		1,220	12.5%
Total		9,779	100.0%

Note:

- Company F is a private domestic company, founded in 2010 and headquartered in Liaoning province. It primarily offers products and services for teaching and learning digitalization in higher education.

Source: Frost & Sullivan

China's higher education digital teaching and learning environment market is characterized by a highly fragmented competitive landscape. By 2024, the top five providers accounted for an aggregate market share of 13.7% in terms of revenue. There were around 1,500 players in higher education digital teaching and learning environment market in 2024.

The Company ranked fifth among all providers of teaching and learning digitalization in higher education in China, with a market share of 1.2% in terms of revenue in higher education digital teaching and learning environment market.

Top Five Companies in Higher Education Digital Teaching and Learning Environment Market by Revenue (China), 2024

Ranking	Top Five Companies in Higher Education Teaching and Learning Digitalization Market	Revenue (RMB Million)	Market Share (%)
1	Company A	500	4.4%
2	Company B	440	3.8%
3	Company C	300	2.6%
4	Company D	200	1.7%
5	The Company	138	1.2%
Top five		1,578	13.7%
Total		11,479	100.0%

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Entry Barriers of China's Higher Education Teaching and Learning Digitalization Market

Comprehensive Understanding of Teaching Across Varied Disciplines: A deep understanding of the diverse disciplinary knowledge related to teaching and learning processes in higher education is a fundamental prerequisite for teaching and learning digitalization. Providers of services and products for teaching and learning digitalization in higher education must accumulate and understand the relevant disciplinary knowledge in order to effectively utilize their technical resources and capabilities, thus providing technological solutions that are in line with the requirements of higher education institutions.

Operational and Service Capabilities: Higher education institutions, as large and complex systems, require service providers to have mature operational and service capabilities. By deploying management and technical personnel to deliver on-site services, service providers can help higher education institutions achieve digital and intelligent education transformation. For newcomers, mastering and implementing the requirements of products and service for teaching and learning digitalization in higher education to meet competitive standards can be challenging.

Technological Sensitivity and Expertise in Application Development: Building robust, reliable and user-friendly end-to-end services and products for teaching and learning digitalization in higher education requires significant technological investment and expertise. Services and products providers must also customize technology to effectively address specific application scenarios in higher education institutions. This could pose a challenge for emerging companies.

Quality of Services and Products: Digital services and products for teaching and learning in higher education often contain technical errors, bugs and security issues that are difficult to detect and correct, especially when new versions or upgrades are first introduced or implemented. For new entrants to the industry, their services and products may contain significant bugs, defects or security issues, resulting in loss of customers and significant remediation costs.

Reputation and Past Performance: A solid track record and extensive past performance of providers offering services and products for teaching and learning digitalization in higher education in China are key factors that are closely evaluated by customers during the bidding process. Providers of teaching and learning digitalization in higher education with a proven track record often provide high-quality services, and their established market share significantly limits the entry of other competitors into the market. Therefore, the service experience and reputation of providers in China also serve as barriers for new entrants. For example, providers with a strong reputation and excellent performance can demonstrate their business capabilities through project quality, comprehensive execution capabilities and after-sales service, all of which are not easily achieved in a short period of time. Leading providers can gain a competitive advantage through their robust resource networks, excellent reputation and outstanding performance in bidding processes.

INDUSTRY OVERVIEW

SOURCES OF INFORMATION

We commissioned Frost & Sullivan to analyze and prepare a report regarding China's in higher education informatization market as well as higher education teaching and learning digitalization market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of RMB600,000 to Frost & Sullivan pursuant to a service agreement reached by arm's length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We have also referred to certain information in the "Summary", "Risk Factors", "Business" and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

In preparing the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as the National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of China's higher education informatization market as well as higher education teaching and learning digitalization market in the forecast period; and (iv) there is no extreme force majeure or industry regulation which may affect the market dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, regulations and rules that we believe are relevant to our business and operations.

Regulations on Company Establishment and Foreign Investment

The PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”), further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and latest amended in December 2023 and became effective on July 1, 2024, provides that companies established in the PRC may take the form of limited liability company or joint stock company with limited liability. Each company has independent legal person property and enjoys legal person property rights. The legitimate rights and interests of the company are protected by law and are inviolable.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), which was promulgated by the National People’s Congress (the “**NPC**”) on March 15, 2019, and came into effect on January 1, 2020, provides that the “foreign investment” refers to the investment activities in China carried out directly or indirectly by foreign individuals, enterprises or other organizations (the “**Foreign Investors**”), including the following: (1) Foreign Investors establishing foreign invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Investment by other means prescribed by laws, administrative regulations or the State Council. The FIL further adopts the management system of pre-establishment national treatment and negative list for foreign investment. The “pre-establishment national treatment” refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the “negative list” refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The FIL grants national treatment to foreign investments outside the negative list. The negative list is released by or upon approval of the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Rules**”) which came into effect in January 2020. The Implementation Rules further clarified that the State shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment, and advance a higher-level opening.

Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Edition) 《外商投資准入特別管理措施(負面清單)(2024年版)》 (the “**Negative List**”), and the Catalog of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Encouraging List**”). The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and

REGULATORY OVERVIEW

the Encouraging List, which came into effect on January 1, 2023, sets out the encouraged industries for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was released by the MOFCOM and the SAMR on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. to the competent commerce authorities in accordance with The Measures on Reporting of Foreign Investment Information. When submitting an annual report, a foreign-invested enterprise shall submit the basic information on the enterprise, the information on the investors and their actual controlling party, the enterprise's operation and asset and liabilities information etc., and where the foreign investment admission special administrative measures are involved, the foreign investment enterprise shall also submit the relevant industry licensing information.

Regulations and Policies on Higher Education and Promotion of the Development of Higher Education Teaching and Learning Digitalization

According to the Higher Education Law of the PRC (《中華人民共和國高等教育法》), which was promulgated on August 29, 1998 and was then amended on December 27, 2015 and on December 29, 2018 and became effective December 29, 2018, higher education includes education for academic qualifications and education for non-academic qualifications. The State supports higher education conducted through radio, television, correspondence and other long-distance means.

In February 2019, the Central Committee of the Communist Party of China and the State Council issued the China Education Modernization 2035 (《中國教育現代化2035》), which set forth ten major strategic tasks for the modernization of education, to enhance the cultivation and innovation capabilities of top-tier talents, according to which, it is necessary to establish a comprehensive policy system for the categorized development of higher education institutions, guiding them to scientifically position themselves and develop distinctive features; continuously promote the transformational development of local undergraduate higher education institutions; strengthen the innovation system of higher education institutions, build a number of internationally leading national scientific and technological innovation bases, enhance basic research, and comprehensively improve the original innovation capabilities of higher education institutions; explore the construction of a full-chain, networked, open collaborative innovation alliance that deeply integrates industry, academia, research, and application.

In September 2019, the Guiding Opinions on Promoting the Sound Development of Online Education (《關於促進在線教育健康發展的指導意見》) was promulgated by the Ministry of Education, Office of the Central Cyberspace Affairs Commission and other authorities and pointed out online education is a new method of education that enables interaction between teaching and learning by using modern information technology such as the Internet and artificial intelligence and is an integral part of educational services. Social forces shall be encouraged to establish online education institutions, develop online education resources, and provide quality education services. Internet companies and online education institutions shall be supported in cooperating in depth, and big data analysis, cloud computing,

REGULATORY OVERVIEW

and other means shall be comprehensively used to fully explore emerging education demand, vigorously develop intelligent and interactive modes of online education, and enhance experience of online education. Schools shall be encouraged to increase efforts to research and develop and share online education resources and expand the coverage of teaching resources such as elite teachers' online classes from famous schools, through the national public service system for digital education resources. Schools shall be supported in researching the development of specific methods to incorporate qualified online courses into the education and teaching system. A group of high-quality online education courses shall be developed, and a learning achievement certification and course credit accumulation and conversion system shall be explored.

The Circular on the Issuance of the “14th Five-Year Plan” Education Powerhouse Advancement Project Implementation Plan (關於印發《“十四五”時期教育強國推進工程實施方案》的通知) was jointly issued by the National Development and Reform Commission, the Ministry of Education, and the Ministry of Human Resources and Social Security on May 10, 2021. The Plan proposes to promote the optimization and adjustment of the layout of higher education resources, encourage project schools to actively expand investment channels, deepen the integration of industry and education reform, and support enterprises in industries to participate in the construction and operation of vocational education and higher education projects through various means such as capital investment, horizontal projects, joint research, personnel exchange, teacher mutual dispatch, and commissioned training.

In February 2022, Several Opinions of Five Authorities Including the Ministry of Education on Strengthening the Management of Teaching of Online Open Courses in Ordinary Institutions of Higher Education (《教育部等五部門關於加強普通高等學校在線開放課程教學管理的若干意見》) was promulgated, according to which, the perfection of self-supervision mechanism of online open course platform was proposed, such as platforms offering credit courses must strictly implement classified cyber security protection systems and fulfill obligations of security protection and the level of security protection of the platforms shall not be lower than Level III; strictly implement the basic standards for online open courses, establish a system for educational content, quality review, and operational assurance, and strictly control political, academic, and quality aspects. Courses that have not been reviewed and officially recommended by universities shall not be accepted, and courses that do not meet basic regulatory requirements shall not be launched; strengthen the monitoring of the learning process, make full use of artificial intelligence, big data, block chain and other new generation information technologies to monitor identity authentication, educational content, discussion records and learning data in accordance with laws and regulations; according to the teaching needs of higher education institutions, timely and accurately provide relevant higher education institution students' learning data. Strictly abide by the national network security management standards, ensure the security of ideology, information content, network, information and operation service, and effectively prevent the spread of harmful information, online service interruption, data tampering and teachers' and students' personal information leakage. In addition, the education administrative department of the State Council shall entrust a third-party institution to develop the teaching management and service platform for online open courses of higher education institutions, and implement big data monitoring for the teaching process of online open courses. The platform that provides credit course must provide open user identity data, open course access data, learning behavior

REGULATORY OVERVIEW

data and related operation data to the teaching management and service platform of online open course of higher education. The administrative department of education under the State Council shall review the filing records of platforms offering credit courses every year; platforms with standardized supervision, high quality courses and good management services shall be included in the “white list”.

On June 7, 2016, the Ministry of Education issued the 13th Five-Year Plan for Education Informatization (《教育信息化「十三五」規劃》), which actively supports and promotes the availability of digital resources for continuing education of institutions of higher learning, the establishment of online education alliance, and the establishment of university-enterprise continuing education alliance, and the exploration of digital education resource service supply modes, effectively improve the service level and capability of digital education resources, and encourage enterprises to actively provide cloud-supported, dynamically updated new digital education resources and services that adapt to blended learning, ubiquitous learning and other learning styles.

The Ministry of Education issued the Education Informatization 2.0 Action Plan (《教育信息化2.0行動計劃》) on April 13, 2018 to actively promote the establishment and improvement of the sustainable development mechanism of Education Informatization, and build a networked, digital, intelligent, personalized, and lifelong education system.

On July 18, 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China adopted the Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform and Promoting Chinese-style Modernization (《中共中央關於進一步全面深化改革推進中國式現代化的決定》), which, in the aspect of deepening the comprehensive reform of education, clearly proposes to promote digital education and empower the construction of a learning society and to strengthen the guarantee of lifelong education.

In January 2025, the Central Committee of the Communist Party of China and the State Council issued the Outline of the Plan for Building a Strong Education Country (2024–2035) (《教育強國建設規劃綱要(2024–2035年)》), which encourages relevant departments to establish categorized management and evaluation mechanisms, providing differentiated support in areas such as school-running conditions, student enrollment quotas, degree program approvals, and funding allocation. Simultaneously, based on the functional positioning, actual contributions, and distinctive strengths of different types of higher education institutions, it will create incentive mechanisms for resource allocation to guide universities in leveraging their advantages and developing unique characteristics across various fields and pathways. By 2027, significant phased achievements will be made in building a strong education country. By 2035, the goal of building a strong education country will be achieved.

REGULATORY OVERVIEW

Regulations and Policies on Software Industry and Artificial Intelligence

The Regulation on Computer Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on June 4, 1991 and amended in 2001, 2011 and 2013, respectively, was formulated for the purposes of protecting the rights and interests of copyright owners of computer software, regulating the relationship of interests generated in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of the software industry and the informatization of national economy. According to the Regulation on Computer Software Protection, Chinese citizens, legal entities or other organizations are entitled to the copyright in the software which they have developed, whether published or not. A software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items.

The Several Policies on Further Encouraging the Development of the Software and the Integrated Circuit Industries (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date, specifies a series of policies on tax preference, promotion of investment, scientific research, talent support, and intellectual properties for the software industry. Furthermore, the Several Policies on Promoting the High-quality Development of the Integrated Circuit Industries and the Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展若干政策》) which was promulgated by the State Council on July 27, 2020 and came into effect on the same date, sets forth further policies on tax preference, promotion of investment, research and development, import and export, talent support, and intellectual properties for the software industry.

In accordance with the National Catalogue for Guidance on Industrial Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》) which was promulgated by the National Development and Reform Commission on December 27, 2023 and took effect on February 1, 2024, big data, cloud computing, software and information technology service and block chain information services within the extent permitted by the PRC are under the encouraged category.

The Ministry of Science and Technology of the PRC issued the Guidelines for the Construction of the National New Generation Artificial Intelligence Innovation and Development Pilot Zone (《國家新一代人工智能創新發展試驗區建設工作指引》) on August 29, 2019, which was amended in 2020, specifies that an environment conducive to the innovation and development of artificial intelligence shall be created, as well as to promote the construction of artificial intelligence infrastructure and strengthen the conditional support for the innovation and development of artificial intelligence.

The NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and Outlines of Objectives in Perspective of the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) in March 2021 and came into effect on the same date, points out the focus of key areas such as high-end chips, operating systems, key algorithms for artificial intelligence, sensors, etc., and to cultivate and grow emerging digital industries such as artificial intelligence, big data, blockchain, cloud computing, and cyber security, etc.

REGULATORY OVERVIEW

Regulations on Value-added Telecommunications services

On September 25, 2000, the State Council promulgated the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecommunications Regulations**”), and revised and implemented them on February 6, 2016. The Telecommunications Regulations have established a regulatory framework for telecommunications operators in China, dividing telecommunications services into basic telecommunications services and value-added telecommunications services. Value added telecommunications operators must obtain a value-added telecommunications business operation license.

As the Annex to the Telecommunications Regulations, the Classification Catalogue of Telecommunications Services (《電信業務分類目錄》) was latest revised by the Ministry of Industry and Information Technology on June 6, 2019. According to the Annex, information services provided through public communication networks or the Internet belong to value-added telecommunications services. Internet information services, as a subcategory of value-added telecommunications services (B25 information service), are regulated by the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) issued by the State Council on September 25, 2000 and latest revised on December 6, 2024. The definition of Internet information services is the service activity of providing information to Internet users through the Internet. The Administrative Measures for Internet Information Services divide Internet information services into non-operational Internet information services and operational Internet information services.

According to the Measures for the Archival Administration of Non-operational Internet Information Services (《非經營性互聯網信息服務備案管理辦法》) issued on February 8, 2005 and latest revised and implemented on January 18, 2024, whoever intends to provide non-operational Internet information services inside the PRC shall go through the procedures for archiving in accordance with the law. Those failing to go through the procedures for archiving before providing non-operational Internet information services or providing services in excess of the archived items shall be ordered by the provincial telecommunications administration at the locality of its/his domicile to make a correction within a time limit, and be fined RMB5,000 up to RMB10,000 in addition; if it/he refuses to make a correction, its/his website shall be closed.

The Provisions on the Administration of Foreign-Funded Telecommunications Enterprises (《外商投資電信企業管理規定》) issued by the State Council on December 11, 2001 and was revised on March 29, 2022 and implemented on May 1, 2022. It stipulate that foreign investment in value-added telecommunications business enterprises in China must be established in the form of Sino foreign joint ventures, and foreign investors must not hold more than 50% of the shares in the enterprise. Joint ventures must also obtain approval from the Ministry of Industry and Information Technology before engaging in value-added telecommunications services in China. According to the Negative List, the proportion of foreign investment in value-added telecommunications business entities (excluding e-commerce, domestic multi-party communication, storage and forwarding, and call centers) shall not exceed 50%.

REGULATORY OVERVIEW

As of the date of this document, the Company's services did not require the value-added telecommunications business operating license (ICP license) since the videos and livestreaming course services provided by the Company through its platform falls within the non-operational Internet information service as prescribed under the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》).

Regulations on Mobile Internet Applications Information Services

On August 10, 2019, the Ministry of Education and other governmental authorities issued the Opinions on Guiding and Regulating the Orderly and Healthy Development of Educational Mobile Internet Applications (《關於引導規範教育移動互聯網應用有序健康發展的意見》), which provides that educational mobile application providers shall, after obtaining the ICP record-filing certificates, the certification for record-filing of cyber security level-based protection grade and other required materials, handle educational business record-filing with the provincial education administrative departments at the places where the providers are located, and register their basic information and the information on the educational mobile applications developed thereby. The Opinions encourage the education mobile applications with university teachers and students as the main users to enhance the supply capacity of high-quality network education resources, and become an effective carrier to strengthen the ideological and political work on the network. The education mobile applications with forum, community, message and other functions should establish an information audit system.

On November 11, 2019, the Ministry of Education issued the Administrative Measures for Filing of Educational Mobile Internet Applications (《教育移動互聯網應用程序備案管理辦法》), which came into effect on November 11, 2019. According to such Measures, education mobile application providers shall register as providers through the public service system in accordance with the requirements of these Measures, and cooperate with the provincial education administrative department in the place of registration to carry out the registration review work. If educational mobile applications violate laws and regulations or the requirements of these Measures are not rectified in a timely manner, they will be included in the blacklist of educational mobile application providers, reported to the education system, and the relevant educational mobile application filing will be revoked. The units involved shall not submit any further filing applications within six months.

On June 14, 2022, the CAC issued a revised version of the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**Revised APP Provisions**”), which basically reflects the regulatory development since 2016 and further emphasizes that mobile Internet app providers shall comply with the relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. According to the Revised APP Provisions, mobile Internet app providers shall not compel users to agree to non-essential personal information collection out of any reason and are prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information.

REGULATORY OVERVIEW

According to the Notice by the Ministry of Industry and Information Technology of Carrying out the Filing of Mobile Internet Applications (《工業和信息化部關於開展移動互聯網應用程序備案工作的通知》) issued on July 21, 2023, an app developer shall undergo the filing formalities with the provincial-level communications administration where its domicile is located. To this end, its network access service providers or app distribution platforms (“**distribution platforms**”) shall submit an online application and check and examine the application for filing through the Management System for National Fundamental Internet Resources (i.e. ICP/IP address/domain name information filing management system, abbreviated to the “**filing system**”). The apps that fail to undergo the filing formalities and engage in illegal activities will be dealt with by communications administrations in accordance with relevant laws and regulations.

The Company has obtained ICP filing certificates, the certification for record-filing of information system security level-based protection (信息系統安全等級保護備案證明) and the communication network security protection classification filing certificate (通信網絡安全防護定級備案證明) in respect of its major operating platforms, and has completed the filing of educational mobile Internet applications in respect of its major operating APPs.

Regulations on Online Live-Streaming Services

On November 4, 2016, the CAC issued the Administrative Regulations on Online Live Streaming Services (《互聯網直播服務管理規定》) (the “**Online Live Streaming Regulations**”), which came into effect on December 1, 2016. According to the Online Live Streaming Regulations, online live streaming service providers and online live streaming publishers that provide internet news information services without licenses, or exceed the scope of their licenses, shall be subject to punishment by the CAC and its provincial counterparts which may include an order to cease such services and a fine of RMB10,000 to RMB30,000. Other violations of the Online Live Streaming Regulations are subject to punishment by the national and local internet information offices; if such violations constitute a criminal offense, criminal investigations or penalties may be imposed.

According to the Notice on Strengthening the Management of Internet Live Streaming Service (《關於加強網絡直播服務管理工作的通知》) issued by the CAC, the Ministry of Culture and Tourism of the PRC, the Office of the National Anti-pornography and Anti-illegal Working Group and other governmental authorities on August 1, 2018, live streaming service providers shall perform website ICP filing procedures with the competent telecommunication department according to law and carry out business in strict accordance with the permitted business scope, and shall not use live-streaming services to produce, reproduce, release, or disseminate information content prohibited by laws and regulations.

On December 9, 2022, the Ministry of Education has issued the Requirements on the Safety of Online Teaching Platforms for Live Streaming (《直播類在線教學平台安全保障要求》), providing for the safety compliance requirements, safety function requirements and data security requirements of online teaching platforms for live streaming. The Requirements stipulate that the live-streaming teaching platforms shall conduct the grading record-filing of the graded protection of information systems (including Apps) in accordance with laws, regulations and policy requirements, entrust professional graded protection evaluation agencies to carry out regular evaluations, and complete the record-filing of educational mobile Internet applications (Apps).

REGULATORY OVERVIEW

Regulations on Data Security, Cyber Security and Data Privacy Protection

Internet content in China is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC on December 28, 2000, and amended with immediate effect on August 27, 2009, makes it unlawful to, including but not limited to: (i) gain improper entry into a computer information system of national affairs, national defense or cutting-edge science and technology; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

The Provisions on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), promulgated by the Ministry of Public Security on December 13, 2005, and became effective on March 1, 2006, require internet service providers to keep records of certain information about their users (including but not limited to user registration information, log-in and log-out times, IP addresses, content and time of posts by users) for at least 60 days.

On June 22, 2007, the Ministry of Public Security of PRC, National Administration of State Secrets Protection and other governmental authorities issued the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which regulates that the security protection of an information system may be graded into five. As for an information system of Grade II or above which has been put into operation, its operator or user shall, within 30 days since the date when its security protection grade is determined, complete the record-filing procedures at the local public security organ at the level of city divided into districts or above. For an information system of Grade II or above newly built, its operator or user shall, within 30 days after it is put into operation, complete the record filing procedures at the local public security organ at the level of municipality divided into districts or above.

The State Council promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) which was promulgated on December 16, 1997 and was then amended on January 8, 2011 and became effective on January 8, 2011. The Measures stipulate that entities and individuals engaging in the international networking businesses should accept security supervision, inspection and guidance from public security administrations. They are required to provide accurate information, materials, and documents on data to public security administrations and assist in investigating and handling illegal activities conducted via international computer information networks. Internet service providers, recipients, legal persons, and other organizations utilizing international networking must complete the registration process at the public security administrations designated by the local governments within 30 days from the formal establishment of network connections.

REGULATORY OVERVIEW

Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the MIIT on December 29, 2011, effective on March 15, 2012, an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of the users, unless otherwise stipulated by laws and administrative regulations. The internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. The internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority and cooperate with relevant departments in investigation and solution.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012, effective on the same day, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or illegally providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Internet information service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to others.

On July 1, 2015, the SCNPC issued the National Security Law (《國家安全法》), which became effective on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of China.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), effective on June 1, 2017. The Cybersecurity Law aims to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures in accordance with the provisions of applicable laws and regulations as well as the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of the networks.

REGULATORY OVERVIEW

On July 16, 2013, the MIIT issued the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), which came into force on September 1, 2013. Most requirements under the order that are relevant to internet content provision operators are consistent with pre-existing requirements but the requirements under the order are often more stringent and have a wider scope. If an internet content provision operator wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from its users whose information is being collected or used. Internet content provision operators are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”), which came into effect on June 1, 2017, clarifies several concepts regarding the crime of “infringement of citizens' personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including the “provision of citizens' personal information” and “illegally obtaining any citizen's personal information by other methods”. In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the Ministry of Industry and Information Technology, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App (《App違法違規收集使用個人信息行為認定方法》), which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, the personal information of a natural person shall be protected by the law. An information processor shall not disclose or tamper with any personal information collected or stored thereby; and without the consent of the natural person, no personal information shall be illegally provided to any other person.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that entities and individuals carrying out data activities shall establish a data classification and grading protection system and important data catalogs to enhance the protection of important data. Processors of important data shall specify the person responsible for data security and management agencies to implement data security protection responsibilities. Relevant authorities will establish the measures for the cross-border transfer of important data. If any company violates the Data Security Law of the PRC to provide important data outside China,

REGULATORY OVERVIEW

such company may be punished by administration sanctions, including penalties, fines, and/or suspension of relevant business or revocation of the business license. In addition, the Data Security Law of the PRC provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, a critical information infrastructure refers to an important network facilities or information systems in important industries or fields such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field, or Protection Departments, shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator, and notify the public security department of the State Council.

On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), effective from November 1, 2021. The Personal Information Protection Law of the PRC requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On September 17, 2021, the CAC, together with eight other governmental authorities, jointly issued and implemented the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provides that daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the relevant regulators, and security assessments of algorithm shall be conducted by the relevant regulators. The guidelines also provide that an algorithm filing system shall be established and classified security management of algorithms shall be promoted.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) (the “**Cybersecurity Review Measures**”), which came into effect on February 15, 2022, provides that, among others, an application for cyber security review shall be made by an issuer who is a “network platform”,

REGULATORY OVERVIEW

“critical information infrastructure operator” or a “data processing operator” as defined therein before such issuer’s securities may be listed in a foreign country if the issuer possesses personal information of more than 1 million users, and that the relevant governmental authorities in the PRC may initiate cyber security review if such governmental authorities determine an operator’s cyber products or services, data processing or potential listing in a foreign country affect or may affect national security.

On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the People’s Republic of China and took effect on January 1, 2025. The Data Security Regulations stipulate that network data processors engaging in network data processing activities that affect or may affect national security shall be subject to cyber security review in accordance with relevant laws and regulations, and do not include the article of “if a data processor’s proposed listing in Hong Kong affect or may affect national security, the data processor shall apply for the cyber security review according to relevant laws and regulations” that as presented in the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), which was promulgated by the CAC on November 14, 2021. Furthermore, the Data Security Regulations include, but are not limited to, the following provisions: (i) the Data Security Regulations provide specific guidelines to clarify the PIPL regarding notification, consent, and individuals’ rights; (ii) the Data Security Regulations outline the requirements for establishing an important data catalog and stipulate the responsibilities of network data processors to identify and report important data; (iii) the Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data; (iv) the Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security, and the SAMR jointly promulgated the Administrative Provisions on Recommendation Algorithms in Internet-based Information Services (《互聯網信息服務算法推薦管理規定》) which became effective and implemented on March 1, 2022, implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, stipulates that algorithm recommendation service providers shall inform users of their provision of algorithm recommendation services in a conspicuous manner and publicize the basic principles, purpose intentions, and main operating mechanisms of algorithm recommendation services in an appropriate manner.

Furthermore, on July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which became effective on September 1, 2022. Such data export measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (i) important data will be provided overseas by any data processor; (ii) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal

REGULATORY OVERVIEW

information of more than 1,000,000 individuals; (iii) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (iv) other circumstances where the security assessment is required as prescribed by the CAC. The security assessment requirement also applies to any transfer of important data outside of China. In addition, on February 22, 2023, the Cyberspace Administration of China promulgated Measures for the Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), which came into effect on June 1, 2023. Pursuant to Measures for the Standard Contract for Outbound Transfer of Personal Information, personal information processor transferring personal information abroad shall conclude a Standard Contract if satisfy all the following conditions: (1) the data processor who intends to transfer personal information abroad is not a critical information infrastructure operator; (2) the data processor processes personal information of less than one million individuals; (3) the data processor has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (4) the data processor has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. On March 22, 2024, the CAC promulgated the Regulations on Promoting and Regulating Cross-border Data Flow, which further clarified the implementation and connection of the existing data outbound security assessment, personal information cross-border standard contract and personal information protection certification regarding data outbound activities. The regulations, among other things, provide relaxed conditions for cross-border data flow and narrowed scope of security assessment for data outbound activities. Among them, the two types of data outbound activity conditions that should be reported for data outbound security assessment are (i) the operator of critical information infrastructure provides personal information or important data overseas and (ii) data processors other than critical information infrastructure operators provide important data overseas, or provide personal information of more than 1 million people (excluding sensitive personal information) or more than 10,000 sensitive personal information overseas since January 1 of the year.

On March 22, 2024, the CAC promulgated the Regulations on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》), which came into effect from the date of promulgation. The regulations provide several exemptions for enterprises from the need to conduct data outbound security assessments, obtain personal information protection certifications, or enter into standard contracts for the export of personal information. These exemptions include, but are not limited to, situations where data processors other than operators of critical information infrastructure have provided personal information (excluding sensitive personal information) to overseas recipients for less than 100,000 individuals since January 1 of the current year. Data processors other than operators of critical information infrastructure who have provided (a) personal information (excluding sensitive personal information) to overseas recipients for more than 100,000 but less than 1,000,000 individuals, or (b) sensitive personal information for less than 10,000 individuals since January 1 of the current year, shall enter into standard contracts for the export of personal information or obtain personal information protection certifications with the overseas recipients in accordance with the law. The regulations also explicitly stipulate that data processors are not required to declare a data export security assessment for data that has not been notified or publicly released as important data by relevant departments or regions.

REGULATORY OVERVIEW

On December 8, 2022, the MIIT promulgated the Measures for Data Security Management in the Industrial and Information Technology Sector (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which came into effect on January 1, 2023. The Measures for Data Security Management in the Industrial and Information Technology Sector (Trial) makes detailed provisions on classified and tiered data management, data full life cycle security management, and data security monitoring and early warning and contingency management. It clearly stipulates that the data in the industrial and information technology sector can be divided into three levels: general data, important data and core data, and stipulates that the data processors in the industrial and information technology sector shall file with the relevant authorities their catalogs of important data and core data recognized in accordance with the identification criteria for important data and core data in the industrial and information technology sector published by the MIIT.

On November 25, 2022, the CAC promulgated the Administrative Provisions on Deep Synthesis in Internet-based Information Services (《互聯網信息服務深度合成管理規定》), which was released after being approved by the Ministry of Industry and Information Technology and the Ministry of Public Security, and came into force on January 10, 2023, pursuant to which, deep synthesis service providers shall fulfill their principal responsibilities for information security, establish and improve management systems for, among other things, user registration, algorithm mechanism review, scientific and technological ethics review, information release review, data security, personal information protection, combating telecom and online fraud, and emergency response, and have safe and controllable technical support measures.

On July 10, 2023, the CAC and several governmental authorities promulgated Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) which became effective on August 15, 2023, impose compliance requirements for providers of generative AI services to the general public within the territory of the PRC. Generative AI service providers shall carry out pre-training, optimization training, and other training data processing activities in accordance with the law and provisions, and assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations. We, by leveraging large-model technology that has already been filed by another firm, offer content-generation services within our digital content services to university students and teachers. Such services can create teaching outlines, test questions and other materials, for teachers, as well as answer students' queries. This positions us as a "generative-AI service provider" as defined under the Interim Measures for the Management of Generative Artificial Intelligence Services.

According to those measures, any provider that offers generative-AI services with public-opinion or social-mobilization capabilities must conduct a safety assessment in accordance with national regulations and fulfill algorithm filing, amendment, and cancellation procedures as required by the Administrative Provisions on Recommendation Algorithms in Internet-based Information Services (《互聯網信息服務算法推薦管理規定》). Moreover, the Notice on Commencing the Filing of Generative AI Services (《關於開展生成式人工智能服務備案工作的通知》) (the "**Shanghai Notice**") released by the Shanghai Cyberspace Administration stipulates that entities offering generative-AI services with public opinion or social mobilization attributes to domestic public users must register such services.

REGULATORY OVERVIEW

In compliance with these requirements, as of the Latest Practicable Date, we have filed all the deep synthesis algorithms used in its services with the CAC according to the Administrative Provisions on Deep Synthesis in Internet-based Information Services (《互聯網信息服務深度合成管理規定》) and the Administrative Provisions on Recommendation Algorithms in Internet-based Information Services (《互聯網信息服務算法推薦管理規定》) and have completed the registration of our generative AI services under the Shanghai Notice. In accordance with the requirements set out in Chapter III “Service Standards” of the Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), we have implemented the following measures: established a content-review mechanism, concluded service agreements with users that clearly set out usage rules, set up a privacy policy to obtain user consent for any personal-information processing in the course of the service, labeled AI-generated content, formulated a system for receiving and handling complaints and reports relating to network information content security and adopted an algorithm-security management system. Based on the foregoing, our PRC Data Compliance Consultant is of the view that we have completed the required filings stipulated in the Interim Measures for the Management of Generative Artificial Intelligence Services and complied with such measures in all material aspects.

On February 14, 2025, the Cyberspace Administration of China issued the Administrative Measures for the Compliance Audit of Personal Information Protection (《個人信息保護合規審計管理辦法》), which took effect on May 1, 2025. According to the Administrative Measures for the Compliance Audit of Personal Information Protection, the term “compliance audit of personal information protection” refers to supervisory activities that review and evaluate whether the personal information processing activities of personal information processors comply with laws and administrative regulations. Personal information processors that process the personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least every two years. Personal information processors in any of the following circumstances may be required by the Cyberspace Administration of China and other departments performing personal information protection duties (hereinafter collectively referred to as the “**Protection Departments**”) to entrust a professional agency to conduct a compliance audit of their personal information processing activities: (i) Where significant risks are identified in the personal information processing activities that severely impact individual rights or lack adequate security measures; (ii) Where the personal information processing activities may infringe upon the rights and interests of a large number of individuals; (iii) In the event of a personal information security incident resulting in the leakage, tampering, loss, or destruction of personal information of more than 1 million individuals or sensitive personal information of more than 100,000 individuals.

Regulations on Publication Distribution

According to the Administrative Regulations on Publication (2024 revised) (《出版管理條例(2024年修訂)》) promulgated by the State Council, effective on January 20, 2025, publication activities include publishing, printing or reproduction, import and distribution of publications; and publications, including newspapers, periodicals, books, audio-visual products and electronic publications, shall be published by publishing units, and publishing units shall apply for and obtain a publishing license. Any publication shall not contain content prohibited by laws and administrative regulations or by the State. Any entity or individual industrial and commercial household which intends to engage in publications wholesale business or publications retail business or to engage in the publication distribution business through the Internet or other information network, shall obtain the License for Operating Publication Business (出版物經營許可證).

REGULATORY OVERVIEW

According to the Provisions on the Administration of the Publication Market (《出版物市場管理規定》) promulgated on May 31, 2016, and became effective on June 1, 2016, “distribution” includes wholesale, retail, lease, sales exhibitions and other activities. The state applies a licensing system to the wholesale and retail of publications according to the law. An entity or individual that conducts wholesale or retail activities shall conduct publication wholesale or retail activities based on the License for Operating Publication Business (出版物經營許可證).

Regulations on Advertising and Internet Advertisement

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”) was promulgated by the SCNPC on October 27, 1994 and latest amended on April 29, 2021, which stipulates that within the territory of the PRC, commercial advertising activities in which commodity operators or service providers directly or indirectly introduce the commodities or services they promote through certain media and forms shall be governed by the Advertising Law. Furthermore, advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business.

On February 25, 2023, the SAMR promulgated the Measures for the Administration of Internet Advertisement (《互聯網廣告管理辦法》), which took effect on May 1, 2023. According to the Measures for the Administration of Internet Advertisement, advertisements published or distributed via the Internet shall not interfere with users’ normal use of the Internet. For example, advertisements published on web page pop-up windows or in other forms shall be clearly marked with a “close” sign to ensure a “Click to Close.” No entity or individual may induce users to click on the contents of an advertisement through deception. The Measures for the Administration of Internet Advertisement also require Internet advertisement publishers and advertising operators to verify related supporting documents, check the contents of the advertisement and prohibits them from designing, producing, providing services or publishing any advertisement if the content and the supporting documents do not match each other or the documentary evidence thereof are insufficient.

Regulations on Intellectual Property Rights

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and most recently amended on October 17, 2020, the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and became effective from January 20, 2024 and the Transitional Measures for the Implementation of the Revised Patent Law and its Implementation Rules and Relevant Examination Business Processing (《關於施行修改後的專利法及其實施細則相關審查業務處理過渡辦法》) issued by the China National Intellectual Property Administration on December 21, 2023 and implemented on January 20, 2024, invention patents are valid for 20 years, utility model patents are valid for 10 years and design patents filed no later than May 31, 2021 are valid for 10 years while design patents filed on or after June 1, 2021 are valid for 15 years, from the date of application.

REGULATORY OVERVIEW

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated by the SCNPC on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and effective from November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In the case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Domain Names

In accordance with the provisions of the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and taking effect on November 1, 2017, to establish domain name root servers and domain name root server operating organizations, domain name registration management organizations and domain registration service organizations within the territory of China, licenses from the MIIT or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall be obtained in accordance with the relevant regulations. The domain name registration service shall be conducted following the principle of “apply first, register first”. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and effective on January 1, 2018 provides for the obligations of Internet information service providers and other entities to fight terrorism and maintain network security.

Copyright Registration

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and finally revised on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and implemented on September 15, 2002, and finally revised on January 30, 2013, copyright holders enjoy a variety of personal and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of communication of information on networks.

REGULATORY OVERVIEW

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Computer Software Protection Regulations (《計算機軟件保護條例》) revised by the State Council on January 30, 2013 taking force on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of national software copyright, and the China Copyright Protection Center is recognized as the software registration agency. The China Copyright Protection Center will grant registration certificates to computer software copyright applicants who conform to the Measures for Registration of Computer Software Copyright and the Regulations on Computer Software Protection.

On May 18, 2006, the State Council promulgated the Regulations on Protection of Information Network Transmission Right (《信息網絡傳播權保護條例》), as amended on January 30, 2013, effective as of March 1, 2013. Pursuant to these regulations, an internet information service provider may be held liable under various situations, including if it knows or should reasonably have known a copyright infringement through the internet and the service provider fails to take measures to remove or block or disconnects links to the relevant content, or, although not aware of the infringement, the internet information service provider fails to take such measures upon receipt of the copyright holder's notice of infringement. The internet information service provider may be exempted from indemnification liabilities under some circumstances prescribed by law.

Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》), that were promulgated by the MIIT and National Copyright Administration (國家版權局, the "NCA") and took effect on May 30, 2005, provided that an internet information service provider shall take measures to remove the relevant contents, record relevant information after receiving the notice from the copyright owner that some content communicated through internet infringes upon his/its copyright and preserve the copyright owner's notice for six months. If an internet information service provider (i) has the knowledge of an internet content provider's tortuous act of infringing upon another's copyright through internet, or (ii) fails to take measures to remove relevant contents after the receipt of the copyright owner's notice (regardless of the internet information service provider's knowledge of the copyright infringement act), and if the relevant copyright infringement act harms public interests, then the infringer shall be ordered to stop the tortious act, and may be imposed of confiscation of the illegal proceeds and a fine of not more than three times the illegal business amount; and if the illegal business amount is difficult to be calculated, a fine of not more than RMB100,000 may be imposed.

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》), promulgated by the Supreme People's Court in December 2012 and further revised on December 29, 2020 and took effect on January 1, 2021, stipulate that internet users or internet service providers who provide works, performances or audio-video products, for which others have the right of dissemination through information networks or make these available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

REGULATORY OVERVIEW

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993, as amended on November 4, 2017, April 23, 2019 and June 27, 2025 respectively, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others’ trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; or (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; (4) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder’s requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Regulations on Tendering and Government Procurement

On March 14, 2014, the Ministry of Education of the PRC promulgated the Notice of the Ministry of Education on Further Improving Government Procurement (《教育部關於進一步做好政府採購工作的通知》), which requires all institutions of higher education directly under the Ministry, all public institutions directly under the Ministry are required to implement the Government Procurement Law of the PRC (《中華人民共和國政府採購法》) which was promulgated by the SCNPC on August 31, 2014, the Bid Invitation and Bidding Law of the PRC and other laws and regulations, so as to conduct procurement in accordance with the law.

Pursuant to the Government Procurement Law of the People’s Republic of China (《中華人民共和國政府採購法》) promulgated on June 29, 2002 and recently amended on August 31, 2014 and the Implementing Regulations of the Government Procurement Law of the PRC (《中華人民共和國政府採購法實施條例》) (the “**Implementing Regulations of the Government Procurement Law**”) which was promulgated by the State Council on January 30, 2015, government procurement refers to the purchasing activities conducted with fiscal funds by government departments, institutions and public organizations at all levels, where the goods, construction and services concerned are in the centralized procurement catalogue compiled in accordance with law or the value of the goods, construction or services exceeds the respective prescribed procurement thresholds. And the following methods shall be adopted for government procurement: public invitation, invited bidding, competitive negotiation, single-source procurement, inquiry about quotations and other methods confirmed by the department for supervision over government procurement under the State Council. Public invitation shall be the principal method of government procurement. The Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法》) and Implementing Regulations on the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投

REGULATORY OVERVIEW

標法實施條例》) shall apply to the government procurement of engineering works and the commodities and services related to engineering construction taking the form of bidding; the Government Procurement Law and the Implementing Regulations of the Government Procurement Law shall also apply to other engineering works and related engineering construction taking other procurement form.

On December 19, 2013, the MOF promulgated the Administrative Measures for the Government Procurement Process without Bidding (《政府採購非招標採購方式管理辦法》) which became effective on February 1, 2014, which provides for the non-bidding government procurement activities, including the procurement methods such as inquiry and competitive negotiation. And on July 11, 2017, the MOF promulgated the Administrative Measures for Invitations to Bid and Tenders in Government Procurement of Goods and Services (《政府採購貨物和服務招標投標管理辦法》) which became effective on October 1, 2017, which provides specific administrative measures with respect to tenders and invitations to tenders in government procurement of goods and services. In regard to government procurement items that come under local budgets, people's governments of provinces, autonomous regions and municipalities directly under the Central Government may, according to the actual situation, determine the standards for amounts for public invitation for bid at the provincial level, level of city divided into districts and county level applicable to their respective administrative areas.

According to the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法》) promulgated on August 30, 1999 and implemented on January 1, 2000 by the SCNPC, and amended on December 27, 2017 and implemented on December 28, 2017 and the Implementing Regulations on the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) promulgated on December 20, 2011 and implemented on February 1, 2012 by the State Council, last amended and implemented on March 2, 2019, in respect of construction projects like large infrastructure and public utility projects that concern public interests and security and projects invested completely or partly with State-owned funds or financed by the State to be undertaken within the territory of the PRC, the surveying, design, construction and supervision of such projects as well as the purchase of key equipment and materials for such projects, must be subject to bid invitation. Bid invitation is classified into two categories: public invitation and invited bidding. Any company that, in violation of the provisions of above laws, fails to invite bids for a project subject to bid invitation, or breaks up the project into parts, or by any other means tries to dodge bid invitation shall put it right within a time limit and may be fined not less than 0.5 percent but not more than 1 percent of the contract value of the project; where a project, which completely or partly uses state-owned funds is concerned, its construction or allocation of funds may be suspended. The persons who are directly in charge and the other persons who are directly responsible shall be given sanctions in accordance with law.

Moreover, according to the Government Procurement Law, any supplier that commits one of the following acts shall be fined not less than 0.5 percent but not more than 1 percent of the total procurement value, be included in the list of those with records of misconduct and be prohibited, within one to three years, from participating in government procurement activities, the illegal gains, if any, shall be confiscated by the administrative department for industry and commerce, and if the circumstances are serious, its business license shall be revoked by the administrative department for industry and commerce; if a crime is constituted, it shall be investigated for criminal responsibility in accordance with law: (a) providing false materials in an attempt to win a bid or become the successful supplier; (b) defaming or

REGULATORY OVERVIEW

excluding other suppliers by illegitimate means; (c) colluding, in bad faith, with the procuring entity, other suppliers or the procuring agency; (d) bribing or providing illegitimate benefits to the procuring entity or agency; (e) in the course of procurement through bid invitation, holding consultation or negotiation with the procuring entity; and (f) refusing to subject itself to supervision by the relevant department or providing false information. Where a supplier commits one of the first five acts mentioned in the preceding paragraph, its winning of or success in a bid shall be invalidated.

Regulations on Commodity Housing Tenancy

According to the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration and record filing with the competent construction(real estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties shall order the lease parties to make corrections within a prescribed time limit. Individuals who fail to rectify within the specified time limit shall be subject to a fine of not more than RMB1,000; institutions which fail to rectify within the specified time limit shall be subject to a fine between RMB1,000 and RMB10,000.

Furthermore, under any of the following circumstances, the properties shall not be let out: (i) Illegal buildings; (ii) Buildings which do not comply with mandatory project construction standards (such as safety, disaster prevention, etc.); (iii) Change of nature of property use which violates the provisions; or (iv) Any other circumstances for which leasing is prohibited as stipulated by laws and regulations. Persons who violate the provisions above shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is an illegal income, a fine ranging from one to three times the amount of illegal income may be imposed, subject to a maximum of RMB30,000.

According to the Civil Code (《民法典》), the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will remain valid. Where the mortgaged property has been leased and the possession thereof has been transferred before the creation of mortgage, the original lease relations shall not be affected by the mortgage.

REGULATORY OVERVIEW

Regulations on Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the “**SAFE Circular 59**”), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well as multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “**SAFE Circular 21**”), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

REGULATORY OVERVIEW

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”) promulgated on March 30, 2015, coming effective on June 1, 2015, partially abolished on December 30, 2019 and revised on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to pay the relevant expenses for purchasing real estate not for self-use purposes (save for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), and latest amended on December 4, 2023, which, among other things, allows all Foreign Investment Enterprises to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the Negative List on foreign investment. However, since this circular is newly promulgated, it is unclear how the SAFE and competent banks will carry it out in practice.

Labor Protection, Social Security and Housing Provident Funds

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and effective from January 1, 1995, and amended on August 27, 2009 and December 29, 2018 respectively, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and effective from January 1, 2008, and amended on December 28, 2012 and effective from July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than the local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

REGULATORY OVERVIEW

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and effective from July 1, 2011, and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers are required to open social insurance accounts and housing provident fund accounts within 30 days from the date of employment, and employers are also required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. Any employer who fails to contribute such amounts may be fined and ordered to make good the deficit within a stipulated time limit.

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all urban employers and their employees are required to enroll in the basic medical insurance program and the basic medical insurance premiums are jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council on Launching the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarging the coverage of the basic medical insurance program, under which urban residents who are not employed in the pilot district may voluntarily join the Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system for urban and rural residents, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

Program participants are eligible for full or partial reimbursement of the cost of medicines included in the medical insurance catalog. The Notice Regarding the Tentative Measures for the Administration of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employees (《關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知》) (the “**Medical Insurance Notice**”) jointly issued on May 12, 1999 by several authorities including, among others, the Ministry of Labour and Social Security and the Ministry of Finance, provides that a pharmaceutical product listed in the medical insurance catalog must be clinically necessary, safe, effective, reasonably priced, easy to use, available in sufficient quantity in the market, and must meet one of the following requirements: (1) be set forth in the Pharmacopoeia of the PRC, (2) satisfy the standards promulgated by the NMPA, and (3) be approved by the NMPA for imported pharmaceutical products.

REGULATORY OVERVIEW

On July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, the provision in a labor contract, agreed upon between an employer and an employee, or the employee's commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people's court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such a request in accordance with the law.

Regulations on Taxation

Enterprise Income Tax (“EIT”)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), promulgated by the NPC on March 16, 2007, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, and latest amended on December 6, 2024, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax (“VAT”)

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), promulgated by the State Council on December 13, 1993 and newly amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the MOF and the SAT on December 25, 1993 and latest amended on October 28, 2011 and came into effect on November 1, 2011 (collectively, the “**VAT Law**”), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value-added tax. On November 19, 2017, the State Council promulgated the Decision on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax (《關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) (the “**Order 691**”). According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The generally applicable VAT tax rates are simplified as 17%, 11%, 6% and 0%, and the

REGULATORY OVERVIEW

VAT tax rate applicable to the small-scale taxpayers is 3%. The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部·稅務總局關於調整增值稅稅率的通知》), was promulgated on April 4, 2018 and came into effect on May 1, 2018. The VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the MOF, SAT and General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) (the “**Announcement 39**”), which came into effect on April 1, 2019. Pursuant to Announcement 39, the tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Regulations on the H Share Full Circulation

“Full circulation” refers to the listing and circulation on the stock exchange of the domestic unlisted shares of an H-share listed company, including domestic unlisted shares held by domestic shareholders prior to overseas listing, additional domestic unlisted shares issued domestically after overseas listing and unlisted shares held by foreign shareholders. On August 10, 2023, the China Securities Regulatory Commission (the “**CSRC**”) issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (2023 Revision) (《H股公司境內未上市股份申請“全流通”業務指引(2023修訂)》) (the “**Guidelines for the Full Circulation**”).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share company may be entrusted to file with the CSRC. Domestic companies limited by shares that have not been listed may file with the CSRC for the “Full circulation” at the time of their initial public offering and listing overseas.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) and the Shenzhen Stock Exchange (the “**SZSE**”) jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In order to fully promote the reform of H-share “Full Circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, the Guide to the Program for “Full Circulation” of H-shares of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) was promulgated by the Shenzhen Branch of CSDC on September 20, 2024 and came into effect on September 23, 2024, which specifies the business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance of domestic holding details, etc.

REGULATORY OVERVIEW

According to the Measures for Implementation and the Guide to the Program for Full Circulation of H-shares, shareholders who apply for H Share Full Circulation (the “**Participating Shareholders**”) shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares. This means CSDC, as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at CSDC (Hong Kong), and CSDC (Hong Kong) will then deposit the securities at HKSCC in its own name, and exercise the rights of the securities issuer through HKSCC, while HKSCC Nominees, as the ultimate nominal shareholder, is listed on the register of shareholders of H-share listed companies.

According to the Guide to the Program for Full Circulation of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company (the “**Domestic Securities Company**”) to participate in the transaction of converted H shares. The specific procedure is as follows:

Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, and the Domestic Securities Company transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communications Co., Ltd.; and the Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Program for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

Regulations relating to Overseas Securities Offering and Listing

The CSRC promulgated the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. On May 16, 2023, the CSRC further promulgated the sixth guideline, which came into effect on the same date. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its

REGULATORY OVERVIEW

controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group could date back to 2008, when our Company was established in the PRC. At the initiative of our founders, Mr. Wang, Ms. Ge and other initial shareholders, we started to engage in higher education digitalization. In December 2020, our Company was converted from a limited liability company into Shanghai Able Digital Science&Tech Co., Ltd., a joint stock company with limited liabilities.

Through over a decade of operations, we have developed into a reputable provider of digital teaching and learning solutions for higher education institutions in China. Leveraging our insightful understanding of the industry and expertise and capabilities, we expanded our offerings to a variety of services and products, including digital educational content and digital learning environment. According to Frost&Sullivan, we ranked second in terms of revenue among all companies in China's higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China's higher education digital educational content production market with a market share of 7.3% in 2024.

OUR MILESTONES

The following is a summary of our Group's key business development milestones:

2008	Our Company was established in the PRC.
2013	We launched the brand “智慧樹”.
2016	We received investments from Sina and other investors.
2018	We started to participate in co-organising the higher education conference held by the Ministry of Education. We participated in co-organising the Industry-University Cooperation and Collaborative Education project initiated by the Ministry of Education.
2019	The number of our customer service and support centers exceeded 100, further consolidating the advantages of our localized services.
2020	We received investments from Baidu and other investors. The number of digital courses launched on our credit course sharing platform exceeded 10,000. We produced 177 courses in the first batch of national recognition of first-class undergraduate courses by the Ministry of Education.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- 2021 We had recorded over 100 million course enrollments on our credit course sharing platform.
- The number of customers for our services and products exceeded 1,000.
- 2022 We launched our knowledge graph business.
- Our Company received the National First Prize for Teaching Achievements awarded by the Ministry of Education.
- We launched the “Teacher Talks” public welfare series for teacher development sharing.
- We produced 108 courses in the review of national online quality courses for vocational education over the year by the Ministry of Education.
- 2023 We produced 228 courses in the second batch of national recognition of first-class undergraduate courses by the Ministry of Education.
- 2024 We produced 114 courses in the review of national online quality courses for vocational education over the year by the Ministry of Education.
- The knowledge graphs we have delivered in total reached 5,000.
- We assisted several universities in successfully being selected for the Ministry of Education’s list of typical application scenario cases for “AI + Higher Education”.
- 2025 The number of digital courses launched on our credit course sharing platform exceeded 20,000.
- The digital education and teaching platform that we developed was successfully selected for the Ministry of Education’s “List of Advanced Cases for Reform in the Construction of the Teaching Workforce in the New Era”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARY

Our businesses have been conducted primarily through our Company as well as its subsidiaries. Among our subsidiaries, Shanghai Zhidao has made a meaningful contribution to our results of operations during the Track Record Period. Shanghai Zhidao was established as a limited liability company under the laws of PRC on July 22, 2020 and has been our wholly-owned subsidiary since its establishment. Shanghai Zhidao is primarily engaged in providing digital educational content services and products and digital teaching and learning environment services and products. As of the Latest Practicable Date, Shanghai Zhidao was wholly owned by our Company with a registered capital of RMB20,000,000.

CORPORATE DEVELOPMENT

The following sets forth the corporate history and major shareholding changes of our Company.

Establishment and Initial Shareholding Changes

On April 7, 2008, our Company was established as a limited liability company under the laws of PRC with a registered capital of RMB2,000,000. Upon establishment, our Company was owned as to (i) 95% by Shanghai Shanying, a company owned by our founders, and (ii) 5% by Mr. Xi Puzhao, our executive Director.

After a series of shareholding changes and capital increases to mirror the shareholding structure of Shanghai Shanying, our registered capital was increased to RMB12,000,000 as of November 2010, and the table below sets forth the then shareholding structure of our Company:

Shareholder	Registered capital subscribed for (RMB)	Percentage of shareholding (approximate)
Mr. Wang	6,000,000	50.00%
Ms. Ge	3,960,000	33.00%
YANG Qiushi (楊秋實) ⁽¹⁾	600,000	5.00%
XI Puzhao (龔普照) ⁽²⁾	480,000	4.00%
ZHANG Bocheng (張伯成) ⁽³⁾⁽⁶⁾	240,000	2.00%
GE Yi (葛軼) ⁽⁴⁾	240,000	2.00%
WANG Xin (王欣) ⁽⁵⁾⁽⁶⁾	240,000	2.00%
WANG Jun (王軍) ⁽⁷⁾	240,000	2.00%
Total	12,000,000	100.00%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Mr. YANG Qiushi is an Independent Third Party. In September 2016, Mr. YANG Qiushi transferred the registered capital of our Company in the amount of RMB199,258 to Ms. YANG Xiaoli (楊曉麗) at nil consideration as Ms. YANG Xiaoli is the daughter of Mr. YANG Qiushi.
- (2) Mr. XI Puzhao is our executive Director and general manager.
- (3) Mr. ZHANG Bocheng is the supervisor of Shanghai Zhidao.
- (4) Ms. GE Yi is the sister of Ms. Ge.
- (5) Ms. WANG Xin is our executive Director and deputy general manager.
- (6) Ms. WANG Xin and Mr. ZHANG Bocheng are spouses.
- (7) Mr. WANG Jun is the brother of Mr. Wang.

Series Pre-A Financing

In December 2015, Jiangsu Yueda Taihe Equity Investment Fund Center (Limited Partnership) (江蘇悅達泰和股權投資基金中心(有限合夥)) (“**Yueda Taihe**”) subscribed for the increased registered capital of our Company in the amount of RMB244,898 at the consideration of RMB10,000,000. For further details, see “– Pre-IPO Investments” below. As a result, the registered capital of our Company was increased to RMB12,244,898.

Series A Financing

In March 2016, our Company completed the series A financing through capital increases as detailed below. For further details, see “– Pre-IPO Investments” below. As a result, the registered capital of our Company was increased to RMB13,358,065.

Subscriber	Registered capital subscribed for (RMB)	Consideration (RMB)
Jiangsu Datai Yueda Big Data Venture Capital Fund (Limited Partnership) (江蘇達泰悅達大數據創業投資基金(有限合夥)) (“ Datai Yueda ”)	667,903	30,000,000
Xinjiang Production and Construction Group Lianchuang Equity Investment Limited Partnership (新疆生產建設兵團聯創股權投資 有限合夥企業) (“ Xinjiang Lianchuang ”)	222,632	10,000,000
Shanghai Yongcang Equity Investment Partnership (Limited Partnership) (上海永倉股權投資合夥企業(有限合夥)) (“ Shanghai Yongcang ”)	222,632	10,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfer and Capital Increase in 2016

In September 2016, Mr. Wang transferred the registered capital of our Company in the amount of RMB133,581 to Mr. LOU Ming (婁明), an Independent Third Party, at the consideration of RMB6,000,000 (“**2016 Transfer**”). For further details, see “– Pre-IPO Investments” below.

In October 2016, our Shareholders resolved to increase the registered capital of our Company, including, among others, (i) RMB289,855 subscribed for by Chengmai Xinri Investment Management Center (Limited Partnership) (澄邁新日投資管理中心(有限合夥)) (“**Chengmai Xinri**”) at the consideration of RMB12,000,000 (“**2016 Investment**”). For further details, see “– Pre-IPO Investments” below; (ii) RMB724,637 subscribed for by Shanghai Xuru and Shanghai Shuhuai, being shareholding platforms controlled by our employees, at the consideration of RMB47,530,000 in aggregate, which has been fully settled by September 2020. Such consideration was determined with reference to the consideration basis of the recent financing at the relevant time, taking into account factors including the timing of the subscriptions and the background of the shareholders; and (iii) RMB144,928 subscribed for by Shanghai Suishang, our employee incentive platform.

Series B Financing in 2016

In November 2016, we completed the series B financing through capital increase in the amount of RMB3,629,371 subscribed for by Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (金卓恆邦科技(北京)有限公司) (“**Jinzhuo Hengbang**”) at the consideration of RMB350,000,000. For further details, see “– Pre-IPO Investments” below. As a result, the registered capital of our Company was increased to RMB18,146,856.

Series C Financing and Capital Increase in 2020

In September 2020, we completed the series C financing through capital increase in the amount of RMB2,041,404 subscribed for by Dazi County Bairuixiang Venture Capital Management Co., Ltd. (達孜縣百瑞翔創業投資管理有限責任公司) (“**Bairuixiang VC**”) at a consideration of RMB235,000,000. For further details, see “– Pre-IPO Investments” below. At the same time, Peixian Yingcui, our employee incentive platform, subscribed for the increased registered capital of our Company of RMB95,475. As a result, the registered capital of our Company was increased to RMB20,283,735.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfers in 2020

In 2020, the following equity transfers were initiated by our then Shareholders (the “**2020 Transfers**”). For further details, see “– Pre-IPO Investments” below.

Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
<i>Transfers in September 2020</i>			
Datai Yueda	Shanghai ZhongYe ZhiYuan Venture Capital Partnership (Limited Partnership) (上海中葉至源創業投資合夥企業(有限合夥)) (“ ZhongYe ZhiYuan ”) ⁽¹⁾	181,469	20,000,000
Datai Yueda	Guangzhou Chengheng Investment Partnership (Limited Partnership) (廣州誠亨投資合夥企業(有限合夥)) (“ Guangzhou Chengheng ”) ⁽¹⁾	40,830	4,500,000
<i>Transfers in December 2020</i>			
XI Puzhao	Shanghai Changshi Information Technology Co., Ltd. (上海長視信息技術有限公司) (“ Shanghai Changshi ”) ⁽¹⁾	11,742	1,294,117.7
	ZHU Dapeng (朱大鵬) ⁽²⁾	52,840	5,823,529.4
	REN Yaocong (任耀琮) ⁽¹⁾	11,742	1,294,117.7
	SUN Yi (孫一) ⁽¹⁾	11,742	1,294,117.7
	FENG Jingfen (封靜芬) ⁽¹⁾	11,742	1,294,117.7
YANG Qiushi	Shanghai Changshi	6,405	705,882.4
	ZHU Dapeng ⁽²⁾	28,821	3,176,470.6
	REN Yaocong	6,405	705,882.4
	SUN Yi	6,405	705,882.4
	FENG Jingfen	6,405	705,882.4

Notes:

(1) See “– Pre-IPO Investments – Information of the Pre-IPO Investors” below.

(2) In April 2024, all the interest directly held by Mr. ZHU Dapeng in our Company was transferred to Mr. XI Puzhao and Mr. YANG Qiushi at a total consideration of RMB6,345,618, which was determined after commercial negotiations among the parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

After above shareholding changes and capital increases, the shareholding structure of our Company is set forth in the table below:

Shareholder	Registered capital subscribed for (RMB)	Percentage of shareholding (approximate)
Mr. Wang	5,866,419	28.92%
Ms. Ge	3,960,000	19.52%
Jinzhao Hengbang	3,629,371	17.89%
Bairuixiang VC	2,041,404	10.06%
Datai Yueda	445,604	2.20%
Shanghai Shuhuai	434,782	2.14%
XI Puzhao	380,192	1.87%
YANG Qiushi	346,301	1.71%
Chengmai Xinri	289,855	1.43%
Shanghai Xuru	289,855	1.43%
Yueda Taihe	244,898	1.21%
ZHANG Bocheng	240,000	1.18%
GE Yi	240,000	1.18%
WANG Xin	240,000	1.18%
WANG Jun	240,000	1.18%
Xinjiang Lianchuang	222,632	1.10%
Shanghai Yongcang	222,632	1.10%
YANG Xiaoli	199,258	0.98%
ZhongYe ZhiYuan	181,469	0.89%
Shanghai Suishang	144,928	0.71%
LOU Ming	133,581	0.66%
Peixian Yingcui	95,475	0.47%
ZHU Dapeng	81,661	0.40%
Guangzhou Chengheng	40,830	0.20%
Shanghai Changshi	18,147	0.09%
REN Yaocong	18,147	0.09%
SUN Yi	18,147	0.09%
FENG Jingfen	18,147	0.09%
Total	20,283,735	100.00 %

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Conversion into a Joint Stock Limited Company

On December 31, 2020, our Company was converted from a limited liability company into a joint stock limited company, and our Company was renamed as Shanghai Able Digital Science&Tech Co., Ltd. (上海卓越睿新數碼科技股份有限公司). Upon completion of the conversion, the share capital of our Company became RMB60,000,000 divided into 60,000,000 Shares with a nominal value of RMB1.00 each.

CAPITALIZATION OF OUR COMPANY

As of the Latest Practicable Date and immediately after the Listing Date, the capitalization of our Company is set out as follows:

Shareholder	Number of Shares	Percentage of shareholding as of the Latest Practicable Date (approximate)	Percentage of shareholding immediately after completion of the Global Offering (approximate)
Mr. Wang ⁽¹⁾	14,353,020	23.92%	21.53%
Ms. Ge ⁽¹⁾	8,713,800	14.52%	13.07%
Jinzhao Hengbang ⁽²⁾	10,735,800	17.89%	16.10%
Bairuixiang VC ⁽²⁾	6,038,520	10.06%	9.06%
WANG Yunning ⁽³⁾	6,000,000	10.00%	9.00%
Datai Yueda ⁽²⁾	1,318,140	2.20%	1.98%
Shanghai Shuhuai ⁽⁴⁾	1,286,100	2.14%	1.93%
XI Puzhao ⁽⁵⁾	1,281,060	2.14%	1.92%
YANG Qiushi	1,109,640	1.85%	1.66%
Shanghai Xuru ⁽⁶⁾	857,400	1.43%	1.29%
Chengmai Xinri ⁽²⁾	857,400	1.43%	1.29%
Yueda Taihe ⁽²⁾	724,440	1.21%	1.09%
WANG Xin ⁽⁷⁾	709,920	1.18%	1.06%
ZHANG Bocheng ⁽⁸⁾	709,920	1.18%	1.06%
GE Yi ⁽⁹⁾	709,920	1.18%	1.06%
WANG Jun ⁽¹⁰⁾	709,920	1.18%	1.06%
Shanghai Yongcang ⁽²⁾	658,560	1.10%	0.99%
Xinjiang Lianchuang ⁽²⁾	658,560	1.10%	0.99%
YANG Xiaoli	589,440	0.98%	0.88%
ZhongYe ZhiYuan ⁽²⁾	536,820	0.89%	0.81%
Shanghai Suishang ⁽¹¹⁾	428,700	0.71%	0.64%
LOU Ming ⁽²⁾	395,160	0.66%	0.59%
Peixian Yingcui ⁽¹²⁾	282,420	0.47%	0.42%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding as of the Latest Practicable Date (approximate)	Percentage of shareholding immediately after completion of the Global Offering (approximate)
Guangzhou Chengheng ⁽²⁾	120,780	0.20%	0.18%
Shanghai Changshi ⁽²⁾	53,640	0.09%	0.08%
REN Yaocong ⁽²⁾	53,640	0.09%	0.08%
SUN Yi ⁽²⁾	53,640	0.09%	0.08%
FENG Jingfen ⁽²⁾	53,640	0.09%	0.08%
Other Public Shareholders	6,666,700	0	10.00%
Total	66,666,700	100%	100%

Notes:

- (1) Mr. Wang and Ms. Ge are spouses, and our Controlling Shareholders. Mr. Wang is our chairman of the Board and executive Director. Ms. Ge is our non-executive Director.
- (2) See “– Pre-IPO Investments – Information about our Pre-IPO Investors” below.
- (3) Mr. WANG Yunning is the son of Mr. Wang and Ms. Ge, and became a Shareholder of our Company in March 2024 upon acquiring 3,000,000 Shares from Mr. Wang and 3,000,000 Shares from Ms. Ge at nil consideration due to family arrangement.
- (4) Shanghai Shuhuai is a limited partnership established in the PRC controlled by Mr. ZHANG Weiguo, our employee and an Independent Third Party, as the general partner holding approximately 1.77% therein. As of the Latest Practicable Date, it was owned as to approximately (i) 30.72% by REN Yaocong, 4.14% by WANG Lingling (王玲玲), 3.56% by ZHOU Yueping (周月萍), 2.56% by LU Yuan (盧源), 2.56% by ZOU Minqing (鄒敏卿), 1.54% by JIANG Zhengyi (江鍾毅), 1.02% by ZHU Dapeng, each a private individual financial investor and an Independent Third Party and the consideration has been fully settled by them on a pro rata basis; and (ii) 53.89% by our employees for share incentive purpose, including, among others, (a) 5.14% by Mr. ZHANG Bocheng, a supervisor of our subsidiary, Shanghai Zhidao, (b) 1.55% by Mr. XI Puzhao, our executive Director and general manager, (c) 5.16% by Mr. WANG Jian, our Supervisor, (d) 18.43% by Ms. CAO Rui, our chief financial officer and secretary of the Board, (e) 6.35% by Ms. WANG Xin, our executive Director, and (f) 17.25% by the remaining 15 employees of our Group, each an Independent Third Party holding less than one-third of the interests therein, further details of which are set out in “Statutory and General Information – Employee Incentive Scheme” in this prospectus.
- (5) Mr. XI Puzhao is our executive Director and general manager.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (6) Shanghai Xuru is a limited partnership established in the PRC controlled by Mr. ZHANG Weiguo, our employee and an Independent Third Party, as the general partner holding approximately 0.36% therein. As of the Latest Practicable Date, it was owned as to approximately (i) 17.32% by RUAN Yili (阮藝力), 17.32% by TANG Xiaomin (唐曉敏), 17.14% by ZHANG Jingyi (張靜怡), 10.71% by LU Yuan, each a private individual financial investor and an Independent Third Party and the consideration has been fully settled by them on a pro rata basis; and (ii) 37.50% by our employees and employee shareholding platforms for share incentive purpose, including, among others, 0.54% by Ms. WANG Xin, our executive Director and 36.96% by the remaining employees of our Group, each an Independent Third Party holding less than one-third of the interests therein, further details of which are set out in “Statutory and General Information – Employee Incentive Scheme” in this prospectus.
- (7) Ms. WANG Xin is our executive Director and deputy general manager.
- (8) Mr. ZHANG Bocheng is the supervisor of our subsidiary, Shanghai Zhidao and the spouse of Ms. WANG Xin.
- (9) Ms. GE Yi is the sister of Ms. Ge.
- (10) Mr. WANG Jun is the brother of Mr. Wang.
- (11) Shanghai Suishang was established in the PRC as a limited partnership on September 23, 2016. As of the Latest Practicable Date, it was controlled by Mr. ZHANG Weiguo, our employee and an Independent Third Party, as the general partner holding approximately 0.15% therein, and the remaining interest of Shanghai Suishang was owned by 26 limited partners, including 4.61% by Mr. WANG Jian, our Supervisor, 6.14% by Ms. CAO Rui, 2.56% by Ms. WANG Xin, 2.07% by Mr. WANG Jun, the brother of Mr. Wang and 84.46% by the remaining 22 employees of our Group, each an Independent Third Party holding less than one-third of the interests therein.
- (12) Peixian Yingcui are our employee incentive platforms. As of the Latest Practicable Date, it was controlled by Ms. WANG Xin, our executive Director and deputy general manager, as the general partner holding approximately 0.50% therein, and the remaining 99.50% interest was owned by Ms. CAO Rui, our chief financial officer and Board secretary. See “Statutory and General Information – Employee Incentive Scheme” for further details.
- (13) Percentage figures included in this table have been subject to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures preceding them.

PREVIOUS A-SHARE LISTING ATTEMPT

We had historically explored the opportunity of establishing a capital market platform in the A-share market in the PRC. In January 2021, we entered into a pre-listing guidance agreement with a qualified sponsor for A-share listing. We terminated such guidance agreement in April 2024 during the course of our preparation for the Listing as we believe that the Listing will be beneficial to us in view of the well-established market reputation of the Stock Exchange allowing us enhanced corporate image and more flexibility in exploring financing opportunities in the international market. Since the execution of the guidance agreement and up to the Latest Practicable Date, our Company had not submitted any A-share listing application to the CSRC and had not received any comments or inquiries by the CSRC (including its local offices). To the best of our Directors’ knowledge and belief, our Directors are not aware of any other matters relating to the previous A-Share listing attempt mentioned above that are required to be brought to the attention of the investors. The Sole Sponsor is of the view that there is no other matter in relation to the previous A-share listing attempt that should be brought to the attention of the Stock Exchange and the investors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-IPO INVESTMENTS

Overview

We concluded several rounds of Pre-IPO Investments, details of which are set out below:

	Series Pre-A Financing	Series A Financing	2016 Transfer	2016 Investment	Series B Financing	Series C Financing	2020 Transfers
Date of agreement	May 14, 2015	July 2, 2015	June 30, 2015	October 25, 2016	October 12, 2016	September 16, 2020	August 30 2020 and November 10, 2020
Date of settlement of consideration	May 20, 2015	October 21, 2015	April 20, 2016	July 13, 2020	November 22, 2016	September 28, 2020	December 15, 2020
Amount of registered capital subscribed for (in RMB)	244,898	1,113,167	133,581	289,855	3,629,371	2,041,404	294,887
Consideration (in RMB)	10,000,000	50,000,000	6,000,000	12,000,000	350,000,000	235,000,000	32,500,000
Basis of determination of the consideration	The consideration for the Pre-IPO Investments was determined based on arm's length negotiations between the relevant parties after taking into consideration various factors including but not limited to, the timing of the investments, the industry where our Company operates, whether special rights would be granted, and the prospects of our business.						
Cost per Share (in RMB)⁽¹⁾	13.8	15.2	15.2	14.0	32.6	38.9	37.3
Discount to the Offer Price (%)⁽²⁾	78.09%	75.90%	75.90%	77.78%	48.25%	38.23%	40.86%
Use of proceeds from the Pre-IPO Investments	As the 2016 Transfer and 2020 Transfers were effected by way of transfer by our then Shareholders, no proceeds were received by our Company. The proceeds raised from other Pre-IPO Investments have been used for our Company's R&D, marketing and daily operations. As of the Latest Practicable Date, we had fully utilized the net proceeds from the Pre-IPO Investments.						
Strategic Benefits from Pre-IPO Investments	Our Directors were of the view that our Company could benefit from the Pre-IPO Investors' knowledge and experience and where applicable, the additional capital provided by the Pre-IPO Investments, and could take advantage of their industry resources and networks, while broadening our shareholder base. And their commitment to our Company as their investment demonstrates their confidence in the operations of our Group and serves as an endorsement of Company's performance, strength and prospects.						

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The cost per Share was adjusted with reference to the conversion of our Company from a limited liability company to a joint stock limited liability company in December 2020.
- (2) Calculated based on the assumption that the Offer Price is HK\$69.18 per Share (being the mid-point of the indicative Offer Price range of HK\$62.26 to HK\$76.10).

Special Rights of the Pre-IPO Investors

In connection with the Pre-IPO Investments, Datai Yueda, Yueda Taihe, Shanghai Yongcang, Xinjiang Lianchuang, Jinzhuo Hengbang, Bairuixiang VC, ZhongYe ZhiYuan and Guangzhou Chengheng had been granted certain special rights, including, among others, redemption right, price adjustment right, liquidation preference right, right of first refusal, anti-dilution right, most favorable treatment, tag-along right and information right. The redemption right, price adjustment right and liquidation preference right granted by our Company have been terminated before September 30, 2020, and the remaining special rights have ceased to be effective and been terminated on the day prior to submission of the initial Listing application of our Company to the Stock Exchange. The redemption rights, once terminated, shall not be automatically reinstated unless expressly agreed upon by relevant parties.

No special right has been granted to other Pre-IPO Investors.

Information about our Pre-IPO Investors

Set out below is a description of our Pre-IPO Investors. To the best of our knowledge, save as disclosed below, each of the following Pre-IPO Investors and their respective beneficial owners is an Independent Third Party.

Sina

Jinzhuo Hengbang is a limited liability company established in the PRC. As of the Latest Practicable Date, Jinzhuo Hengbang was ultimately controlled by Sina Corporation through contractual arrangements, a leading online media company serving China and the global Chinese communities.

Baidu

Bairuixiang VC is a limited liability company established in the PRC. As of the Latest Practicable Date, it was wholly owned by Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司), which was controlled by Baidu, Inc., a company listed on Nasdaq (stock symbol: BIDU) and the Stock Exchange (stock code: 9888), a leading AI company with a strong Internet foundation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Delta

Each of Datai Yueda and Yueda Taihe is a limited partnership established in the PRC, and a private equity fund managed by Beijing Delta Capital Investment Management Co., Ltd. (北京達泰創業投資管理有限公司) (formerly known as Jiangsu Delta Capital Investment Management Co., Ltd. (江蘇達泰股權投資基金管理有限公司)) (“**Beijing Delta**”) as the general partner. As of the Latest Practicable Date, Beijing Delta was ultimately controlled by Suzhou Delta Capital Management Co., Ltd. (蘇州達泰創業投資管理有限公司) (“**Delta Capital**”), a fund platform in China focusing on early growth and growth equity investments, which was controlled by Mr. LI Quansheng (李泉生), our Supervisor. Each of the limited partners of Datai Yueda and Yueda Taihe is an Independent Third Party holding less than one-third of the interests therein.

NewMargin Ventures

Xinjiang Lianchuang is a limited partnership established in the PRC, which is a private equity fund managed by Xinjiang Production and Construction Corps Lianchuang Equity Investment Management Co., Ltd. (新疆生產建設兵團聯創股權投資管理有限公司) as the general partner, a company controlled by NewMargin Ventures Capital Management Co., Ltd. (上海聯創永鈞股權投資管理有限公司) (“**NewMargin Ventures**”).

Shanghai Yongcang is a limited partnership established in the PRC, which is a private equity fund managed by NewMargin Ventures as the general partner.

NewMargin Ventures is a private equity company in China, which is controlled by Mr. HAN Yuze (韓宇澤), our Supervisor, and has an investment focus on green, low carbon sectors including new energy, new material, medical and advanced manufacturing. Each of the limited partners of Xinjiang Lianchuang and Shanghai Yongcang is an Independent Third Party holding less than one-third of the interests therein.

Chengmai Xinri

Chengmai Xinri is a limited partnership established in the PRC. As of the Latest Practicable Date, it was owned as to 50% by LIU Yunli (劉運利) as its managing partner and 50% by ZHANG Lijing (張麗靜), each an Independent Third Party and an employee of Sina Corporation.

ZhongYe ZhiYuan

ZhongYe ZhiYuan is a limited partnership established in the PRC, which is a private equity fund managed by Shanghai ZhongYe Venture Investment Management Co., Ltd. (上海中葉創業投資管理有限公司) (“**ZhongYe Ventures**”), a venture capital management firm primarily engaged in investment management. As of the Latest Practicable Date, ZhongYe Ventures is controlled by MA Hong (馬弘), an Independent Third Party. Each of the limited partners of ZhongYe ZhiYuan is an Independent Third Party holding less than one-third of the interests therein.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Other Investors

Guangzhou Chengheng is a limited partnership established in the PRC, and is primarily engaged in equity investment. As of the Latest Practicable Date, the general partner of Guangzhou Chengheng is LI Jingyu (李靜宇), an Independent Third Party. The limited partners of Guangzhou Chengheng are several individuals, each of whom is an Independent Third Party holding less than one-third of the interests therein.

Shanghai Changshi is a limited liability company established in the PRC, and is primarily engaged in provision of installation service for industrial automation equipment and computer network equipment. As of the Latest Practicable Date, Shanghai Changshi was owned as to 50% by REN Yaocong, one of our Pre-IPO Investors, as the single largest shareholder therein, 30% by ZHU Jianqin (朱建秦) and 20% by another individual, each being an Independent Third Party.

Each of the other investors is a private financial investor and an Independent Third Party.

Compliance with the Pre-IPO Investment Guidance

On the basis that (i) the Listing Date, being the first day of trading of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-IPO Investments; and (ii) all special right have been terminated, the Sole Sponsor confirmed that the Pre-IPO Investments are in compliance with the Pre-IPO Investment Guidance (as defined in the Guide for New Listing Applicants issued by the Stock Exchange).

LOCK-UP PERIOD AND PUBLIC FLOAT

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) cannot dispose of any of the Shares held by them.

The 4,713,900 Domestic Unlisted Shares that will not be converted into H Shares, representing approximately 7.07% of our total issued Shares upon Listing, will not be considered as part of the public float as the Domestic Unlisted Shares will not be converted into H Shares and will not be listed following the completion of the Global Offering.

Of the 55,286,100 H Shares to be converted from Domestic Unlisted Shares and listed on the Stock Exchange following the completion of the Global Offering:

- (a) 40,145,640 of such H Shares, representing approximately 60.22% of our total issued Shares upon Listing, will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as such shares are being held by Mr. Wang, Ms. Ge, Mr. XI Puzhao, Ms. WANG Xin, Mr. ZHANG Bocheng, Jinzhuo Hengbang, Datai Yueda, Yueda Taihe, Shanghai Yongcang, Xinjiang Lianchuang and Peixian Yingcui, the core connected persons of our Company;

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (b) 15,140,460 of such H Shares, representing approximately 22.71% of our total issued Shares upon Listing, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as such remaining shareholders are not core connected persons of our Company upon Listing nor accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons.

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules, the market capitalization of our Shares upon Listing is expected to be not exceeding HK\$6,000,000,000 based on, irrespective of the low-end, mid-point or high-end of the indicative Offer Price range, and therefore the minimum prescribed public float percentage applicable to our Shares is 25.00% in each case.

Taking into consideration of the H Shares to be issued pursuant to the Global Offering, the public float of our Company will be approximately 32.71% upon the Listing, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50 million; or (b) have an expected market value at the time of listing of not less than HK\$600 million.

Our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

MAJOR ACQUISITIONS AND DISPOSALS

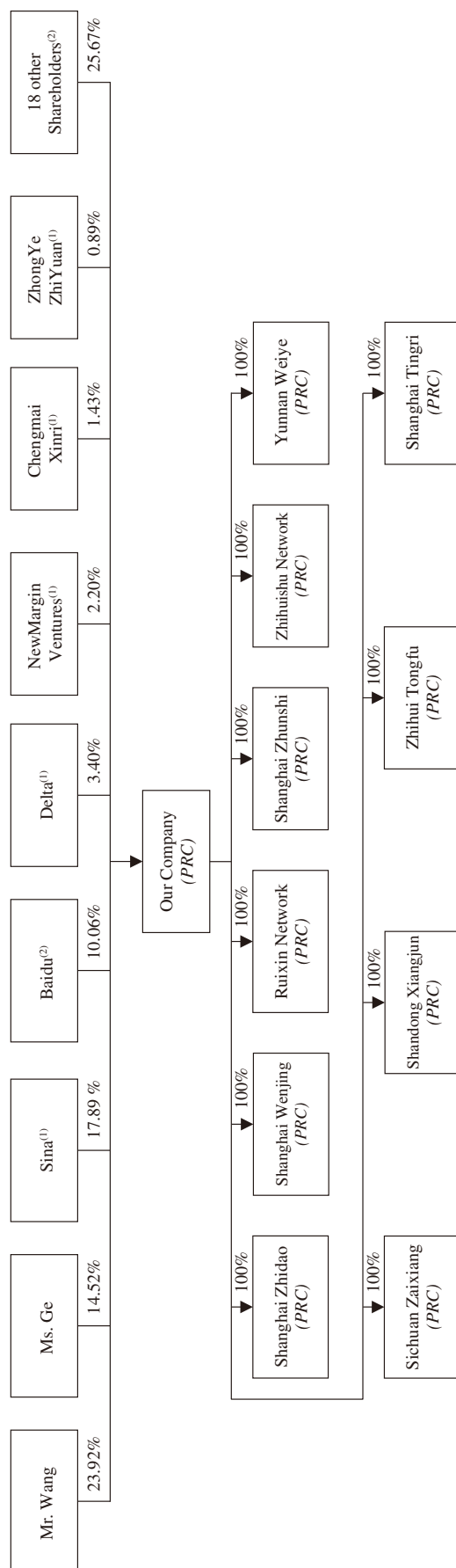
During the Track Record Period, we have not made any acquisitions, disposals or mergers that we consider to be material to us.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that we have obtained necessary legal approvals from the competent governmental authorities in the PRC or made necessary registration or filings with the relevant local branch of SAMR with respect to all the aforesaid capital increases and equity transfers in material aspects.

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets out the shareholding and corporate structure immediately prior to the completion of the Global Offering:



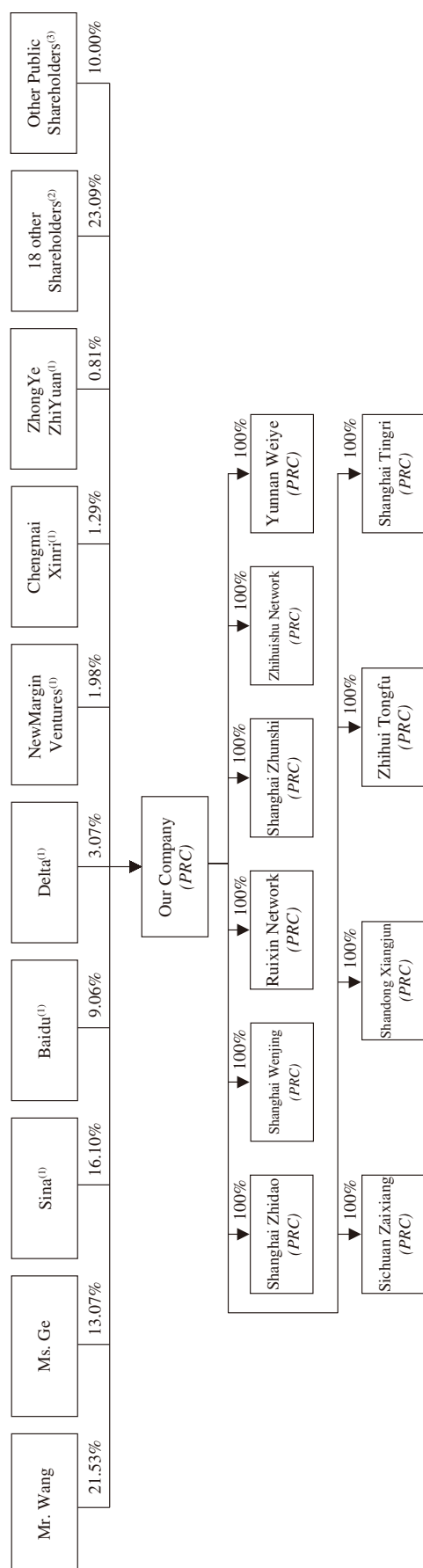
Notes:

(1) See “– Pre-IPO Investments – Information of the Pre-IPO Investors” below.

(2) The 18 other Shareholders include, Mr. WANG Yunning, Shanghai Shuhuai, Mr. XI Puzhao, Mr. YANG Qiushi, Shanghai Xuru, Ms. WANG Xin, Mr. ZHANG Bocheng, Ms. GE Yi, Mr. WANG Jun, Ms. YANG Xiaoli, Shanghai Suishang, Mr. LOU Ming, Peixian Yingcui, Guangzhou Chengheng, Shanghai Changshi, Mr. REN Yaocong, Mr. SUN Yi and Ms. FENG Jingfen. See “– Capitalization of our Company” above for details of other Shareholders.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart illustrates our corporate and shareholding structure immediately after the completion of the Global Offering:



Note:

(1)-(2) See the respective notes under the shareholding and corporate structure immediately prior to the completion of the Global Offering as set out above.

(3) The Shares held by these other public Shareholders are H Shares, which will be counted towards the public float together with H Shares held by Bairuixiang VC, WANG Yunning, Shanghai Shuhuai, YANG Qiushi, Chengmai Xinri, Shanghai Xuru, WANG Jun, GE Yi, YANG Xiaoli, ZhongYe ZhiYuan, Shanghai Suishang, LOU Ming, Guangzhou Chengheng, REN Yaocong, SUN Yi, FENG Jingfen and Shanghai Changshi upon completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares. See “Share Capital” for further details of the conversion of Domestic Unlisted Shares into H Shares.

OVERVIEW

Who We Are

We are a reputable digital teaching and learning solution provider for higher education institutions in China, committed to the delivery and operation of digital educational content and digital teaching and learning environment services and products for higher education institutions, providing coverage of higher education institutions, teachers and students by facilitating broad access to educational resources and enhancing the efficacy of educational outcomes. China's higher education teaching and learning digitalization market is highly fragmented. According to Frost & Sullivan, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue in 2024. Higher education institutions in China include universities and higher vocational colleges. According to Frost & Sullivan, we ranked second in terms of revenue among all companies in China's higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China's higher education digital educational content production market with a market share of 7.3% in 2024.

Our long-standing dedication to the education sector has endowed us with insights into teaching and learning process, needs of higher education institutions and teachers, a diverse array of academic subjects, as well as application of relevant technology. These insights, combined with our focus on technology and customer service – the “dual engines” driving our progress – have enabled us to provide advanced services and products and garner customer recognition. During the Track Record Period, we had delivered more than 44,000 digital educational content products and our services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education. We had 627 digital courses that won gold awards in the first and second batch of national recognition of first-class undergraduate courses and the review of national online quality courses for vocational education by the Ministry of Education, being the most among the top five players by revenue in China's higher education teaching and learning digitalization market.

Market Opportunities

In the new era of economic and social development, the higher education sector faces a critical demand: leveraging technology to foster the creation, dissemination and accessibility of high-quality educational content. This advancement is essential to enhance the overall teaching quality across higher education institutions, thereby nurturing the talents who can contribute to scientific research innovation and drive the overall economic and social development. These demands align with the shared values of all stakeholders – the government, society, higher education institutions, teachers and students alike. There is a collective aspiration for higher education institutions to excel, cultivate talent and achieve educational parity and distinction. Higher education institutions shoulder the crucial responsibility of guiding and inspiring teachers to elevate teaching quality, while providing students with rich resources and an environment conducive to superior learning outcomes. Higher education institutions, teachers and students, as active participants and beneficiaries of this system, seek to be empowered by superior teaching and learning tools and resources, aiming to enhance the efficacy of the educational process.

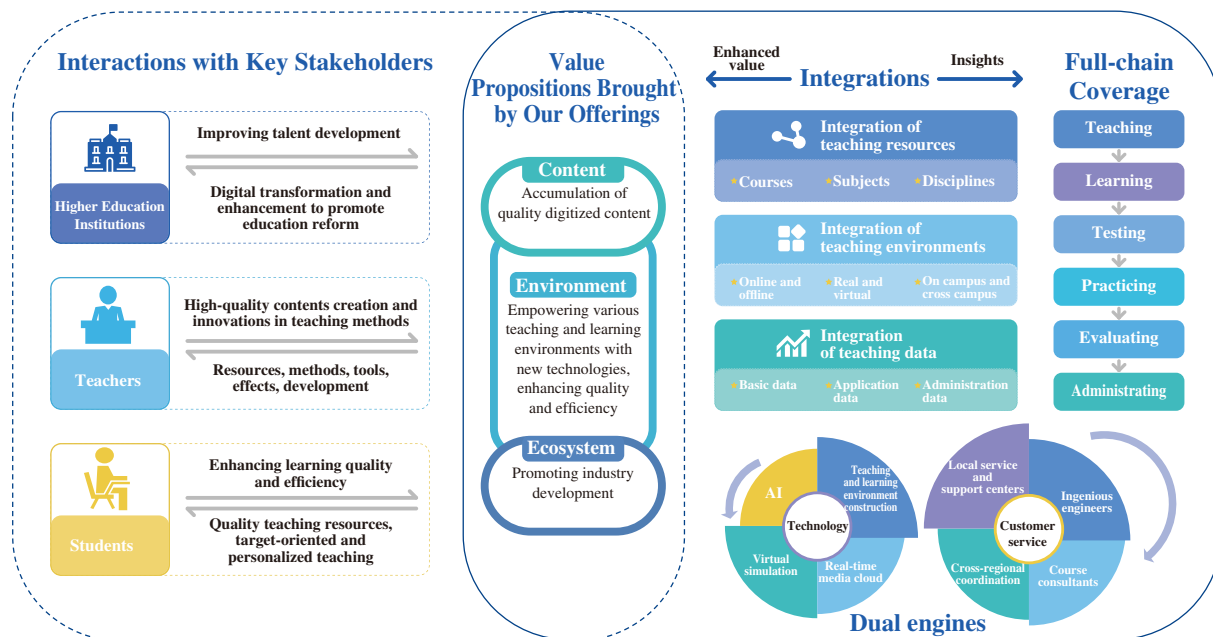
Digitalization is the key to meeting the higher education sector's needs, as it fully leverages technology to address the challenges in creating, sharing and accessing high-quality educational resources. It enables the widespread distribution of quality resources, enhances teaching efficiency and fosters innovative and practical skills in a cost-effective way. Digitalization also adapts continually for the evolving demands for talent in advanced scientific research and societal development. The governments have made significant investments in the informatization of higher education institutions. This increased focus on teaching and learning underscores the importance of digitalization in advancing educational goals.

The government's unwavering commitment to digitalization is a testament to its dedication to advancing equity and quality in higher education across China, with all stakeholders actively engaged in this transformative journey. Technological innovation and the technical revolution are propelling the construction of new digital teaching and learning infrastructures, opening doors to growth opportunities. The deployment of cutting-edge technologies like AI, virtual simulation, audio and video and data security is reshaping teaching and learning in higher education. This shift from traditional offline classroom teaching to a digitalized environment integrates online and offline experiences, establishing digital classrooms as the foundation for targeted content delivery, cloud-based connectivity and resource sharing. As new technologies emerge and iterate, they spawn new demands, services and products, fueling opportunities for expansion.

China's higher education is transitioning from informatization to digitalization, steered by advanced technologies like AI, with a focus on digitalization and intelligentization. The development of basic informatization infrastructure and the widespread application of digitalization in non-teaching environments has laid the foundation for extensive use in teaching and learning. According to Frost & Sullivan, the market size of China's higher education teaching and learning digitalization market is projected to grow from RMB21.3 billion in 2024 to RMB45.3 billion in 2029, with a CAGR of 16.3%. Notably, the digital educational content production subsegment is expected to grow from RMB9.8 billion in 2024 to RMB23.1 billion in 2029, with a CAGR of 18.8%.

Our Approach

Below is a diagram which illustrates our business model and how we provide value propositions to the key stakeholders in the higher education industry:



Deep Understanding of Teaching and Learning in Higher Education Institutions

We consistently empower teaching and learning process with our services and products. Our consistent delivery of quality services and products has earned us the trust from higher education institutions. Understanding the intricacies of teaching and learning, we recognized early on that digitalization was the key to meeting the core needs of these institutions. We have developed services and products specifically designed for the unique demands of higher education, resulting in valuable experience, strong services and products launches and rapid commercialization. Our continuous efforts in digitalization lead the development of the industry, working closely with institutions to achieve significant milestones. Starting in 2015, we identified content digitization as the industry’s focal point and initiated course digitization services. In 2020, we introduced panoramic teaching space, and by 2023, we expanded our offerings with knowledge graph construction. These services and products have been commercialized successfully, cementing our market position.

China’s leading higher education institutions are the leaders of education digitalization, boasting an unparalleled collection of digital educational content resources. They are the trailblazers in educational innovation, taking a proactive role in the industry’s current and future direction. Our focus on top universities, higher vocational colleges and key disciplines – reflected in our significant presence among universities nominated under the “Project 985” and “Project 211” and “Double First-Class Initiative” and higher vocational schools nominated under “Double High Plan” – allows us to stay attuned to the industry’s evolving needs. During the Track Record Period, our customers which are the universities nominated under the “Project 985”, “Project 211” and “Double First-Class Initiative” and the higher

vocational colleges nominated under the “Double High Plan” represent a substantial percentage of these leading institutions. By collaborating closely with them, we have enhanced our ability to support teachers in creating and disseminating high-quality digital educational content and have helped institutions build robust digital teaching and learning infrastructures.

Our services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education. 627 of our courses earned gold awards in the first and second batch of national recognition of first-class undergraduate courses and the review of national online quality courses for vocational education by the Ministry of Education. For emerging interdisciplinary subjects, our broad expertise enables us to swiftly identify and address needs with suitable services and products.

Comprehensive Offerings Empowered by Advanced Technologies and Full-Chain Services

We deeply understand that teaching and learning in higher education institutions and talent training are systematic and their digitalization transformation requires a systematic overhaul to ensure smooth adaption and integration. Therefore the capability to offering full-chain digitalization services and products is required. In addition, the digitalization of teaching and learning interact closely to generate synergistic effect. The accumulation of high-quality educational content then drives the optimization and upgrading of environments. Digitalization of the teaching and learning environments will further expand and improve the digital infrastructure for teaching and learning in higher education institutions, which in turn will promote more high-quality educational content creation and teaching and learning environment innovation. As a result, our offering and operation of full-chain services and products create a virtuous cycle, creating more value to the industry and increasing customer loyalty and satisfaction.

Our full-chain service and product capabilities include:

Content Digitization

Content digitization is the cornerstone of digital teaching and learning. It is often the first step in our collaboration with higher education institutions, excavating new needs and opportunities. We utilize our understanding of teaching practices and subject nuances to meet the needs of teachers in leading universities and colleges. Our localized service and support centers, with our course consultants, provide support for creating quality digital educational content. Our services span from initial consultations to course syllabus design, course content digitization and operation and maintenance, following a highly standardized creation process. During the Track Record Period, we had delivered over 44,000 digital educational content products and our services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education.

Our AI-enabled knowledge graph construction is a pivotal tool in content digitization, aiding institutions in refining their programs and optimizing talent development. It streamlines the teaching and learning process through structured knowledge, clear objectives, data-driven learning and precise evaluation. This tool not only reduces the workload for teachers in course preparation and review, but also personalizes student learning and visualizes outcomes.

Environment Digitalization

To address the need for digital educational content delivery in teaching and learning environments and overcome challenges posed by the outdated teaching facilities in higher education institutions, we developed, AI-enabled, cloud-native and integrated LMS (learning management system) that assist higher education institutions in managing and creating simpler and more connected teaching and learning process and smart, multi-environment and multi-purpose teaching spaces that integrate software and hardware solutions, such as panoramic teaching spaces and immersive classrooms. We use our LiveCourse as the standardized platform software to connect and integrate online and offline teaching and learning environments to help teachers and students improve their teaching qualities and learning outcomes and help administrators achieve efficient, refined and integrated teaching management. It eliminates technical barriers and enables the interconnection and communication among classrooms across campuses and equips classrooms with functions such as live recording and broadcasting, remote interactive teaching, classroom monitoring, centralized control and operation and maintenance support.

Our panoramic teaching space, a key advancement, is an AI-enabled space adaptable to various teaching scenarios, enriching learning experiences and fostering interdisciplinary education. It transforms traditional classrooms into dynamic learning environments. Integrated with our LiveCourse software, it allows teachers to create and deliver courses within any connected smart classroom, online or offline. Our services and products enhance the dissemination and accessibility of digital educational content, providing digital teaching environments to customer preferences, thus improving content quality and usability. Unlike some of our competitors who focus on either educational content digitization or learning and teaching environment digitalization, our integrated new digital infrastructure benefits from synergies and customer retention through this comprehensive approach. It also empowers universities and teachers to collect and analyze teaching data, applying insights to further refine their educational strategies.

Dedicated Customer Service and Support Center Network

We are proud of our expansive customer service and support center network, a reflection of our dedication to customer satisfaction and service excellence. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities, covering substantially all provinces, municipal cities and autonomous regions in China. They serve multiple functions, include discovering opportunities, understanding customers' needs, delivering services and products and providing after sale services, ensuring that we are always accessible and responsive to our customers' needs. Our extensive network allows us to not only reach potential customers, but also nurture enduring partnerships with them.

Robust Technology Development and Application Capability

Drawing on our knowledge of education and technological expertise, we have developed a services and products portfolio that meets the diverse and evolving demands of our customers. Our technologies include our AI capability platform with algorithm built for higher education industry and a knowledge graph automatic construction platform that generates and links knowledge points from various educational materials. In addition to the above, we also enhance the teaching and learning experience with immersive technologies and actionable feedbacks gained from teaching quality evaluation tools using natural language processing, knowledge graphs and computer vision. This set of approaches ensures we stay at the forefront of educational technology and application research, delivering competitive and cutting-edge solutions.

Education Ecosystem Development

We are deeply committed to fostering the growth and innovation of higher education. We believe that digital education can transcend the limitations of time and space, granting broader access to quality educational resources and personalized learning experiences. In pursuit of this, we have initiated a range of projects to support institutions, teachers and students. Our efforts include offering credit course sharing platform, backing industry-university-research collaborations and organizing teacher seminars. These initiatives aim not just to share educational resources and insight but also to encourage collaboration and exchange among institutions and teachers, especially in central and western regions, thereby enhancing the overall higher education landscape. See “– Our commitment to higher education.”

Our revenue increased from RMB400.1 million in 2022 to RMB848.2 million in 2024, with a CAGR of 45.6%. Our revenue increased by 14.3% from RMB241.0 million in the six months ended June 30, 2024 to RMB275.4 million in the six months ended June 30, 2025. Our gross profit increased from RMB176.5 million in 2022 to RMB525.2 million in 2024, with a CAGR of 72.5%. Our gross profit increased by 16.4% from RMB111.0 million in the six months ended June 30, 2024 to RMB129.2 million in the six months ended June 30, 2025.

OUR STRENGTHS

We believe that the following strengths set us apart from our peers and allow us to capitalize on the market opportunities to ensure sustained development.

Robust Services and Products Development Capabilities and Excellent Customer Service with Strong Recognition

Leveraging our understanding of the industry, we have shown our robust services and products development capabilities. We have continuously invested in research and development and had established an in-house research and development team with 482 members as of the Latest Practicable Date. We have developed a portfolio of scalable services and products covering the full value chain of higher education teaching and learning digitalization that satisfies the diverse needs of our customers. Supported by our sensitivity to the application of advanced technology to education and our ability to understand and anticipate our customers' needs, we have been able to develop new services and products through our R&D accumulation and position them in the market. Historically, we have successfully introduced many services and products that fill the gaps in the industry. We are one of the first companies to provide digital course content, knowledge graph and panoramic teaching space services and products for higher education institutions in China.

Customer service that complements our services and products is a key part of our offering. It is a vital way for us to attract customers, understand their needs and deliver quality services and products. We have established an extensive network of customer support and service centers. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities. Our locally operated and cross-functional customer service and support centers are primarily established to ensure timely support and assistance to customers within their geographical coverage area, and are responsible for giving teachers advice on course development from various perspectives, from the course design to the current policy trends in the education field. They also assist teachers in using our services and products for better outcomes and support their reliable performance. In addition, they participate in cross-functional teamwork in gathering feedback on higher education institutions' and teachers' needs in practice and cooperating with R&D team to address customer pain points so as to introduce new services and products fulfilling those needs. On top of our commercial offerings, we also support and organize various teacher development activities, such as events and workshops for teachers to exchange views and be trained with experts in various fields to share their insights in order to support teachers' career development and better facilitate the improvement of teaching in higher education institutions.

Our robust services and products development capabilities and customer service, together, have earned us recognitions from our customers. Many of our customers purchased and paid for multiple services and products from us. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025 the number of Overlapping Customers were 291, 346, 449, 248 and 200, with a rising average revenue per Overlapping Customer of RMB711,504.1, RMB1,018,652.0, RMB1,102,294.3, RMB414,126 and RMB475,865 respectively.

Strong Technology Application and Rapid Services and Products Iteration Capabilities Satisfy the Diverse Needs of Customers in Different Scenarios

With our experience and R&D capabilities in applying advanced technologies and insights gained from our long-term cooperation with our customers, we have become one of the few companies in the industry that can leverage advanced technologies to enable a wide range of application scenarios, including both digital educational content and learning and teaching environment. As a technology-driven company, we have a firm and long-term belief in technology. Our research and development expenses amounted to RMB98.1 million, RMB101.1 million, RMB126.9 million, RMB54.2 million and RMB81.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, accounting for 24.5%, 15.5%, 15.0%, 22.5% and 29.5% of our revenue in the same periods, respectively. As of the Latest Practicable Date, we obtained 13 invention patent authorizations, three utility model authorizations, 488 software copyrights. We invested in the research and development of new services and products applying new technologies to meet the evolving market demand. For example, we have built a new kind of digital resource infrastructure consisting of credit course sharing platform, virtual simulation experiments and course knowledge graphs for higher education institutions through our AI and knowledge graph capabilities. In addition, we also applied new technologies to expand teaching scenarios including online teaching, cross school/cross campus teaching and experiment simulation teaching.

Moreover, we are one of the companies in the industry who can grasp the latest technologies that appear in the market and carry out application research and development to form services and products that meet the common needs of a large number of customers and obtain wide market recognition, achieving rapid commercialization success. We also maintain competitiveness of our services and products through our research and development efforts. For example, in digital educational content services and products, we reacted promptly to the evolving needs of our customers and the emergence of AI technologies, and launched knowledge graph construction in 2022 leveraging our profound experience accumulated from course digitization services. In digital teaching and learning environment services and products, we introduced panoramic teaching space in 2020 on top of immersive classroom to improve and enrich the teaching and learning process for the future of education,

Customer Base of Leading Higher Education Institutions Empowering Customer Group Expansion and Enhancing Customer Loyalty

We have been focusing on leading higher education institutions under the “Double First-Class Initiative” and the “Double High Plan”, who excel in research capabilities, discipline building and faculty strength and have achieved rapid penetration among them. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 212, 234, 240, 205 and 183 customers which are universities nominated under “Project 985”, “Project 211” and the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan”, respectively, cumulatively accounting for 79.4% of the universities nominated under the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan” as of June 30, 2025. According to Frost & Sullivan, the average total expenditure on higher education informatization for universities within the “Double First-Class Initiative” reached RMB33.4 million in 2021 being the latest publicly available data published in 2023, which was about three to four times that of other universities. Similarly, the average total expenditure on higher

education informatization for vocational colleges within the “Double High Plan” reached RMB15.8 million in 2021 being the latest publicly available data published in 2023, approximately two to three times that of other vocational colleges. We managed to deepen our cooperation with such customers, reflected by their increasing average spending with us and high revenue growth rate during the Track Record Period. “See – Our Services and Products.” Due to our insights into our customers’ demands through our close collaboration with such customers, we have constantly been one of the first players to spot industry trends, develop market benchmark products and introduce those products to a wider range of higher education institutions.

Experienced Management Team, Learning Organization Culture and Long Term Dedication to Higher Education Market

Our success depends largely on our experienced management team. Our founder, controlling shareholder and chairman of the Board, has long been focused on the education industry and cutting-edge product design. He has extensive knowledge of the industry and deeply understands the direction of higher education’s digital transformation in China. In the last decade, he has guided us to take advantage of market opportunities and become a leader in the industry. Our management team has a combination of education, Internet and technology backgrounds and is very passionate and committed to education. Our executive directors have an average of more than 15 years of experience. Our organization is open-minded, efficiency-oriented, and has a learning organizational culture which encourages our employees to expand their knowledge and skills, explore opportunities and overcome obstacles on the way. We continue to receive robust support from our strategic investors, such as Sina and Baidu, who made strategic investments as early as 2016 and during the pandemic in 2020, respectively showing their deep recognition of our industry insights, development strategies and our unwavering commitment to advancing higher education in China.

In our long-term dedicated pursuit of advancing China’s higher education through digitalization, the government, universities teachers and we, as builders and promoters, each play a pivotal role. The government, as the architect and facilitator, universities as implementors, teachers as practitioners and we as innovators, together create a unified vision. Our collaborative efforts have fostered mutual trust, a stable value chain and positive outcomes in digitalization practices. We are dedicated to pushing the boundaries of educational technology and fostering an open, intelligent education ecosystem. Utilizing our capabilities in employing latest technologies such as AI and cloud computing in our services and products, we develop solutions that elevate education quality and efficiency. Our collaboration with partners and customers aims to co-create value and navigate the challenges of digital transformation. Committed to empowering higher education institutions, teachers and students, we drive industry progress, securing our competitive edge and industry position. We can continually meet the evolving needs brought forth by digitalization, balancing social and economic value while pursuing sustainable growth.

OUR STRATEGIES

We plan to pursue the following strategies to capitalize on industry opportunities, further consolidate our market position and contribute to ongoing industry value.

Continue to Focus on Strategic Customers and Expand Our Business Customer Service and Support Center Network

We will keep solidating our collaborative relationships with our strategic customers which are the universities nominated under the “Project 985”, “Project 211” and “Double First-Class Initiative” and the higher vocational colleges nominated under the “Double High Plan”, further enhance capability of our customer service and support network. Specifically, we will expand the coverage of the network of our customer service and support centers and improve the service quality of such centers. We will further optimize the coverage radius of our customer service and support centers to more campuses and disciplines in higher education institutions and higher vocational schools in different regions. We plan to establish new customer service and support centers in cities where existing centers are situated, as well as in cities that are currently not within the coverage of the network of our customer service and support centers to shorten the gap between our services and products and customers to be more accessible and responsive. Through the extended network of our customer service and support centers, we aim to quickly grasp the needs of potential customers, help them improve their digital competence and develop them to become our customers.

As of June 30, 2025, we had 1,139 sales and customer service staff. However, to support our business expansion into new regions and to provide more timely and localized support to a growing customer base, we plan to establish 28 new customer service and support centers in cities where existing centers are situated, as well as in cities that are currently not within the coverage of the network of our customer service and support centers to enhance our current coverage and improve service qualities. This will enable us to enhance customer satisfaction, respond more effectively to client needs, and drive customer retention and acquisition. Given the vast market potential and the increasing demand for high-quality digital education solutions, the planned expansion of our customer service and support teams is essential to ensure we remain at the forefront of customer service excellence and are able to capture new business opportunities. See “Future Plans and Use of Proceeds.”

Continuing the Iteration and Upgrading of Existing Services and Products and Development of New Products

The overall improvement of the quality of education in China and the acceleration of digitalization are leading to an increasing demand for digitalization services and products among higher education institutions. The creation, redefinition and merging of majors on an annual basis result in requirements for new educational content, teaching methods as well as other new ancillary demands. Since introduction of education reform measures, there has been an increasing demand for the informatization of education in higher education institutions across the country.

We plan to seize the opportunities for scientific and technological development presented by new AI technologies. We plan to upgrade our existing services and products portfolio and develop a knowledge-based and AI-driven infrastructure to drive the expansion of our business. We will focus on researching on latest and advanced technologies such as AI, VR and other latest technologies. In addition, we endeavor to build and expand our research and development team by recruiting and cultivating new talents, particularly in positions such as AI data analysts, front-end development engineers, algorithm engineers, software architects and 3D modeling engineers. Although we already had 414 R&D staff as of 30 June 2025, the rapid expansion of our business, the increasing complexity of customer needs, and the fast-evolving technological landscape require us to further strengthen our R&D capabilities. We plan to further recruit approximately 112 research and development personnel with expertise in AI technologies, data analysis, data modeling and software design that are qualified for their respective roles. The planned recruitment is necessary to support the continuous iteration and upgrading of our existing products, as well as the development of new offerings to address emerging market demands. Through the enhanced research and development capabilities, we intend to adopt more advanced technologies to our services and products to support the development of our services and products and their iterations and improve the quality of our services and products for better customer experience. Specifically, we will focus on research and development of the latest and most advanced technologies, including: (i) AI large language models and dialogue synthesis technologies, which enable multi-turn dialogue, intent recognition, knowledge Q&A and intelligent tutoring, leveraging natural language processing and computer vision to provide intelligent interaction, personalized teaching and automated content generation; (ii) text generation and intelligent writing, supporting intelligent reading, outline generation, text expansion and polishing for efficient content creation in educational and office scenarios; (iii) knowledge graph and intelligent retrieval, automatically structuring resources and generating knowledge graphs for smart resource retrieval and knowledge discovery; and (iv) digital human and multi-modal content generation, including algorithms for digital human modeling, lip-sync, voice synthesis and avatar generation, enabling the automatic creation of virtual personas for educational content, virtual assistants and personalized video production. All of these technologies have been duly registered and will continue to be iterated and upgraded, enriching our service and product portfolio and enhancing product quality and customer experience. At the same time, leveraging our knowledge and insights into the digitization of education in China and our first-hand feedback from teachers and higher education institutions, we will also use our enhanced research and development capabilities to develop new services and products in the next three to five years, strengthen the development and construction of new forms of teaching resources in vertical subject areas, reinforce AI-focused infrastructure and applications products and strengthen the development for subject-wide knowledge graphs as a reserve for our long-term growth.

Enhancing the Strategic Layout of Our Knowledge Graph Construction Centers

Our knowledge graph business gained wide recognition among our customers and grew rapidly since its launch in 2022. As of June 30, 2025, we delivered more than 8,700 knowledge graphs across various subjects including engineering, medicine, science, agriculture and others. To better support the rapid growth of knowledge graph construction and facilitate efficient and centralized management and delivery, we plan to establish one or two knowledge graph construction centers. knowledge graph construction centers to enhance our capabilities and efficiency in terms of development, production and delivery of knowledge graphs. We will strategically select the locations for these knowledge graph

construction centers, taking into account factors such as average level of employee expenses, amount of employees available and the mix of talent pool in the region. We plan to recruit employees for these centers based on various factors including relevant experience and educational backgrounds. Specifically, we intend to focus on recruiting talents with backgrounds in science, engineering and medicine to maximize their abilities in knowledge graph construction. These construction centers will be the expert delivery units of knowledge graphs and attract and retain talents to grow with the company in the long run.

Continue to Recruit, Develop and Retain Talents

We plan to retain talents by offering competitive remuneration, diversified and clear career development opportunities, systematic learning and teaching methodologies and continual training. We will follow the overall business plan of the region and build a team with operational competency and capability to meet customers' technical and service requirements, to better serve the customers more efficiently. As robust services and products development capabilities and excellent customer service are key drivers of our competitive advantage and revenue growth, expanding our R&D and sales teams is essential to maintain and strengthen our market position. As the China's higher education teaching and learning digitalization market is expected to grow, these investments are aligned with our anticipated revenue growth over the next five years and are necessary to capture new opportunities and support our long-term business expansion.

OUR SERVICES AND PRODUCTS

As a provider of digital teaching and learning solutions for higher education, we offer various services and products to help higher education institutions throughout China enhance the quality and efficiency of their teaching and learning processes through digitalization. Since our inception, we have been dedicated to designing and building our services and products to meet the evolving needs of teachers and students, offering digital educational content and digital learning environment services and products. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 1,174, 1,422, 1,738, 1,156 and 1,143 customers for our services and products, respectively.

The digitalization for the higher education teaching and learning encompasses both educational content digitization and teaching and learning environment digitalization. We are capable of addressing the multifaceted needs of higher education institutions in such aspects. Our services and products for educational content digitization and teaching and learning environment digitalization are intricately linked with each other, enabling creation and delivery of quality digital educational content, interactive and immersive online and offline teaching and learning environment, as well as the effective management of education resources and learning activities. We seek to bring a coherent and seamless digital teaching and learning experience for both teachers and students.

BUSINESS

The following table sets forth some key performance indicators of our business during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
Number of customers	1,174	1,422	1,738	1,156	1,143
Average revenue per customer ⁽¹⁾ (RMB)	340,809.9	459,187.1	488,031.1	208,539.9	242,604.1
Number of Overlapping Customers	291	346	449	248	200
Average revenue per Overlapping Customer ⁽²⁾ (RMB)	711,504.1	1,018,652.0	1,102,294.3	414,125.7	475,864.8
Revenue contributed by Overlapping Customers (RMB in thousand)	207,047.7	352,453.6	494,930.2	102,703.2	95,173.0
Number of Key Account Customers	245	344	449	N/A ⁽⁴⁾	N/A ⁽⁴⁾
Average revenue per Key Account Customer ⁽³⁾ (RMB)	1,126,061.2	1,456,650.2	1,503,205.8	N/A ⁽⁴⁾	N/A ⁽⁴⁾
Revenue contributed by Key Account Customers (RMB in thousand)	275,885.0	501,087.7	674,939.4	N/A ⁽⁴⁾	N/A ⁽⁴⁾

Notes:

- (1) The average revenue per customer is calculated as total revenue in the year divided by the number of customers served in the same year/period.
- (2) The average revenue per Overlapping Customer is calculated as total revenue generated from the Overlapping Customers in the year/period divided by the number of Overlapping Customers served in the same year/period.
- (3) The average revenue per Key Account Customer is calculated as the total revenue generated from the Key Account Customers in the year divided by the number of Key Account Customers served in the same year.
- (4) “Key Account Customers” refer to customers who contributed a revenue of or over RMB0.5 million in the relevant year. As such, the relevant data can only be determined on a full-year basis and is not available for the half-year periods.

We remained dedicated to enhancing the competitiveness of our offerings and customer service capabilities, allowing us to quickly respond to the changing market needs post pandemic. In 2022, we successfully launched knowledge graph construction and further enhanced our customer service and support which enabled us to reach more potential customers and provide them with better services and consequently achieved significant growth that year.

Our sustainable business growth is driven by our efforts to acquiring new customers and maintaining business relationships with existing customers. Our efforts to attract and engage customers had resulted an increase in the number of new customers, from 395 in 2022 to 542 in 2023 and further increased to 697 in 2024. Our repeating customers (namely customers who have purchased our services and products in the previous year) increased from 779 in 2022 to 880 in 2023 and further increased to 1,041 in 2024. In 2022, 2023 and 2024, our customer retention rates reached 71.9%, 75.0% and 73.2%, respectively. Our efforts in maintaining business relationship with customers have been also demonstrated by their consistent demand for our service and products. In 2022, 2023 and 2024, the average number of transaction per customer for

our digital educational content services and products had reached 4.3, 5.0 and 5.8, respectively, while the average number of transaction per customer for our digital teaching and learning environment services and products remained steady at 1.7 in 2022, 2023 and 2024, respectively.

We prioritize our Key Account Customers who demonstrate a higher willingness to invest in our services and products, and contribute a higher economic value on average. In 2022, 2023 and 2024, we had 245, 344, 449 Key Account Customers, respectively accounting for 20.9%, 24.2% and 25.8% of the total number of customers the same years, respectively, and contributing 69.0%, 76.7% and 79.6% of the total revenue in the same years, respectively. In 2022, 2023 and 2024 our Key Account Customer retention rates reached 92.2%, 95.9% and 89.0%, respectively.

In digitalization, some institutions are significantly ahead of other domestic higher education institutions, and play an important role in driving and promoting the acceptance of digitalization in other higher education institutions. We focus on the pioneers and leaders in China's teaching and learning digitalization in higher education, demonstrating the willingness to proactively adopt the latest digitized teaching and learning services and products. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 212, 234, 240, 205 and 183 customers which are the universities nominated under the "Project 985", "Project 211" and "Double First-Class Initiative" and the higher vocational colleges nominated under the "Double High Plan", respectively, cumulatively accounting for 79.4% of the universities nominated under the "Double First-Class Initiative" and higher vocational colleges nominated under the "Double High Plan" as of June 30, 2025. We managed to strengthen our cooperation with such customers reflected by their increasing average spending with us. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the revenue contributed by the customers which are the universities nominated under the "Project 985", "Project 211" and "Double First-Class Initiative" and the higher vocational colleges nominated under the "Double High Plan" amounted to RMB117.4 million, RMB203.9 million, RMB248.4 million, RMB69.1 million and RMB93.4 million, respectively, contributing 29.3%, 31.2%, 29.3%, 28.7% and 33.7% of the total revenue in the respective periods, with the revenue per such customer reached RMB553,686.4, RMB871,239.4, RMB1,035,208.1, RMB337,189.4 and RMB510,269.7, respectively. In 2022, 2023 and 2024, the retention rate for the abovementioned customers had reached 89.6%, 89.6% and 86.8%, respectively. We intend to further consolidate the customer base to more effectively penetrate the relevant regional markets where they are located.

The evolving demands of higher education institutions for digitalization highlight a pronounced preference for solution providers capable of comprehensively addressing their challenges throughout their digital transformation. Our broad array of offerings, augmented by the synergies between our digital educational content and digital teaching and learning environment businesses, positions us to offer more cohesive solutions, thereby enhancing cross-selling opportunities. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 112, 313, 579, 233 and 373 customers who purchased multiple types of digital educational content services and products and 9, 23, 15, 2 and 2 customers who purchased both types of digital teaching and learning environment services and products, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 291, 346, 449, 248 and 200 Overlapping Customers, with a rising average revenue per Overlapping Customer of RMB711,504.1, RMB1,018,652.0, RMB1,102,294.3, RMB414,126 and RMB475,865, respectively. The upward trend in the number of Overlapping Customers and the average revenue per Overlapping Customer underscores our capacity for maintaining sustainable growth.

Digital Educational Content Services and Products

In response to the digitalization wave among higher education institutions, over several years we have developed a combination of services and products dedicated to digital educational content to help our customers create engaging and effective digital educational content such as digital courses, knowledge graphs and virtual simulation courses. These services can help convert traditional educational content into digital forms, create immersive and realistic virtual environments and build semantic networks that represent the knowledge structure of a domain or discipline.

We offer flexible options for our digital educational content services and products to meet higher education institutions' evolving needs. We started with course digitization services, assisting our customers with converting their traditional educational content into digital forms. Through close collaboration with our customers and the continual adaption of leading technologies, we launched virtual simulation development in 2020 and our knowledge graph construction in 2022 to assist our customers with delivering more interactive, engaging and personalized learning experiences for their students. Our digital educational content services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education. According to Frost & Sullivan, we ranked first in terms of revenue among all companies in China's higher education digital educational content production market with a market share of 7.3% in 2024.

Our digital educational content services and products provide teachers and students with the following benefits in addition to being an alternative to traditional educational content:

- ***Enhanced Accessibility:*** Digital educational content is easier to distribute to a wider range of students, regardless of their location or schedule. It can also overcome the limitations of time and space, by giving students more freedom, convenience and multi-access options. Regarding time, students have the flexibility to decide whether to prepare in advance or to consolidate their learning after class. Increased accessibility can foster educational equality and diversity and empower more students to achieve their academic and professional goals;
- ***Continual Improvement and Up-To-Date Content:*** Digital educational content can be easily updated and improved, ensuring that educational content remains current and relevant and preventing students and teachers from acquiring outdated and inaccurate information; and
- ***Interactive and Engaging Experience:*** By using digital technologies, teachers can present the educational content in a more engaging way, such as using virtual simulations, knowledge graphs and multimedia. These can also give students more realistic and immersive experiences in learning, such as performing experiments, practicing skills or exploring scenarios. Moreover, digitizing the educational content can support more technology-based real-time discussions and collaboration among students and teachers. For example, teachers can use digital platforms to modify or add digital educational content. Moreover, digital educational content can be enriched with multimedia elements, such as images, videos, animations or interactive quizzes, to enhance the learning experience and engagement.

Digital Course

Overview

Teachers and students face a variety of challenges in the traditional course educational content delivery process, primarily including: (i) lack of flexibility and limited access; (ii) tendency for passive learning with lecture-based teaching resulting in students not actively engaging in the course materials; and (iii) a one-size-fits-all teaching approach.

Our course digitization services focus on the digital transformation of higher education institution curricula, catering to the specific needs of teachers. By leveraging years of experience in digital teaching and learning solutions for the higher education institutions, we offer course digitization services to assist our customers with the process of transforming their traditional in-classroom lecturing practice via building interactive and engaging digital educational content to meet their teaching requirements. We have set certain quality control rules and procedures encompassing the entire digitization process, including the design and formulation of syllabi for digital courses, scriptwriting, video recording and editing and review. By streamlining this process, we ensure a smooth transition from conventional teaching methods to digital teaching methods that enhance the teaching and learning experience for both teachers and students.

We experienced rapid expansion in course digitization services during the Track Record Period. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 950, 1,147, 1,298, 861 and 760 customers for our course digitization services and delivered 7,914, 11,167, 12,304, 5,823 and 3,540 digital courses in the same periods, respectively. We had 627 digital courses that won gold awards in the first and second batch of national recognition of first-class undergraduate courses and the review of national online quality courses for vocational education by the Ministry of Education, being the most among the top five players by revenue in China's higher education teaching and learning digitalization market.


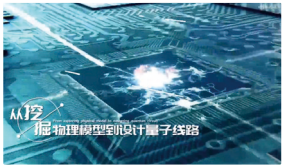



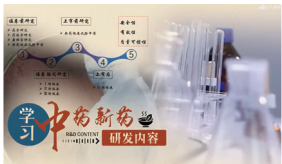



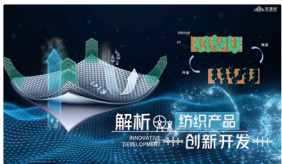


Features of Our Digital Course

Our digital courses are usually delivered as video files and could be delivered through private cloud drive or onsite physical hard-drive transmission. They are designed to be operated on various systems of higher education institutions and accessed by students and teachers of the relevant higher education institutions. Specifically, these digital courses are also configured to be compatible with online environments for wider access. We communicated with customers at the initial stage of each project to understand the technical specifications of their systems and ensure that the delivered digital courses match their systems requirements. Our digital courses are embedded with interactive functions such as quizzes and discussion forum functions and enable teacher and student to review and track their learning progresses. They can be also shared publicly through our credit course sharing platform upon request by our customers to collect more feedbacks and gain recognition from a wider audience. See “– Our Commitment to Higher Education”

BUSINESS

Set forth below are some representative pictures of certain digital courses we delivered during the Track Record Period:

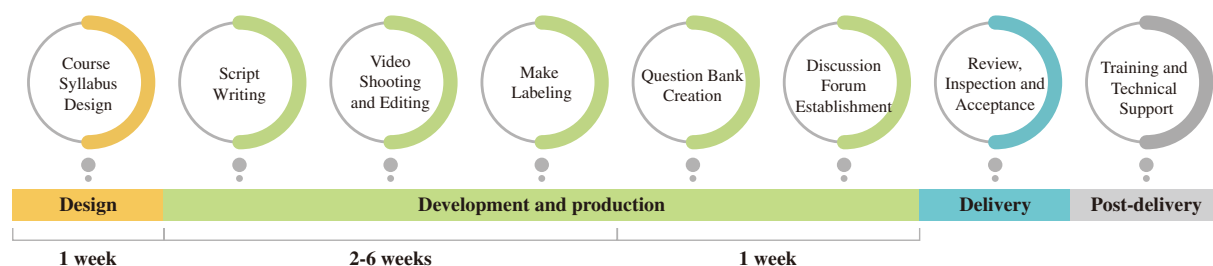
Subjects All Philosophy Economics Law Education Literature History Science Engineering Agriculture Medicine Management Arts Interdisciplinary Subjects

			
Chinese Mural Production and Conservation	From Exploring Physical Model to Designing Quantum Circuit	Calculus	Book of Songs - Love Poems
			
Foundations for Mechanic Design	New Traditional Chinese Medicine	Computer Vision and Robotics	The Ancient History of China
			
Mobile Communication System	Innovation and Development of Textile Products	Experience the Classic Charm of Chinese Culture	Legal Literacy

Our Standard Delivery Process

Through our deep involvement in the higher education sector over many years, we have formed a solid understanding of the diverse and unique needs across various higher education institutions and their disciplines and subjects. Accordingly, we have formed a delivery process ensuring the efficient provision of customized services. This delivery process is underpinned by our standardized approach, industry knowledge and customer service capability and executed by our dedicated customer service and support center staff.

Adopting a standardized approach, the entire course digitization services process may take four to eight weeks. The flowchart below illustrates the standard process and typical time frame required for relevant procedures involved in the development process of our course digitization services:



After initial communication via our sales, we form a project development team consisting of client managers, course consultants and video engineers. The team members with different roles collaborate throughout the services and products delivery process to ensure the best customer experience. In addition, we note that there is no statutory license requirements for the course consultants who help teachers design the digital courses prescribed by the PRC laws and regulations. Adopting a standardized approach, the entire course digitization services process, involving the following key steps:

- i. Course Syllabus Design: Our course consultants design and formulate course syllabus after close communications on campus with teachers to understand their needs, thereby retaining the essence of their course content. Our effective syllabus digitization process is underpinned by a strong in-house team of course consultants, which differentiates us from our peers. They help teachers to restructure their courses and complete an overall design, clearly position their courses, clarify the course objectives, background, features and content, as well as its audience and scope;
- ii. Course Content Digitization: After receiving approval from the teachers, our project development teams then work closely with them to digitize and structure the course content. This involves the following steps:
 - Script writing: Our course consultants write concise and clear scripts for each lesson based on syllabus which include main contents, learning objectives, teaching methodology and assessment criteria and submit to teachers' review.
 - Video shooting and editing: We arrange professional video engineers and equipment to shoot the videos with teachers for each lesson at a suitable location, such as the teacher's office, classroom, or studio nearby. The video engineers ensure the optimal quality, lighting, sound and camera angles of the video. They also edit the videos to improve the visual and audio effects, and add subtitles and other features. Under our assistance, teachers can insert interactive elements such as quizzes, or surveys into the videos to increase the engagement and attention of learners.
 - Question bank creation and discussion forum establishment: Under our assistance, teachers can create question banks to assess their students' understanding and grasp of the course content. The questions are aligned with the learning objectives and cover different levels of difficulty and complexity. They also include references to the relevant course content. Under our assistance, teachers can establish chapter discussion forums of courses to facilitate communication and interaction among the students and the teacher. The discussion forums provide an opportunity for teachers to understand their students' progress, provide guidance and address any issues or concerns; and
- iii. Review, Inspection and Acceptance: Upon completion of final editing, we submit our work for customers' final review, inspection and acceptance. We also conduct quality assurance tests to ensure that the course content meets the technical standards and requirements of the customers' systems.

Knowledge Graph

Overview

In 2021, we started research and development for knowledge graph construction. Following our continuous investment and efforts, we successfully commercialized and launched knowledge graph construction to meet both the evolving demand from our customers and the emergence of AI technologies in 2022, during which we delivered 57 knowledge graphs. Traditional educational methods and content are often linear, making it difficult for students to achieve an overall grasp and in-depth understanding of the course. Pursuant to our customers' requirement of better educational content and more effective teaching methods, we develop data structures for designated subjects and disciplines. These data structures integrate existing information and resources into interconnected and visualized networks which clearly present hierarchical structures, interrelationships and logical connections between knowledge points. These data structures facilitate the understanding of complex relationships and dependencies among various knowledge points, help optimize the design of educational content and ensure dynamic updates of resources and knowledge, enabling personalized and autonomous learning with improved effectiveness.

During the knowledge graph mapping process, we employ various AI techniques, such as natural language processing, optical character recognition and document structuring algorithms. These techniques help us to extract, link, expand and classify the concepts or entities from natural language texts and other data sources, and to identify the relations between them based on their features, correlation and similarity.

The development of knowledge graphs is an advanced step in the digitization of educational content, as it enriches and enhances the digital courses with more structured and interconnected information. Many of our knowledge graph construction customers are also course digitization services customers, who have benefited from the synergies between the two services. In the six months ended June 30, 2025, there were 349 overlapping customers for both course digitization services and knowledge graph construction. In 2023, 2024 and the six months ended June 30, 2025, we delivered more than 1,200, 4,600 and 2,800 knowledge graphs across various subjects including engineering, pharmacy, science and agriculture, among others, respectively. The rapid growth of our knowledge graph business during the Track Record Period was primarily driven by our strategic decision to proactively allocate additional resources and investment to this segment, in view of its significant market potential and strong customer demand. As knowledge graphs represent a advanced and versatile form of digital educational content, they have quickly gained popularity among our existing and new customers, many of whom have adopted knowledge graph solutions alongside our digital course offerings. In addition, the increased investment in research and development, as well as our focused efforts in product promotion and customer engagement, have further accelerated the expansion of our knowledge graph business.

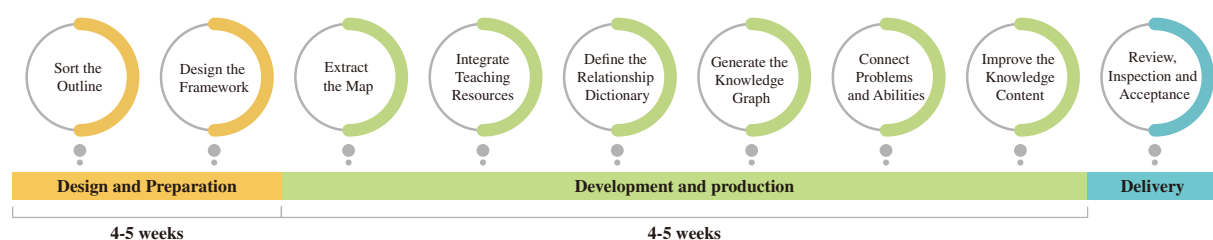
Features of Our Knowledge Graph

Students and teachers have different needs that are not wholly compatible with the traditional form of course teaching. Knowledge graphs can serve as powerful tools that enable our customers to create and customize individual subjects according to their needs and goals. They also help our customers organize and present elements of their courses and subjects and design and offer more unique and specialized courses and subjects that can attract and benefit students. We use AI technology in the knowledge graph construction process to create various connections between knowledge points. Our knowledge graphs are developed and delivered as plug-in programmes/web files and could be delivered through either cloud deployment or offline transmission. They can be operated on various systems and accessed by students and teachers of the relevant higher education institutions. Specifically, these knowledge graphs are also configured to be compatible with online environments for wider access. We communicated with customers at the initial stage of each project to understand the technical specifications of their systems and their teaching standards and ensure that the delivered knowledge graphs match their systems requirements and teaching and learning needs. Teachers and students are both offered open pathways with many resources in teaching and learning. This process includes the following key features:

- i. Knowledge Modules Instead of Unit-Based Courses: Knowledge graphs divide the educational content into different knowledge modules, each of which is an independent concept, skill or experience, rather than a traditional course or chapter. Knowledge modules can be flexibly combined and ordered in accordance with the learning objectives, providing diverse teaching and learning paths and modes;
- ii. Non-Fragmented, Systematic, Structured and Visualized Integration: Knowledge graphs establish semantic associations between knowledge modules, forming a complete, orderly and logical knowledge system, avoiding fragmented teaching and learning. Knowledge graphs also visualize the levels, structures and connections of knowledge, helping students grasp the whole and details of knowledge and enhancing the depth and breadth of learning;
- iii. Breaking the Boundaries of Courses: Knowledge graphs not only establish knowledge connections within the same course, but also cross the boundaries between courses, realizing the integration and innovation of knowledge. Knowledge graphs broaden the modes and angles of thinking and learning;
- iv. Starting From the Whole of a Course, Building an Integrated and Autonomous Knowledge Body: A knowledge graph takes a course as a whole and constructs a knowledge body according to the core objectives and characteristics of the course that covers various aspects such as basic, professional and practical knowledge. Knowledge graphs also set different learning strategies and evaluation methods according to the needs and characteristics of different courses, achieving personalization and optimization of the courses; and
- v. Open Knowledge System, Continual and Dynamic Growth, Forming a Talent Cultivation Highland: Knowledge graphs are open, dynamic and adaptive knowledge systems, where teachers can adjust and expand knowledge modules and relationships. Knowledge graphs can also interconnect and be shared with other knowledge graphs, forming a larger knowledge network enhancing the value and influence of knowledge.

Development and Delivery Process

We use the “Four-dimensional” model to develop knowledge graphs. The core of higher education is to foster students’ thinking skills. Besides learning basic theories, students need to enhance their problem-solving abilities with knowledge. Thus, the knowledge graph has four dimensions: (a) objective layer, which defines clear objectives and specific abilities; (b) problem system layer, which contains classic and high-value problems of various types and difficulties; (c) basic knowledge layer, which covers all knowledge points and their relations and domains; (d) teaching resource layer, which provides rich and structured resources for each knowledge point. The development of knowledge graphs for school-specific courses is a complex process that requires systematic and standardized recommendations and guidance. Teachers need to use a “visible” method to analyze, present, link, share and improve their courses. Adopting a standardized approach, the entire knowledge graph construction process may take eight to ten weeks. The flowchart below illustrates the standard project process and typical time frame required for relevant procedures involved in the development process of our knowledge graph construction service:



The entire project process involves the following eight key steps:

- i. Sort the Outline: We collect relevant materials, use our internal search engine to match resources and discuss with course team to propose knowledge graph goals;
- ii. Design the Framework: We determine the teaching logic, design the framework and list and describe the themes and sub-themes;
- iii. Extract the Map: We discuss with teachers to unify the knowledge points and skill points, construct a tree-shaped mind map and mark the content types to the knowledge points;
- iv. Integrate Teaching Resources: We check and analyze the existing resources, perform structural decomposition and optical character recognition text conversion and mark and associate the knowledge points with the resources;
- v. Define the Relationship Dictionary: We summarize the three basic relationships of order, inclusion and relevance and set up special relationships for the course knowledge based on the educational content;
- vi. Generate the Knowledge Graph: We set and place the knowledge points on the graph canvas, connect the knowledge points with the relationship line and generate a complete knowledge system;

- vii. Connect Problems and Abilities: We confirm the professional training objectives, arrange the ability objectives and build the ability graph, classify the problems and build the problem graph and establish the connection of abilities, problems, knowledge and resources;
- viii. Improve the Knowledge Content: We use our internal search engine and manual collection to update and supplement the knowledge points and their relevant application cases and improve and iterate the knowledge point portraits; and
- ix. Review, Inspection and Acceptance: Upon completion, we submit our work for customers' final review, inspection and acceptance. We also conduct quality assurance tests to ensure that the knowledge graph meets the technical standards and requirements of the customers' systems.

Case Study – University A

Background

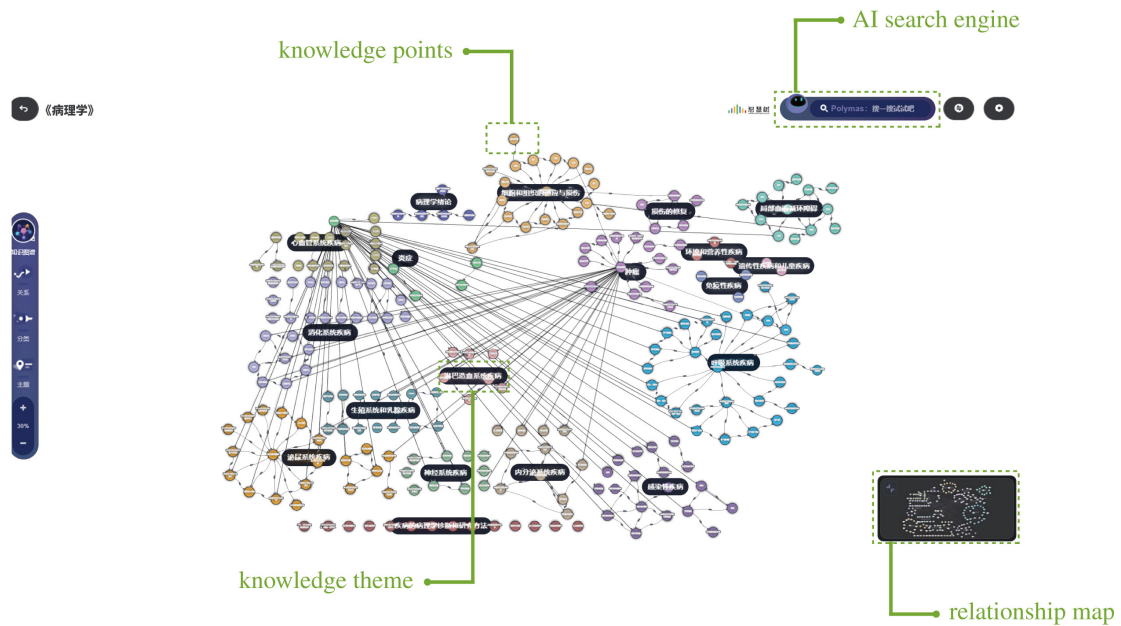
With the development of digital education, knowledge graphs have gained popularity in transforming traditional teaching methods. As part of this trend, a leading national research university with a strong focus on maths, mechanical engineering, chemistry and geological engineering located in northeast China, initiated a new course project based on knowledge graphs, aiming to promote the reform of medical education and explore the transition from conventional classroom teaching to digital, intelligent and personalized teaching. One of the first courses to be constructed was pathology, a core subject in medical education that connects basic and clinical medicine for medical students. It covers the diseases of human body systems and requires students to master both theoretical and practical knowledge. The educational content of pathology is rich and complex, involving many knowledge points that are not clearly connected. This poses challenges for students' logical and abstract thinking skills. Moreover, pathology emphasizes the dynamic nature of disease changes, which demands high observation and analytical skills from students. Moreover, some teaching difficulties exist in pathology, such as the abstract nature of microscopic changes and the reliance on memory-based learning. These may affect students' learning interest and performance. Therefore, teachers need to use various teaching methods and tools to motivate students and enhance their learning outcomes.

Solutions

Our knowledge graph construction team assisted University A with systematically sorting 237 knowledge points and building 302 relationships, connecting the knowledge points, integrating pathological sections and other resources and constructing a “theory-practice integration” course knowledge system to improve comprehension of the material.

In addition to building the knowledge graph, we also constructed a problem graph with 110 problems, a capability graph with three capabilities and linked knowledge, problems and capabilities together. We integrated teaching methods such as problem-based learning (PBL) and case-based learning (CBL) and introduced many clinical medicine cases. In the problem graph, we lay out three levels in the thinking paths for guiding students to solve practical problems, namely the holistic level, the conceptual level and the methodological level. Each knowledge point matches the corresponding cognitive objectives, totaling 319, and through the effective connection of knowledge point, problem, capability and cognitive objective, we can more comprehensively examine the students' mastery of knowledge points, and lay a solid foundation for future medical practice.

The following pictures demonstrate multiple modules of the Pathology course:



Knowledge Graph



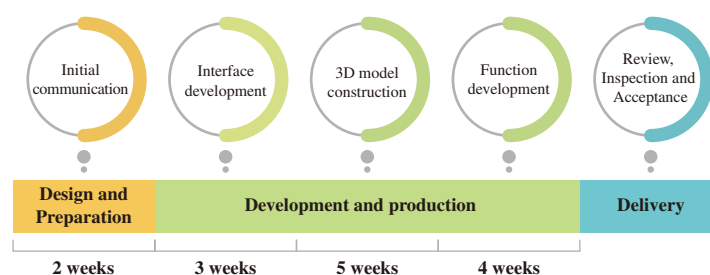
Capability Graph

Virtual Simulation

Our virtual simulation development uses technologies such as virtual reality and augmented reality to assist our customers with creating more immersive, focused, imaginative, interactive and effective educational content. It can be used across a wide range of subjects including history, literature, engineering, law and medicine, offering interactive Web/PC-based active motion presentations and VR, AR and MR simulations. Students can obtain virtual experimental environments by loading the images, simulate the process of industrial project developments and conduct preliminary research and problem-solving as required and teachers can complete experimental teaching. It can not only realize simulated practical training under risky or infrequent conditions, but also reduce the cost of experimental environment construction and enrich the experience of experimental training operations.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 113, 120, 119, 47 and 69 customers for virtual simulation development services and delivered 259, 234, 201, 71 and 109 virtual simulation courses in the same periods, respectively.

Our virtual simulation development services are delivered on a project basis to meet our customers' specific course needs. Adopting a standardized approach, the entire virtual simulation development process may take approximately 14 weeks. The flowchart below illustrates the standard project process and typical time frame required for relevant procedures involved in the development process of our virtual simulation development service:



The development process involves the following five key steps:

- i. *Initial communication:* We communicate with teachers regarding the scope of educational content and complete course design and development plan design of the virtual simulation teaching resources. We developed a systematic and rigorous process with the following key steps: (i) analyze the overall needs of course development and talent development; (ii) select realistic, relevant and complementary topics and scenarios for virtual simulation; (iii) design the experimental training process and assessment; (iv) design the data recording and reporting system; (v) validate and refine the design plan; and (vi) produce the required scripts and development plans to serve the subsequent teaching resource development;

- ii. *Interface development:* We design the interactive interfaces of virtual simulation teaching resources in accordance with course design plan for teachers. We follow teaching requirements to create interactive interfaces that match the features of virtual simulation teaching resources and therefore improve their appeal, immersion and interactivity. We combine the course resource content with visual effects and interaction design and develop interactive interfaces of the entire experimental training system;
- iii. *3D model construction:* We then complete the construction of the 3D scene content for virtual simulation teaching resources to conform with course design plans. We use 3D modeling to create realistic or virtual scenarios and objects for experiments and training. Depending on the nature of the educational content, we may use either real-world materials or constructed virtual 3D scenarios and objects;
- iv. *Function development:* We develop the system functions based on functional requirements in course design plans by integrating interactive interfaces and 3D modeling content. We also record operational data and connect it with course operation platform. We then complete the interactive function development and operation platform data docking of experimental training systems; and
- v. *Review, Inspection and Acceptance:* Upon completion, we submit our work for customers' final review, inspection and acceptance. We also conduct quality assurance tests to ensure that the virtual simulation development services meet the technical standards and requirements of the customers' systems.

Features of Our Virtual Simulation Courses

Our virtual simulation courses are developed and delivered as software delivered online usually by sharing links to our customers which could direct users to the virtual simulation courses that we upload. They can be operated on various systems and accessed by students and teachers of the relevant higher education institutions. Specifically, these virtual simulation courses are also configured to be compatible with online environments for wider access. We communicated with customers at the initial stage of each project to understand the technical specifications of their systems and ensure that the delivered virtual simulation courses match their systems requirements. Our virtual simulation courses contain various forms of contents such as Web/PC-based active motion presentations and VR, AR and MR simulations to create more realistic and engaging teaching environments.

Case Study – University D

Background

Teaching of the awareness, design and operation of 750kV high voltage substation is often challenging due to a number of factors, including the safety risk of onsite teaching, the gap between theoretical knowledge and practical application, limited professional skills of students and limitation of teaching method. These factors make it difficult for students to acquire the knowledge and skills related to the design and operation of electrical engineering systems.

University D is a university nominated under the “Project 211” and “Double First-Class Initiative,” specializing on engineering, agriculture, medicine and management. The university seeks technological solutions to address the aforementioned challenges in the teaching of the awareness, design and operation of 750kV high voltage substation.

Solutions

Using the 750kV hub substation in Qinghai Province’s power and energy backbone network as a design prototype and leveraging advanced virtual reality technology, we offer a course that provides an in-depth understanding of the design and operation of 750kV high voltage substations. The course offers a comprehensive and immersive learning experience that covers various aspects of substation engineering. Students will engage with modules that include design specifications, electrical equipment identification, main wiring modes, primary electrical design, and electrical safety and reversing operations. This innovative approach ensures that learners can bridge the gap between theoretical knowledge and practical application, all within a safe and controlled virtual environment. Specifically, the course offers the following key features:

- *Design Specification of Substation:* The course covers the technical standards and design methods for substation design, including area planning, electrical primary and secondary engineering and civil engineering;
- *Electrical Equipment of Substation:* The course provides detailed information on the typical primary equipment in substations, such as transformers, busbars, GIS, surge arresters and current transformers, among others. It includes training on recognizing electrical equipment by appearance, understanding their functions, and identifying their symbols;
- *Main Wiring Mode of Substation:* The course offers comprehensive training on common main wiring modes of substations. It includes practical exercises for reading, recognizing and designing main wiring, and covers the usage scenarios of half circuit breaker;
- *Primary Electrical Design of Substation:* The course details the substation design process, including short circuit current calculation, system main wiring determination, electrical equipment selection, and equipment layout; and

BUSINESS

- *Electrical Five Precautions and Reversing Operation:* The course covers the rules and principles of the electrical five precautions, the basic principles and operation specifications of reversing operations in the power system, and detailed methods and steps for reversing operations of equipment and maintenance and repair.

Through this virtual simulation course, students are able to gain a comprehensive understanding of substation electrical equipment and main wiring, design the overall substation system, and perform onsite operations effectively.

Pricing and Fee Model

We charge our digital educational content services and products by project with reference to certain price ranges, which were designed primarily to take into consideration the amount and complexity of work and time involved in the product development and delivery process and may be subject to change based on market condition. The following table illustrates the approximate price ranges of our major digital educational content services and products:

Service and product type	Approximate price ranges	Billing arrangement
Digital Course	RMB10,000 – RMB100,000 per course	We typically require a certain percentage of the total contractual amount to be paid
Knowledge Graph	RMB100,000 – RMB150,000 per course/set	by our customers as prepayment and the outstanding balance to be paid upon delivery, inspection
Virtual Simulation	RMB100,000 – RMB300,000 per course/experiment	and acceptance of our services and products.

IP Ownership and Quality Control Measures

Our digital educational content services and products are produced based on the propriety educational content provided and owned by our customers. As the customers are responsible for the accuracy and authenticity of the content, we are not liable for misrepresentation of facts or knowledge within the digital educational content services and products, as advised by our PRC Legal Advisor. As a result, all intellectual property rights attached to the digital courses are owned by our customers. We designate course consultants for our digital educational content digitization projects. These course consultants would work closely with our customers to ensure the structures of the digital courses are properly designed and the educational contents are accurately converted into digital form in accordance with our customers' requirements. Upon completion of the digitization process, we conduct initial internal review on the work products to ensure there are no quality defects such as blurry audio and video and mismatched subtitles. We share the work products with customers for test run and review to ensure there are no misrepresentation of facts/knowledge or any items may subject them to potential liabilities within such digital courses. Thereafter, we revise the courses based on our customers' feedback, to fix any inaccuracies of the content and quality deficiencies, for our customers' final inspection and acceptance. Upon acceptance, we require customers to fill in and sign acceptance forms confirming the digital courses meet their technical and quality requirements and has been duly delivered.

Digital Teaching and Learning Environment Services and Products

An increasing number of higher education institutions are seeking digital teaching and learning environment services and products that enable the creation of effective and integrated digital settings. These digital teaching and learning environments are crucial for the efficient management of teaching and learning resources, the delivery of digital educational content and the enhancement of interactions between teachers and students. Our suite of digital teaching and learning environment services and products, which includes cloud-based LMS (learning management system) and digital classrooms, is designed to help higher education institutions achieve these goals.

Cloud LMS

Overview

We offer self-developed, AI-enabled, cloud-native and integrated LMS for higher education institutions to assist them with managing and creating simpler and better connected teaching and learning processes, allowing them to connect their on-campus teaching facilities and enabling their administrators to monitor teaching quality and learning outcomes and optimize operation efficiency and resource allocation. It carries both management application system with functions such as student and personnel management and teaching application system with functions including teaching resource construction.

Our Cloud LMS is largely standard and deployed on the public cloud, allowing customers to conveniently access, subscribe and upgrade the versions as required. Upon receiving a request from a customer, we also offer customized on-site services so as to meet personalized demands for functions and data storage and management. Our Cloud LMS is designed to be easily accessible by users through web portals and mobile apps, via both PC and mobile devices, depending on the specific application scenarios involved. The creation and ongoing refinement of such websites and mobile apps is undertaken by in-house research and development team, and we have leveraged our internal capabilities and technological acumen to ensure that these platforms meet teaching demands from our customers.

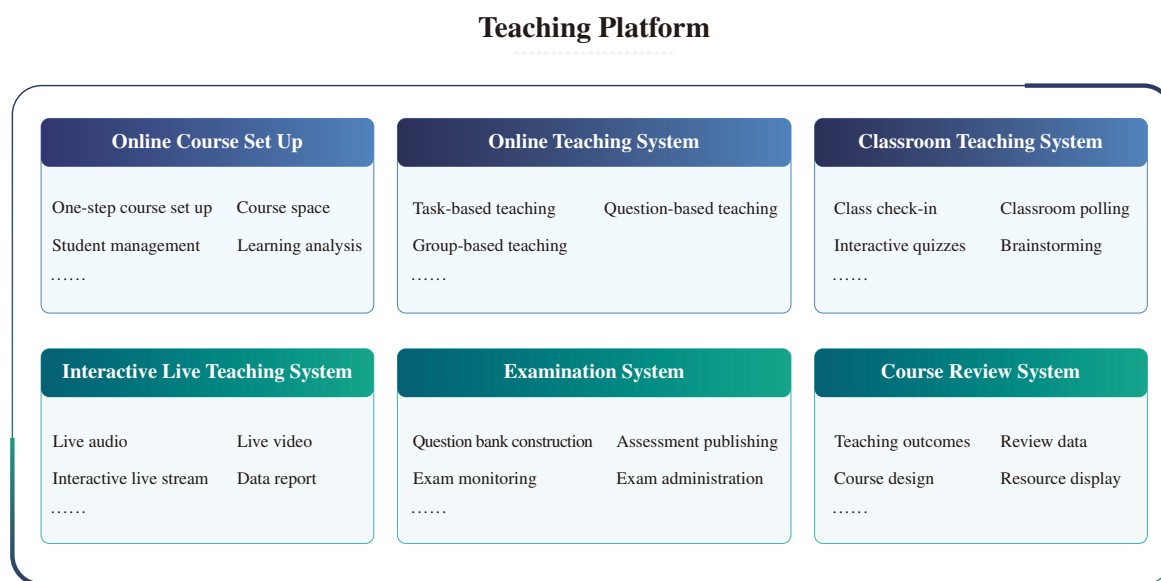
In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 477, 516, 676, 463 and 341 customers subscribed for our Cloud LMS, respectively.

Key functions

Through our profound understanding of the higher education industry, we develop our Cloud LMS based on functional module basis covering major needs from our customers. For example, by using our course review, classroom teaching and examination systems, teachers can create and deliver high-quality courses that align with the learning objectives and standards of the relevant higher education institutions. They can also save time and effort by reusing and modifying existing courses, rather than starting from scratch every time. By using our online course set up and teaching systems, our customers can deliver an engaging learning experience for students across different locations at one time. They can also leverage the data and analytics from these systems to monitor and improve the learning outcomes and satisfaction of students and teachers.

BUSINESS

The following graph illustrates key function modules of our Cloud LMS:



Pricing and Fee Model

For standard Cloud LMS, we typically charge our customers on a subscription basis, with subscription fees ranging from approximately RMB50,000 – RMB200,000 per annum depending on the number of function modules subscribed. Unless otherwise agreed in agreements, we typically require a certain percentage of the total contractual amount as prepayment. For customized development, we usually charge customers on a project basis, taking into consideration the costs incurred and types of functions required. We typically require a certain percentage of the contractual amount to be paid as prepayment and the balance shall be paid upon completion of the agreement, unless otherwise agreed in the agreement. We also charge fees payable on an annual subscription basis for customized Cloud LMS.

Digital Classroom

Overview

In tandem with the digitization trend in educational content, we also offer digital classroom development to assist higher education institutions with designing and building digital classrooms. Our services and products encompass a comprehensive delivery process from consultation and design, determining technologies, hardware and software required, to training and delivery, ensuring seamless and hassle-free experiences for our customer. We embed technologies on hardware such as digital podiums, audio devices and panoramic screens procured from our suppliers to offer more immersive and engaging learning experiences for their students. In addition, we offer our self-developed LiveCourse software to enable device integration to assist our customers and teachers with managing those environments.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 24, 45, 34, 6 and 9 customers for digital classroom development, respectively.

BUSINESS

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we delivered 6, 15, 5, 4 and 1 immersive classrooms and 3, 16, 12, 3 and 3 panoramic teaching spaces, and had nil, 5, 12, 1 and 3 customer subscribed for our LiveCourse in the same periods, respectively.

Our digital classroom development are delivered through a systematic and professional process that ensures the quality and satisfaction of our customers. Our delivery team comprises experts in hardware installation, software integration and user training. The delivery process may take 9 weeks to 14 weeks and consists of the following key steps:

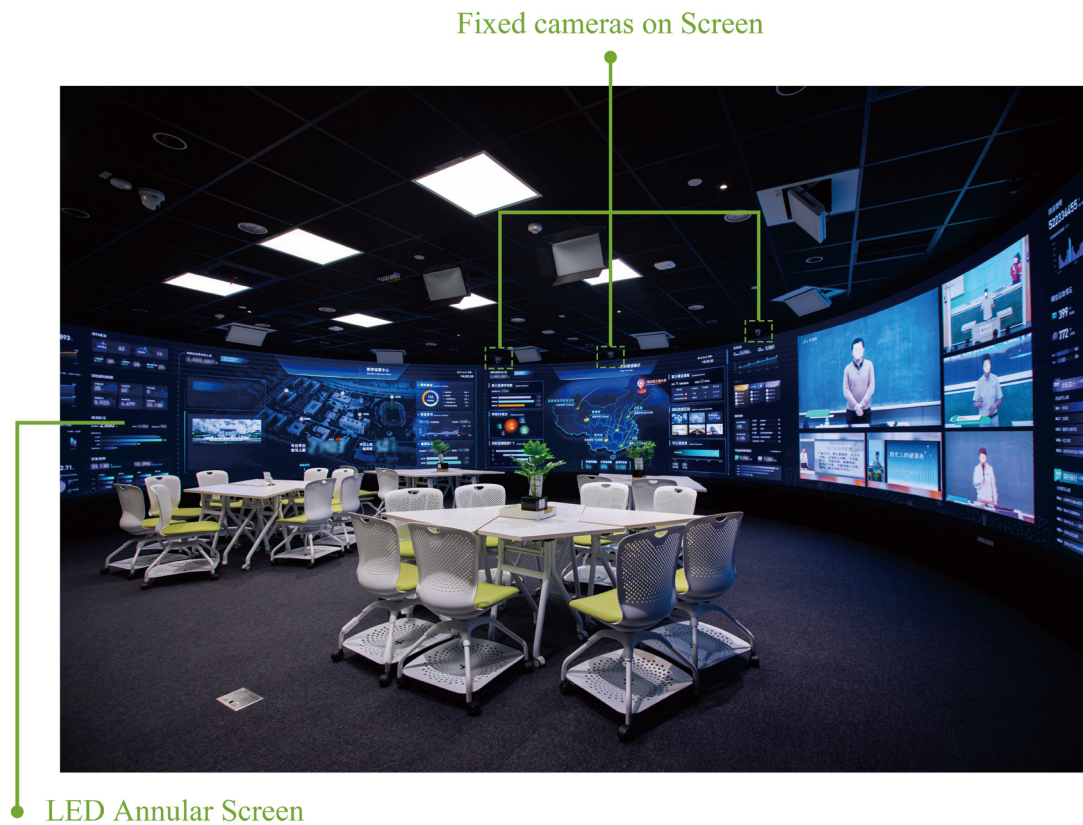
- i. Consultation and Design (up to 3 weeks): We begin our delivery process with a site survey, where we visit the customers premises. We design solutions that meet customers' requirements and expectations. We tailor the selection, configuration and combination of smart devices to create an optimal teaching and learning environment for each classroom. We also propose the software solutions to integrate with the hardware devices and enhance the teaching and learning experience. Depending on the customer's preferences and needs, we can either install our own softwares or adapt to the existing software system of the customer and ensure its compatibility and functionality with the hardware devices. We present our solution to the customer in a detailed proposal and quotation, and request feedback and suggestions for improvement;
- ii. Deployment (up to 7 weeks): We then proceed to install hardware devices and systems and integrate them with existing software systems or our softwares. We would ensure the hardware devices are securely installed and function well with software systems;
- iii. Testing and Debugging (up to 3 weeks): We also conduct testing and debugging to ensure smooth operation and functionality of the smart teaching and learning spaces to ensure that the smart teaching spaces are fully functional and ready for use before handing them over to customers; and
- iv. Training and Delivery (up to 4 weeks): Finally, we provide user training and guidance on how to use and maintain the smart teaching spaces, as well as offer after-sales service and technical support. Our delivery process aims to provide a seamless and hassle-free experience for our customers and help them achieve their educational goals and vision.

Immersive Classroom

This is a high-end version of classroom with advanced video recording devices. Our own real-time audio and video media cloud technology ensures real-time and efficient teaching, improving teaching and learning outcomes. Our immersive classroom is empowered with functions such as live broadcasting, online interactions and demonstrations and live monitoring.

Panoramic Teaching Space

Our panoramic teaching space is a flexible and interactive online-offline teaching and learning platform that supports various subjects and professional training. It allows teachers to create and share blended courses with students who can access them from anywhere using mobile or personal devices, or by connecting to other online teaching space, for real-time interaction and feedback. It also uses several self-developed technologies to provide an engaging and interactive learning experience. Among them, (a) metaverse space technology enhances the educational content and methods by creating scenarios, analyzing with AI and recognizing postures and gestures, etc., beyond the limits of conventional teaching; (b) panoramic space operation and management technology ensures smooth teaching operations; (c) panoramic teaching interactive technology makes teaching more interesting and fun through multiple teaching modes, whiteboard writing synchronization and other resource broadcast control. Our panoramic teaching space aims to improve and enrich the teaching and learning process for the future of education. The graph below illustrates a typical setup of a panoramic teaching space:



LiveCourse Software

Our self-developed LiveCourse software integrates digital hardware and establishes a platform system featuring various functions for administrators and teachers of our customers to connect digital classrooms in different campus locations and provides further value-adding services including digital classroom tools and AI-enabled teaching analytics tools. Through our built-in digital classroom tools such as dual-screen management, discussion rooms and interactive live broadcasting, teachers may initiate a live broadcast in the classroom at any time, teach their courses remotely and interact with students in multiple classrooms located in different campuses. Through our AI-guided recording, if requested by our customers it can realize functions such as automatic classroom recording, audio and text transcription, summary extraction, topic slicing, knowledge point extraction and teaching behavior analysis. During the recording and broadcasting process, AI-enabled devices can recognize the teacher's movements in order to automatically adjust video layouts, and support manual intervention and online editing. At the same time, the LiveCourse software can translate classroom speech into transcripts and supports online editing and downloading. Finally, after each class, the LiveCourse software through AI-enabled teaching analytics tools will push a classroom operation data report and recommendations to teachers and administrator for more efficient teaching resources management and allocation.

Key Features

We transform traditional classrooms into digital classrooms, connecting multiple functions and features of the complex education process, enabling interaction among administrators, teachers and students. It offers digital and intelligent tools, empowering education administrators to continuously monitor and effectively manage the entire teaching and course development process. It includes the following key features:

- ***Seamless integration:*** Our self-developed softwares work effortlessly with existing digital classrooms, offering the features and user satisfaction of digital learning. Teachers can easily integrate these softwares into their existing LMS and access all the functionalities and data from one place.
- ***Collaborative learning:*** Digital classrooms foster collaborative learning environments in which students can interact with their peers and teachers through various communication tools such as text chatting, video and audio. Teachers can take attendance, run polls and brainstorm, creating a sense of community and engagement among students.
- ***Flexibility in teaching:*** Teachers can utilize a range of multimedia resources and content, adapting their teaching methods to suit the topic and the students' learning preferences. For example, our live recording system is equipped with AI tools which can segment the live recording according to course materials and produce searchable and editable lecture scripts. Teachers can further edit course materials to ensure each student learns in the most effective way, meeting their specific learning needs;

- **Data-driven insights:** Digital classrooms connected by our LiveCourse software can track and analyze teaching quality, providing administrators with valuable data to tailor their management strategies. In addition, our LiveCourse software has a built-in class inspection and supervision which integrates functions including resource management, live broadcast access, recording and on-demand, data collection, operations and maintenance services. Administrators can randomly inspect any classroom to understand the teaching and learning status of teachers and students in real time.

Pricing and Fee Model

We offer digital classroom development to customers in accordance with their specific needs and charge them on a project basis. We adopt a cost-based approach, taking into consideration types of hardware, the size of classrooms and types of function for immersive classrooms and panoramic teaching spaces. We charge an annual subscription fee for our LiveCourse software. The cost is based on the number of classrooms. The following table illustrates the approximate price ranges for each digital classroom service and product:

Service and product type	Approximate price ranges	Billing arrangement
Immersive Classroom	RMB800,000 – RMB1,000,000 per classroom	We typically require certain percentage of the total contractual amount to be paid by our customers as prepayment and the outstanding balance to be paid upon delivery, inspection and acceptance.
Panoramic Teaching Space	RMB2,000,000 – RMB4,000,000 per classroom	
LiveCourse Software	RMB100,000 – RMB400,000 per year	

Case Study – University B

Background

University B is a prestigious music conservatory in Southwestern China, with multiple campus locations and a wide range of disciplines and specialties. It pursues technological solutions to overcome challenges created by the scattered and distant locations of its campus to create a more engaging and immersive teaching environment.

Solution

We provided University B with digital classroom products including a customized panoramic teaching space integrated with University B's existing platform. The panoramic teaching space enabled smooth communication and collaboration among teachers and students across different campuses and institutions, as well as interactive and immersive learning experiences through virtual reality. For example, in subjects such as music, dance and art, the panoramic teaching space can recreate environments beyond

classroom walls, it presents different scenarios directly in the classroom setting, such as daily learning, stage performance, recitals and customized training. The panoramic teaching space features static and dynamic backgrounds that highlight the characteristics of each distinct environment, bringing a sense of realism and immersion to the classroom. The following picture demonstrates one of the functions of the panoramic teaching space.



Live scene

Case Study – University C

Background

University C, one of the colleges undertaking application-oriented undergraduate construction under the “13th Five-Year Plan” for the Integrated Development of Industries and Education (“十三五”產教融合發展工程規劃項目), operates four campuses within the same province. In order to address the challenge of managing teaching across multiple campuses, lowering teachers’ time consumption and ensuring its teaching quality, it sought solutions in order to connect its regular classrooms and intellectualize its regular classrooms.

Solution

We helped University C upgrade 144 classrooms into digital and intelligent classrooms and connect them to the LiveCourse software platform. The platform enables automatic recording, live teaching, AI data analysis and data collection of classroom courses. It also allows for interactive teaching tools, automatic transcription, summary extraction and course resource creation. The platform also provides online supervision and patrolling, reviewing and evaluation functions for school administrators.

OUR COMMITMENT TO HIGHER EDUCATION

We believe that digitalized education can break the barriers of time and space and enable more people to access high-quality and personalized learning opportunities. To this end, we have launched a series of initiatives and projects to support higher education institution, teachers and students in various aspects, such as running credit course sharing platform, holding teacher development activities and sponsoring industry-university-research collaboration projects.

Credit Course Sharing Platform

Via our in-house research and development team and IT department, we established a comprehensive and independent credit course sharing platform in order to promote the equalization of educational resources and facilitate the sharing of high-quality higher education resources. To provide quality educational content and teaching and learning experience for teachers and students across China, our credit course sharing platform not only allows our customers to share the courses digitized by us but also externally produced digital educational content by all verified higher education institutions and teachers. Our credit course sharing platform has been recognized as one of the leading platforms in China. Through our credit course sharing platform, we have established cooperative relationships with nearly 2,600 higher education institutions (including their branches) and recorded more than 228.1 million courses enrollment. We are committed to helping higher education institutions achieve cross-school course sharing and mutual recognition of credits through advanced digital education technology and quality educational resources. To facilitate studying and learning activities by teachers and students, we provide them with a wide range of courses and complementary services.

Pursuant to the relevant laws and regulations of the PRC, we, as the credit course sharing platform operator, shall be liable if any courses or materials uploaded onto the credit course sharing platform contains content in violation of applicable laws and regulations. As advised by our PRC Legal Advisor, should there be any content on our platform violate applicable PRC laws and regulations, we shall take immediate action to remove such content.

As advised by our PRC Legal Advisor, under the Cyber Security Law (《網絡安全法》), the Ecological Governance of Network Information Contents (《網絡信息內容生態治理規定》) and other applicable laws and regulations in China, we are strictly prohibited from disseminating illegal information. This includes content that threatens national security, divulges state secrets, or incites ethnic hatred. We must also prevent harmful information and manage content diligently, taking immediate action against prohibited content and reporting to relevant authorities. As advised by our PRC Legal Advisor, if we fail to comply with these provisions, we may face actions by the relevant competent authorities in accordance with laws and administrative regulations. This may include orders for rectification, warnings, confiscation of illegal income, and fines ranging from RMB100,000 to RMB500,000. We may also face business suspension, website closure, or revocation of business permits. Directly responsible individuals within our organization may be fined between RMB10,000 and RMB100,000. It is crucial for us to adhere to these regulations to avoid severe penalties and ensure the lawful operation of our network information content service platforms.

BUSINESS

To ensure compliance of the digital content on our credit course sharing platform with applicable laws and regulations of the PRC, we have designed and adopted a set of internal control policies:

- *Content review mechanism:* Relevant content undergoes a review process to comply with relevant laws and regulations. In addition, we have implemented a feedback mechanism to investigate any issue identified and make necessary corrections in a timely manner; and
- *Regular Monitoring:* We conduct regular and continuous monitoring of digital content on the credit course sharing platform in order to detect and correct any potential violation of laws and regulations in a timely manner.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we have not been subject to any administrative penalties due to the violation of the relevant PRC laws and regulations in respect of the operation of our credit course sharing platform.

To ensure the quality of the educational content and learning experience on our credit course sharing platform, we have put in place a thorough quality review system, which consists of three procedures: an automated review to check the technical standards, a manual review to check the content quality and proper intellectual property authorization and a regulatory review to check legal compliance matters.

In 2013, the Ministry of Education initiated the “MOOCs Go West” (慕課西部行) public welfare education initiative, with an aim of promoting the sharing of educational resources and supporting the development of higher education in the central and western regions of China. In response, we leveraged our credit course sharing platform in order to facilitate in-depth sharing of educational resources. In addition, we also actively explored the integration of technological innovation and education. We adopted smart teaching platforms in order to provide comprehensive technical support to higher education institutions in the western region in helping them improve the quality and level of teaching. During the implementation processes, we assisted higher education institutions in the eastern and western regions of China to establish close ties and cooperation mechanisms. Through online and offline exchanges and discussions, institutions in the eastern and western regions of China jointly determine educational content, establish joint teaching teams and carry out the preparation and implementation of teaching activities.

By undertaking this far-reaching educational project, we not only aimed to promote the equalization of educational resources and facilitate the sharing of high-quality higher education resources, but also promoted cooperation and exchanges between higher education institutions in the central and western regions of China, contributing to the improvement of the overall higher education system.

Teacher Development Activities

We offer various teacher development activities to assist teachers in enhancing their teaching skills and advancing their professional growth. These activities comprise:

- ***Conducting value adding activities through our customer service and support centers:*** We conduct value-adding activities through our customer service and support centers to demonstrate and promote the value of digitalization. These activities include sharing success stories, best practices and testimonials from our customers and partners and launching campaigns.
- ***Organizing events and workshops:*** We regularly organize events and workshops at which teachers can exchange views and learn from experts. Through these events and workshops, we aim to build a community of practice and foster a culture of excellence and innovation among teachers.
- ***Training program:*** We provide online training sessions for higher education teachers to improve their digital teaching skills. The training covers various topics. We co-host these training with experts in various fields to share their insights and benefit other teachers. The trainings can be watched on demand on our website and app.
- ***Offering consultancy for first-class course applications:*** We offer free consultancy for teachers who want to apply for national recognition. We assist teachers in preparing their course materials, meeting the application criteria and presenting their course features and achievements. Through this service, we help teachers showcase their digital courses and gain recognition and support from the government and the public.
- ***Collaborative research projects:*** We provide resources and guidance for teachers who wish to conduct research on digital education topics, such as digital pedagogy, instructional design and student engagement. Through these projects, we encourage teachers to explore new ideas, methods and practices in digital education and share their findings and experiences with the broader academic community.

Industry-University Research Collaboration Project

One of our strategic goals is to foster industry-university-research collaboration and support the innovation and development of higher education in China. We sponsor various industry-university-research collaboration projects, including: (i) teaching and curriculum reform projects, (ii) faculty training projects, (iii) construction of practical training bases, (iv) innovation and entrepreneurship education projects and (v) new engineering and medicine subject reform projects. Through these projects, we aim to: facilitate academic insight, share best practice and develop joint standards and exchange norms for education digitalization; leverage our technological expertise and rich experience in education digitalization to provide solutions for the digital transformation and upgrading of higher education institutions; promote the application and dissemination of education digitalization; cultivate talent and foster innovation in education digitalization; and organizing training programs; and enhance our brand image. By sponsoring industry-university-research collaboration projects, we not only fulfill our social responsibility and contribute to the public good, but also create additional value for our customers.

SALES AND MARKETING

We promote and sell all our services and products through our network of dedicated customer service and support centers. They are organized by geographic region in order to stay close to our customer and facilitate a higher level of understanding of customers' varying needs. During the Track Record Period, all of our revenue was derived from sales in China. In addition, our market team is responsible for growing awareness of our brand, services and products. It plays an important role in our success in expanding our customer base. During the Track Record Period, we market our services and products through our sales force and a number of free traffic sources.

We typically provide customers with warranties on our products and services, thereby enhancing their experience with us. See “– Our Customers – Agreements with Customers.” Under warranty clauses, we generally provide one-to three-year warranty covering general technical queries, bug fixes and multiple amendments on the educational content for each project for our digital educational content services and products. When assessing whether a request is covered under warranty, we typically take into account the factors including the contract terms and workload of the request, etc. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded warranty expenses of RMB0.6 million, RMB0.9 million, RMB0.7 million, RMB0.4 million and RMB0.3 million, respectively. However, for major syllabus updates involving substantial additions or revisions to our digital educational content services and products, we typically enter into new contracts and charge customers as new projects on a case by-case basis.

Our Dedicated Customer Service and Support Center Network

We take immense pride in our extensive nationwide customer service and support center network, which stands as a testament to our unwavering commitment to customer-centric values and the guarantee of customer satisfaction. This network is strategically widespread, ensuring that we are always within reach of our customers, ready to serve their needs with the utmost dedication and efficiency. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities, covering substantially all provinces, municipal cities and autonomous regions in China through which we provide services to all our customers. Among these, 205 customer service and support centers are located within school campuses. 69.3% of higher education institutions in China are located in those 95 cities. We tend to situate our customer service and support center within our network in areas with a high concentration of higher education institutions. Below is a map showing the distribution of our customer service and support centers:



Some of our customer service and support centers are operated on properties leased by us. The rest are located in designated office spaces within the campus of our key customers, facilitating the communications between us and teachers of such institutions. These on-campus office spaces are provided by our customers free of charge solely for the operation of our customer service and support centers. We undertake preparation work at these on-campus offices, including office equipment purchase and installation as well as staff deployment, to ensure timely support and assistance to customers within their geographical coverage area. Such arrangements are considered to be mutually beneficial as proximities to our customers would enable us to swiftly and effectively respond to their requests during project delivery process. As a result, our customers typically are willing to offer us such a space and do not require us to enter into formal lease agreements with them. As of the Latest Practicable Date, the average operating period of these on-campus offices provided by our customers as customer service and support centers had been more than five years. During the Track Record Period and up to the Latest Practicable Date, there were no relocations or cessation of operations of customer service and support centers due to disputes arising from the above-mentioned arrangements.

Our customer service and support centers are staffed by a diverse team of professionals, each specializing in their respective roles to provide a smooth service experience. Sales are on hand to offer pre-sale consultancy and negotiate commercial terms, ensuring that our customers' requirements are met. Course consultants are available to present our product portfolio and devise tailored solution plans that align with specific educational objectives. Video engineers are responsible for course video shooting and editing. Regional managers oversee the entire delivery process, ensuring that our services and products are implemented seamlessly. Additionally, technical support staff are always ready to address and resolve any IT-related issues, ensuring that our systems run smoothly and without interruption.

The functionality of each customer service and support center is multifaceted, encompassing opportunity discovery, product promotion and sale and management of customer relationships. We are dedicated to gathering production process feedback, which is instrumental to the refining of our offerings. Furthermore, our customer service and support centers are equipped to provide prompt communication and timely after-sale service, ensuring that any pre-purchase, project delivery and post-purchase queries or customer service and support concerns are resolved promptly and to our customers' complete satisfaction. Through this robust network, we not only reach out to potential customers, but also forge lasting relationships with them.

Anti-Kickback Measures

An effective set of anti-kickback policies and procedures is critical to ensuring the integrity of our marketing and sales processes. To this end, we have established a comprehensive anti-kickback framework, which includes the following measures and initiatives:

Zero tolerance. Our employee handbook contains clear and strict provisions prohibiting bribery and kickbacks, and any breaches of them may lead to serious penalties on the sales team member in question. Any breach of these provisions may result in severe disciplinary action, including immediate termination of employment. We maintain a zero tolerance approach towards any form of bribery or kickback, and any employee found to be involved in such activities will be subject to prompt dismissal and, where appropriate, referral to law enforcement authorities.

BUSINESS

Reporting mechanism. We have implemented a robust and confidential reporting mechanism that enables employees, suppliers, and other stakeholders to report suspected instances of bribery, kickbacks, or other unethical conduct directly to our compliance team or designated management personnel. Reports can be made anonymously, and we strictly prohibit any form of retaliation against whistleblowers. All reported incidents are promptly investigated in accordance with our internal procedures.

Behavioral guidelines and explicit prohibitions. We have established comprehensive guidelines on acceptable business conduct, which explicitly prohibit improper practices in all business dealings. These prohibitions apply to both the giving and receiving of improper advantages and cover interactions with customers, suppliers, government officials, and other third parties.

Employee training and awareness. We conduct training sessions for all relevant employees, with particular emphasis on our sales and procurement teams. These training programs cover the definition and various forms of commercial bribery, the legal and corporate consequences of violations, and practical scenarios to reinforce understanding. The objective is to ensure all employees are fully aware of compliance requirements and to foster a culture of integrity and ethical conduct throughout the organization.

Robust internal control policies and oversight. Our anti-bribery and anti-kickback framework is formalized through a set of written policies, including our employee handbook and dedicated anti-fraud management protocols. These documents set out detailed procedures for reporting, investigating, and addressing potential violations. A designated compliance and management team is responsible for overseeing the implementation of these policies, managing investigations, and ensuring consistent enforcement of disciplinary actions. We also conduct periodic reviews of our internal controls to identify and address any potential weaknesses or risks.

Through these comprehensive measures, we are committed to maintaining the highest standards of ethical conduct and ensuring that our business operations remain free from bribery, kickbacks, and other forms of corruption.

Bidding

The majority of our customers are public higher education institutions and services and products are usually secured and contracted by way of open tender. In accordance with the Bid Invitation and Bidding Law of the PRC (中華人民共和國招標投標法), the bid invitation and bid submission activities for projects required by law are to be subject to bid invitation. See “Regulatory Overview – Regulations on Tendering and Government Procurement”. Our dedicated customer service and support centers network establishes close relationships with our customers and keeps track of relevant websites to identify projects suitable for us to participate in the bidding. In determining whether to submit a bid, we will conduct an assessment, taking into account of various factors including, but not limited to, scope of work involved, expertise and qualifications required and prior experience. If we decide to participate in a bid or negotiation of a project, we will conduct an assessment to decide an acceptable price. See “– Our Services and Products – Digital Educational Content Services and Products – Pricing and Fee Model.”

BUSINESS

The following table sets forth our tendering results during the Track Record Period:

	Year Ended December 31,			Six Months Ended	
	2022	2023	2024	June 30, 2024	2025
Number of tenders submitted	1,176	1,776	1,836	521	618
Number of projects awarded	737	1,187	1,326	357	433
Success rate	62.7%	66.8%	72.2%	68.5%	70.1%

Our regional salesforce teams collaborate with our head office in preparing and reviewing tender documents. We review: (i) the technical requirements and rewards of the potential projects; and (ii) the qualification requirements set out in the tender documents.

Impact of the Pandemic

Our customer engagement, service and product delivery and deployment and customer services and support had been negatively influenced by the Covid-19 pandemic, especially the pandemic control measures such as travel restrictions and social distancing. As a result, Our offline visits to customers had reduced from offline visits from 111.3 thousand times in 2021 to 69.5 thousand times in 2022.

As offline visits are integral to various stages of our business operations, it had imposed certain operational challenges for our business. For example, in terms of customer engagement, reduced offline visits to our customers have led to fewer face-to-face interactions, making it more difficult to understand their needs and demonstrate the highlights of our services and products. In terms of delivery and deployment, the lack of physical presence disrupts our processes, requiring customer inputs and cooperation, and consequently, providing on-site support has become challenging. Additionally, in terms of customer support and services, the lack of physical visits make it harder for us to obtain meaningful customer feedback, provide after-sale services and maintain customer relationships. As a result, the number of our digital courses delivered to customers had decreased from 8,908 courses in 2021 to 7,914 courses in 2022. For the impact of the pandemic for our financial performance, see “Financial Information – Impact of Covid-19 Pandemic.”

OUR CUSTOMERS

Our customers are primarily higher education institutions including (i) universities, (ii) colleges and (iii) vocational schools. Our business is primarily projects-based, with the majority of our revenue generated from individual projects for the development and delivery of digital courses, knowledge graphs, virtual simulations, and digital teaching and learning environment solutions. Each project is governed by a separate agreement specifying the scope of deliverables, pricing, payment terms, and after-sales support. This projects-based approach allows us to tailor our solutions to the specific needs of each customer and respond flexibly to market demand.

BUSINESS

The table below sets forth the movement of our digital educational content and digital teaching and learning environment services and products projects in different phases during the Track Record Period.

	Year ended December 31,				Six months ended June 30,			
	2022		2023		2024		2025	
	Number of	Contract	Number of	Contract	Number of	Contract	Number of	Contract
	projects	amount	projects	amount	projects	amount	projects	amount
		(RMB)		(RMB)		(RMB)		(RMB)
At the beginning of the year/period	4,303	224,606,930	6,632	327,110,730	7,910	341,217,655	8,402	360,711,636
During the year/period								
New projects commenced	11,690	501,528,287	14,532	666,456,027	18,516	867,077,797	7,181	289,910,322
Less: (number of projects completed)	9,361	399,024,487	13,254	652,349,103	18,024	847,583,817	6,672	275,365,304
At the end of the year/period	<u>6,632</u>	<u>327,110,730</u>	<u>7,910</u>	<u>341,217,655</u>	<u>8,402</u>	<u>360,711,636</u>	<u>8,911</u>	<u>375,256,654</u>

The typical salient terms of our digital educational content and digital teaching and learning environment services and products projects with our customers, see “– Agreements with Customers.”

We are committed to delivering an exceptional level of customer service to our customers. Our customer service and support centers manage queries and demands regarding our services and products. Our customers can make queries and file complaints via various channels, such as email and telephone. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from our top five customers in each year or period of the Track Record Period in aggregate accounted for 6.5%, 7.1%, 5.0% and 6.3% of our total revenue for the respective periods, and revenue from our largest customer in each year or period of the Track Record Period accounted for 1.4%, 2.6%, 1.2% and 1.5% of our total revenue for the respective periods. We have no reliance issue with respect to any single customer during the Track Record Period.

As of the Latest Practicable Date and during the Track Record Period, none of our Directors, their respective close associates or any of our shareholders (which to the knowledge of our Directors own more than 5% of our issued share capital) had any interest in any of our top five customers in each year or period during the Track Record Period.

Agreements with Customers

Set forth below is a summary of key terms with our customers:

Deliverables

A brief description of the products and services to be rendered is generally set out in the agreements.

Fees and pricing

The pricing of our services and products is based on the type of services and products to be rendered. See “– Our Services and Products – Digital Teaching and Learning Environment Services and Products – Pricing and Fee Model.”

BUSINESS

<i>Payment</i>	We typically settle payments with our customers via telegraphic transfer.
<i>Credit term</i>	Our customers are typically required to settle the payment within six months upon the acceptance of services and products.
<i>Customer support and training and after-sales services</i>	We typically provide customers with subsequent technical support and training after the sale of our services and products during the mutually agreed terms. We also offer after-sales services via online channels, offline response groups and 24 hour emergency service hotline responding to various queries and requests from our customers and maintain customer satisfaction.
<i>Warranty</i>	<ul style="list-style-type: none">• <i>Digital educational content services and products:</i> we generally provide one-to three-year warranty covering general technical queries, bug fixes and multiple amendments on the educational content for each project including minor updates during the warranty period.• <i>Immersive Classroom and Panoramic Teaching Space:</i> we generally provide one-to five-years warranty covering repairs and parts replacements of quality defects.• <i>Cloud LMS and LiveCourse Software:</i> we generally provide warranty for our Cloud LMS and LiveCourse software during the subscription period covering system debugging and module function updates.
<i>Confidentiality</i>	Each party to the agreements shall treat all trade and technological secrets made known to it by the other party in the strictest confidence during and after the contract terms.
<i>Termination</i>	We may engage in negotiations with our customers to effect the termination of the agreement when a Force Majeure event occurs. Our customers are entitled to terminate the agreements if we fail to fulfil a timely delivery.

During the Track Record Period, we did not experience any material breach of subscription agreements with our customers and any material services and products return from our customers.

BUSINESS

We endeavor to grow alongside our customers' success. In our ongoing efforts to enhance customer satisfaction and improve service quality, we maintain dedicated customer service and support centers to provide advice to customers on how to best utilize our services and products, improve the user experiences of our services and products and share our industry know-how and insights with them. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities, covering substantially all provinces, municipal cities and autonomous regions in China. 69.3% of higher education institutions in China are located in those 95 cities. The customer service and support centers are also responsible for addressing complaints and concerns from our customers and providing solutions to mitigate any unsatisfactory experience. We had not experienced any material customer complaint during the Track Record Period.

OUR SUPPLIERS

Our top suppliers are primarily cloud services provider, video and audio hardware suppliers and information technology services providers. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our top five suppliers in each year or period of the Track Record Period in aggregate accounted for 50.8%, 37.3%, 32.2% and 46.8% of our total purchases for the respective periods, and purchases from our largest supplier in each year or period of the Track Record Period accounted for 35.6%, 21.7%, 16.3% and 26.6% of our total purchases for the respective periods. All of these suppliers are located in China.

We have standardized procedures for selecting and vetting suppliers. We prefer suppliers that are well-established reliable corporates. We evaluate potential suppliers with our selection procedures. If they pass those procedures, we add them to our list of qualified suppliers. We ultimately engage suppliers from our list of qualified suppliers. We will select suitable suppliers based on our business needs at different stages and for different services and products. We will also evaluate the price and quality provided by our current suppliers, compare them with alternatives in the market and make adjustments on the selection of suppliers accordingly.

Agreements with Suppliers

Set forth below is a summary of key terms with our suppliers:

<i>Deliverables</i>	A brief description of the products and services to be rendered is generally set out in the agreements.
<i>Fees, pricing and delivery</i>	The type of services and products, price and delivery schedule with suppliers are determined on project-by-project basis for hardware and video editing suppliers. Prices for our cloud services take reference to fee schedules set out in the relevant service agreements.

BUSINESS

Payment We generally settle payments with our suppliers after receiving invoices or notifications from suppliers.

Credit term Our service suppliers and hardware suppliers generally offer us a credit term of 30 days upon notification and 60 days after invoice date, respectively; for digital content editing suppliers, we generally make payment upon the receipt of payment from end customers.

Termination We are generally entitled to terminate the agreements if our suppliers breach the agreements.

As of the Latest Practicable Date and during the Track Record Period, none of our Directors, their respective close associates or any of our shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year or period during the Track Record Period.

The table below sets out the details of our top five suppliers in each year or period of the Track Record Period:

For the Year Ended December 31, 2022

Rank	Supplier	Products/ services provided by the supplier	Year of commencement of business relationship	Credit terms	Purchase amounts (RMB in thousands)	Percentage of total purchases
1	Supplier A ⁽¹⁾	Cloud service	2017	30 days upon notification	19,049.9	35.6%
2	Supplier B ⁽²⁾	Digital content editing	2020	Upon the receipt of the payment from end customers	3,836.8	7.2%
3	Supplier C ⁽³⁾	Hardware	2021	60 days after invoice date	1,941.4	3.6%
4	Supplier D ⁽⁴⁾	Hardware	2020	20 days after invoice date	1,387.6	2.6%
5	Supplier E ⁽⁵⁾	Hardware	2017	60 days after invoice date	947.5	1.8%
Total					27,163.2	50.8%

BUSINESS

Notes:

- (1) Supplier A, a global cloud service company providing internet and related services based in Hangzhou, China.
- (2) Supplier B, a software and information technology service provider based in Shandong Province, China.
- (3) Supplier C, a hardware company based in Shanghai, China, specializing in customized LED screens manufacturing and related services.
- (4) Supplier D, an electronic products wholesaler in Shanghai, China.
- (5) Supplier E, an electronic products wholesaler based in Shanghai, China.

For the Year Ended December 31, 2023

Rank	Supplier	Products/ services provided by the supplier	Year of commencement of business relationship	Credit terms	Purchase amounts (RMB in thousands)	Percentage of total purchases
1	Supplier A	Cloud service	2017	30 days upon notification	14,294.8	21.7%
2	Supplier C	Hardware	2021	60 days after invoice date	3,601.9	5.5%
3	Supplier F ⁽¹⁾	Hardware and installation	2022	60 days after invoice date	2,951.7	4.5%
4	Supplier G ⁽²⁾	Digital content editing	2022	15 days after invoice date	1,925.7	2.9%
5	Supplier E	Hardware	2017	30 to 60 days	1,804.8	2.7%
Total					24,578.9	37.3%

Notes:

- (1) Supplier F, an architectural decoration and furniture installation company based in Shanghai, China.
- (2) Supplier G, a software and information technology service provider based in Henan Province, China.

BUSINESS

For the Year Ended December 31, 2024

Rank	Supplier	Products/ services provided by the supplier	Year of commencement of business relationship	Credit terms	Purchase amounts (RMB in thousands)	Percentage of total purchases
1	Supplier A	Cloud service	2017	30 days upon notification	12,586.4	16.3%
2	Supplier C	Hardware	2021	60 days after invoice date	5,370.8	7.0%
3	Supplier H ⁽¹⁾	Hardware and installation	2023	60 days after invoice date	2,909.5	3.8%
4	Supplier F	Hardware and installation	2022	60 days after invoice date	2,050.8	2.7%
5	Supplier I ⁽²⁾	Cloud service	2022	30 days upon billing date	1,984.4	2.6%
Total					24,901.9	32.2%

Notes:

- (1) Supplier H, an architectural decoration and furniture installation company based in Shanghai, China.
- (2) Supplier I, a global cloud service company based in Beijing, China, providing the software and information technology service.

For the Six months ended June 30, 2025

Rank	Supplier	Products/ services provided by the supplier	Year of commencement of business relationship	Credit terms	Purchase amounts (RMB in thousands)	Percentage of total purchases
1	Supplier A	Cloud service	2017	30 days upon notification	8,788.7	26.6%
2	Supplier C	Hardware	2021	No credit term	2,010.1	6.1%
3	Supplier G	Digital content editing	2022	15 days after invoice date	1,707.1	5.2%
4	Supplier I	Cloud service	2022	30 days upon billing date	1,496.2	4.5%
5	Supplier J ⁽¹⁾	Cloud service	2021	30 days after invoice date	1,454.4	4.4%
Total					15,456.5	46.8%

Note:

- (1) Supplier J, a cloud service company providing Software and Information Technology Services based in Chengdu, China.

OUR TECHNOLOGY, RESEARCH AND DEVELOPMENT

Technology is the backbone of our services and products, which has been continuously developed and maintained by our in-house research and development team.

Technology Driven. Our strong technology capabilities drive the growth of our business. With our experience in AI technology application for higher education industry digitalization, we are able to develop new services and products applying AI technologies, such as knowledge graph construction, to address pain points in various teaching and learning scenarios and continuously enrich our technology matrix and build modularized applications.

Solution Development. With insights in the higher education industry, we are dedicated to strengthening our core capabilities and making the most of the production process experience for the further development of our solution matrix. This allows us to develop and deliver quality customized solutions in a swift manner and meet the fundamental needs of our customers, together with improving the learning experience of end users.

Launch and Iteration. Our services and products are easily scalable. By serving an increasing number of higher education institutions and continuously conducting research on AI technology applications, we are able to more accurately understand the varying demands across diverse subjects and disciplines within these institutions. As a result, we can efficiently improve and optimize our technology, as well as update and upgrade our services and products, accordingly.

As of the Latest Practicable Date, our research and development team had 482 members. In particular, the head of our research and development team has over 15 years of experience in software engineering and AI research and development. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses amounted for RMB98.1 million, RMB101.1 million, RMB126.9 million, RMB54.2 million and RMB81.3 million, accounting for 24.5%, 15.5%, 15.0%, 22.5% and 29.5% of our revenue in the same periods, respectively.

We conduct in-house research and development activities for core AI technologies and applications, computation and application capabilities for our digital educational content services and products and digital teaching and learning environment services and products. In parallel, we collaborate with digital hardware suppliers for our digital classroom services. Our research and development efforts primarily focus on improving our existing solutions, designing new solutions for our customers and optimizing and enhancing our technological infrastructure. To achieve these goals, we primarily rely on and will continue to optimize our core technologies, namely, AI and big data analytics capabilities.

Our In-House Research and Development Efforts

Our in-house research and development team is designated to three specific fields including (i) digital educational content, (ii) digital teaching and learning environment and (iii) AI-enabled education long-term research and development.

Our R&D talents cooperate closely primarily via both the bottom-up product-pulling approach and the top-down technology-pushing approach. Under the bottom-up product pulling approach, our R&D teams at major business lines propose market solutions strategies based on customers' needs. In response, our in-house research and development team devise deployment of technologies and their applications. Under the technology-pushing approach, we conduct research and development activities along with technology advancement in the higher education industry, thereby promoting the continual innovation and development of new services and products. During the Track Record Period, we have successfully delivered cutting-edge AI solutions that enhance the quality and efficiency of higher education. For example, the AI course evaluation system built in our LiveCourse can help our customers review teaching outcomes. Another product is the AI professional graph building assistant utilized in our knowledge graph construction, which can summarize, extract and generalize the main concepts and facts from the documents and adopts domain-specific methods to construct, extract and discover the semantic and logical relations among the knowledge points.

Our R&D efforts start with identifying the technology development needs for underlying services and products. Subsequently, our research and development team specifies the research targets and performance specifications, launches research plans with milestone targets and conducts research activities. Upon the completion of a research project, we start project review and compose the plan for further application and promotion. Throughout the full development cycle of our services and products, our R&D team engages in regular meetings to keep the relevant information and progress in research projects in sync with the business needs from our potential customers and the overall market.

Foundational Technologies

To stay at the forefront of the education digitalization industry and to achieve long-term growth and success, our R&D team composing of the basic platform development team and the AI development team developed the following core foundational technologies to support the development of various services and products lines:

AI Capability Platform – Our AI capability platform possesses service capabilities for natural language algorithms, computer vision algorithms and large model algorithm and supports one-click remote deployment of models, A/B testing of different models and internal quality check before model launch. In addition, it is empowered with the abilities including assembling and combining algorithm services according to business needs, batch processing, priority control and traffic control, unified management and cost control optimization for GPU resources.

AI Document Analysis Platform – Our AI document analysis platform is equipped with optical character recognition and structuring capabilities for textbooks, papers, training programs and syllabi. In addition, it also has title recognition capability and document key frame recognition capability.

Knowledge Graph Automatic Construction Platform – Our knowledge graph automatic construction platform utilized in our knowledge graph construction business can generate knowledge points and their relations from various documents, for example, academic papers. It uses structured processing techniques to summarize, extract and generalize the main concepts and facts from the documents and adopts domain-specific methods to construct, extract and discover the semantic and logical relations among the knowledge points. In addition, it can also fill in the details of the knowledge points and link them to the relevant teaching materials for reference and learning.

Knowledge Base Platform – Our knowledge base platform can store and retrieve knowledge from various types of databases, such as relational, vector and ES databases. It can also automatically process natural language prompts enabling users to access the knowledge they need without having to write complex query statements.

Intelligent Question Answering Framework – Developed catering higher education’s specific needs, our intelligent question answering framework enables users to create and customize their own question-answering strategies based on their business scenarios. It also offers pre-built strategies for various domains such as search and recommendation, as well as content channels.

Automated Operation and Maintenance Platform – Using technologies such as performance optimization, narrow-band high-definition, elastic scaling and online problem diagnosis, our automated operation and maintenance maximizes the utilization of hardware resources and ensures the stability of the system.

Security Technology – We adopted a cluster of security technologies including encryption algorithms, security protocols, data protection mechanisms and network security solutions to ensure the platform and data are safe from unauthorized access and malicious attacks.

Technology-enabled Capabilities

Teaching and Learning Experience Enhancements

We employ various technologies that enable realistic and immersive interactions to improve teaching and learning experience. For example, we use cloud rendering technology and scene-based simulation algorithm to create virtual simulation experiments that mimic the real-world scenarios. We also adopted naked-eye 3D, digital human, handwriting input, gesture recognition and spatial-based audio in our panoramic teaching spaces to help engage students in a multi-sensory way.

Classroom Teaching Quality Evaluation

To enhance the quality of teaching, we applied various techniques such as natural language processing and computer vision to (i) segment, summarize and analyze the teaching behavior from course video and extract the knowledge point; (ii) help the teachers and administrators to monitor the students’ attendance during the course; and (iii) generate course reports for teachers’ and administrators’ reference to review teaching outcomes.

Learning Outcome Assessment

We developed intelligent question bank products which include automatic identification of same and similar questions, intelligent auto-generating test paper based on two-way detail table pattern-recognition using vector database, natural language processing and genetic algorithm and large model algorithm technologies. Based on the intelligent question bank products, we also achieved automatic evaluation, feedback and the learning path planning of knowledge points for students.

SEASONALITY

Our results of operations are exposed to seasonal fluctuations. We operate in China's higher education teaching and learning digitalization market, and our customers primarily consist of higher education institutions. Our customers, which primarily consist of higher education institutions in China, generally finalize their annual procurement schedules and budgets for digital teaching and learning solutions during the first quarter of the year, while companies operating in China's higher education teaching and learning digitalization market, such as us, generally communicate with these higher education institutions about their demands, participate in relevant project bidding, as well as deliver their services and products in the remaining periods of the year. Such seasonal fluctuation is in line with the market. We believe this pattern is likely to continue in the foreseeable future. Specifically, our digital educational content services and products are more affected by seasonality, primarily due to (i) this segment accounting for the majority of our revenue and profit, with revenue typically recognised in the second half of the year, and (ii) its cost structure mainly comprising fixed staff salaries, which are incurred evenly throughout the year regardless of revenue recognition, which collectively lead to more noticeable fluctuations in gross profit margin across different periods. In contrast, our digital teaching and learning environment services and products segment is less affected by seasonality, primarily due to its cost structure consisting of a greater proportion of variable costs, such as hardware costs, which vary according to each project. This results in a gross profit margin that remains relatively stable throughout the year.

COMPETITION

China's higher education teaching and learning digitalization market is highly fragmented. According to Frost & Sullivan, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue in 2024. The market size of China's higher education teaching and learning digitalization market has grown from RMB12.7 billion in 2020 to RMB21.3 billion in 2024, with a CAGR of 13.7%. We compete with numerous domestic companies, including those with extensive marketing and sales networks, strong industry experience and extensive technology development resources. According to Frost & Sullivan, we ranked second in terms of revenue among all companies in China's higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China's higher education digital educational content production market with a market share of 7.3% in 2024.

We believe that our business model is distinctive and our services and products encompass the entire higher education digitization value chain. We face competition in certain aspects of our business. We compete with other digital hardware manufacturers that develop and offer classroom supplies, and develop educational content for customers. We may also in the future face competition from new entrants that will increase the level of competition. For example, more established technology companies that

BUSINESS

possess substantial financial resources, sophisticated technological capabilities and broad distribution channels may develop services and products that directly compete with ours.

We believe that our ability to compete effectively depends on many factors, including the breadth and depth of our offerings, our pricing competitiveness, our technological capabilities, quality control of our offerings, our partnership with third parties, our promotional efforts and the strength and reputation of our brand.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. Our intellectual property rights primarily consist of trademarks, copyrights, patents and domain names. As of the Latest Practicable Date, we had 125 registered trademarks, 488 software copyrights, 16 patents and 42 domain names in China. See “Appendix VI – Statutory and General Information – B. Further Information about Our Business – Intellectual Property Rights.” We protect our intellectual property rights by requiring protection of unpatented proprietary information and technology to be included in employment agreements we enter into.

In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of internal policies to establish robust management over our intellectual property rights; (ii) assign relevant teams to carry out our daily work regarding our intellectual property; (iii) setting intellectual property rights registration schedule annually and reporting the relevant progress at fixed intervals; and (iv) engaging professional intellectual property service providers.

EXPORT CONTROL AND TARIFF

Our operations may be adversely affected by any deterioration in political or economic relations between countries, as well as by export controls imposed by relevant government authorities and other geopolitical challenges. The U.S. government has imposed targeted economic and trade restrictions on a number of Chinese companies and institutions that limit their access to U.S.-Origin items, as well as items that contain a significant portion of certain U.S.-Origin content or are direct products of certain U.S.-Origin technology. We have conducted business with some of these entities, and our business operations are subject to evolving export controls administered by the relevant government authorities. In 2022, 2023, 2024 and the six months ended June 30, 2025, we had 13, 15, 15 and 15 customers, respectively, that were included on the U.S. Department of Commerce’s Entity List or Unverified List, and revenue generated from such customers in aggregate accounted for approximately 3.7%, 6.0%, 6.6% and 6.6% of our total revenue for the same periods.

As advised by our legal advisors as to U.S. export controls, tariff and outbound investment, our current services and products are not subject to the scope of the EAR. Specifically, regarding the foreign direct product rules under the EAR, if the upstream technology or software of the items, the attributes of the item itself, and the downstream user or destination of the item all fall within the scope of the relevant foreign direct product rules at the same time, the transaction involving the relevant item may trigger risks under the EAR. However, for our transactions involving downstream users under certain foreign direct product rules, the upstream technology or software of the items involved in such transactions does not fall within the restricted scope. Therefore, these transactions will not violate the EAR.

BUSINESS

As geopolitical tensions escalate, the U.S. and China are continually adjusting their tariff measures. However, all of our customers and end-users of our products are located in China, and we have not directly or indirectly exported goods to the U.S. during the Track Record Period and up to the Latest Practicable Date. In addition, we do not import goods from the U.S., and our suppliers and their suppliers related to our products are all located in China. There has been no substantial change in prices or supply during the Track Record Period and up to the Latest Practicable Date. Therefore, as advised by our legal advisors as to U.S. export controls, tariff and outbound investment, we believe that tariff policies have not had a material impact on our business operations, financial condition, or results of operations. See “Risk Factors – Risks Relating to Our Business and Industry – Tariffs, export control and economic or trade restrictions that were imposed on a number of entities may affect our business, financial conditions and results of operations.”

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to the infringement of intellectual property rights that would have a material adverse effect on our business. See “Risk Factors – Risks relating to our Business and Industry – We may not be able to adequately protect our intellectual property rights, and may be subject to intellectual property infringement claims, which could be expensive and may materially and adversely affect our business, financial condition and results of operations.”

PRIVACY AND DATA SECURITY

The protection of privacy and data security is one of our highest priorities. We have established a set of internal policies, procedures and measures with designated responsible personnel in accordance with the applicable laws and regulations relating to user data privacy and security. We have designed a series of strict data security policies to ensure that the collection, use, storage, transmission and dissemination of data are in compliance with all applicable laws and regulations, optimize data governance and protect the benefits of our customers, employees and other third parties. Our policies include data management, operational and maintenance procedures and business system access controls.

We carry out scenario-based management to address the threats and risks of data availability, integrity and confidentiality. We strictly limit and monitor our employees’ access to user data by implementing a robust internal authentication and authorization system. This aims to ensure confidential and important data can only be accessed through computers for authorized use and only authorized staff can access those computers. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes, and they are required to verify authorization upon every access attempt. We provide data privacy training to authorized employees and require them to report to us promptly on any potential data leakage.

In compliance with the Administrative Provisions on Deep Synthesis in Internet-based Information Services, the Administrative Provisions on Recommendation Algorithms in Internet-based Information Services and the Interim Measures for the Management of Generative Artificial Intelligence Services, we have filed all deep synthesis algorithms used in our services with the CAC, completed registration of our generative AI services under the Shanghai Notice and implemented measures including a content-review mechanism, user service agreements with clear usage rules, privacy policy for personal-information processing, labelling of AI-generated content, complaint-handling procedures and an algorithm-security management system. Our PRC Data Compliance Consultant is of the view that we have completed the required filings and complied with such measures in all material aspects. See “Regulatory Overview.”

Data Usage and Storage

We mainly collect and store data relating to background information about users of our services and products, which primarily includes teachers' and students' identification data such as name, student/faculty ID, major, university and department information as well as student learning data under Cloud LMS and credit course sharing platform. Such users' information is collected with prior consent in accordance with applicable laws and regulations. We have adopted a standard data usage and privacy policy, which is provided on our website and apps of our Cloud LMS services and products and websites and apps of our credit course sharing platform. Specifically, we undertake to manage and use the user data in accordance with applicable laws and make reasonable efforts to prevent the unauthorized access to, breach of or loss of personal information. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claims by users or penalties from regulatory authorities regarding unauthorized use of, or leakage of, personal information, which had caused a material and adverse effect on our business, financial condition or results of operations.

We collect and store the customer' underlying knowledge contents for our digital educational content services and products and credit course sharing platform. Confidentiality clauses are typically included in contracts between us and customers with respect to our digital educational content services and products. Both parties undertake to keep confidential any commercially valuable documents and information obtained during the discussions, signing, and execution of these contracts, which are proprietary to the other party and not obtainable from public sources. On the credit course sharing platform, we may disclose certain public courses and courseware in accordance with consent letters signed by teachers. We have internal policies requiring the teachers' consent letters to be obtained for such disclosure.

Data Sharing and Transfer

We do not share or transfer information and data processed by us to any person, unless with prior explicit consent. Without consent from our users, we are prohibited from disclosing users' data to any third party, unless such disclosure is mandated by a court or administrative order. We have adopted robust internal rules and procedures designed to prevent illegal and/or unauthorized transmission of data.

Data Protection

We recognize the importance of life-cycle data management, from data entry to data destruction. We employ various technologies to protect the data with which we are entrusted. For example, we store user data in encrypted format by adopting sensitive application programming interface parameters. We generally de-identify and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We will minimize our employees' access to such information and closely monitor their access frequency. We also adopt a combination of full backup and incremental backup to ensure that the data we collect is well maintained. We use distributed storage of data with multiple data replicas to strengthen security. In particular, we established internal sensitive data classification and grading. As of the Latest Practicable Date and during the Track Record Period, we did not experience any incidents of data leakage.

Data Security Awareness

We also enter into confidentiality agreements with our employees. The confidentiality agreements provide that, among other things, our employees are legally obligated not to share, distribute or sell confidential information to any party, including other employees who otherwise have no access to such information. Our employees are also legally obligated to return all confidential materials in their possession upon cessation or termination of their employment, and will remain obligated to maintain confidentiality of such materials thereafter. Our employees may be subject to penalty if they breach their confidentiality obligations or otherwise commit misconduct resulting in a leakage of confidential information.

Cybersecurity Risk Management

We operate robust application and infrastructure security controls, which are designed to prevent, identify and respond to information security threats. We have adopted a standard operational procedure to address any potential hacking or data leakage incidents. We closely monitor the flow of user data on our terminals and will create alerts in a timely manner when any abnormality is detected. We engage third-party cybersecurity companies to identify weaknesses in our system and evaluate its security. We have designated specific personnel responsible for data security, deployed tools to monitor network attacks, conducted regular system vulnerability scans and developed emergency response plans for information security incidents. If an issue is identified, we will take prompt actions to adjust or upgrade our system and mitigate any potential problems that may undermine the security of our system.

As advised by our PRC Data Compliance Consultant, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the applicable laws and regulations relating to user data privacy and security in all material respects on the basis that (i) we have established internal policies and procedures with designated responsible personnel in accordance with the applicable laws and regulations relating to user data privacy and security, and (ii) we have not been subject to any claims by users or penalties from regulatory authorities regarding unauthorized use of, or leakage of, personal information, which had caused a material and adverse effect on our business, financial condition or results of operations.

PROPERTIES

Our corporate headquarters are located in Shanghai, China. As of the Latest Practicable Date, we did not own any properties but leased 46 properties with a total gross floor area of approximately 18,230.4 square meters for our office premises.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased Properties

Our leases generally have a term ranging from two to five years. We will generally consider renewing the leases upon their expiry based on their business performance.

As of the Latest Practicable Date, lessors of eight leased properties (with an aggregate GFA of approximately 1,609.5 sq.m., representing approximately 8.8% of our total leased GFA) did not provide valid title certificates or authorization for leasing. We primarily use such leased properties as office premises. We believe that the reasons that the lessors failed to provide us with the relevant title certificates are beyond our control. As advised by our PRC Legal Advisor, if the lessors do not have the requisite rights to lease these buildings, we may be required to vacate these leased buildings and relocate our operational sites. As advised by our PRC Legal Advisor, it is the lessors' responsibility to obtain the title certificates to enter into the leases, and, we, as the lessee, will not be subject to any administrative punishment or penalties by competent authorities in this regard. We are actively communicating with our lessors to obtain the valid title certificates. In the unlikely event that we are required to relocate due to such title defects, we believe we will be able to timely find qualified alternative properties for relocation under comparable terms without incurring substantial additional costs.

As of the Latest Practicable Date, 10 of our leased properties (with an aggregate GFA of approximately 9,125.1 sq.m., representing approximately 50.1% of our total leased GFA) and two leased properties located on allocated land (with an aggregate GFA of approximately 269.6 sq.m., representing approximately 1.5% of our total leased GFA), were used for purposes inconsistent with their respective designated use. We primarily use such leased properties as office premises. As advised by our PRC Legal Advisor, it is primarily the lessor's responsibility to ensure the actual use of properties is consistent with the designated use, and to the extent necessary, to complete the relevant "change of registration" procedures with the competent authorities to register the changed use of properties, and the risk of the lessee being subject to any material administrative penalties because of the lessors' failure to complete such procedures is relatively remote. However, there is a risk that we may not be able to continue to use such properties if requested by the competent authorities. In the unlikely event that we are required to relocate as required by competent authorities, we believe we will be able to timely find qualified alternative properties for relocation under comparable terms without incurring substantial additional costs.

As of the Latest Practicable Date, 46 lease agreements had not been registered with relevant authorities, primarily due to the difficulty of obtaining cooperation from the lessors. Registration of lease agreements requires the lessors' cooperation, including submitting their identity documentations and building title certificates to the relevant authorities. We will coordinate with lessors to complete the registration for all of our lease agreements and require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these lease agreements. The aggregate amount of maximum fine will be approximately RMB0.5 million, which our Directors believe will not have any material adverse impact on our business operations.

BUSINESS

Having considered that (i) as advised by our PRC Legal Advisor, the risk of us being subject to material administrative penalties for the lessors' failure to obtain title certificates or to ensure the actual property use is consistent with designated use is remote; (ii) we did not receive any administrative penalties, challenges to our right to occupy or use the leased properties, or request for us to vacate such leased properties for the aforementioned incidents during the Track Record Period and up to the Latest Practicable Date, (iii) in the unlikely event of relocation, we believe we will be able to timely find qualified alternative properties for relocation under comparable terms without incurring substantial additional costs, and (iv) the aggregate amount of maximum fine for non-registration of leased properties will not have any material adverse impact on our business operations, our Directors believe that the abovementioned incident does not constitute material non-compliance of our Group, and will not, individually or in the aggregate, materially affect our business and results of operation. For risks relating to our leased properties, see "Risk Factors – Risks Relating to our Business and Industry – Our rights to use some of our leased properties could be challenged by property owners or other third parties due to defects, which may adversely affect our business operations and financial condition."

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, or any insurance policies for our properties. According to our PRC Legal Advisor, save as disclosed in "Employees – Social Insurance and Housing Provident Funds", during the Track Record Period, we have maintained all legally mandatory insurance policies in relation to our businesses in the manner currently conducted in compliance with the relevant applicable PRC laws and regulations in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we had not made or been subject to any material insurance claims in relation to our business. See "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may be inadequate to protect us from the liabilities we may incur."

EMPLOYEES

As of June 30, 2025, we had a total of 2,396 full-time employees. The table below sets forth the number of employees by business function as of June 30, 2025:

Function	Number	Percentage
Services and products operations	773	32%
Research and development	414	17%
Sales and customer service	1,139	48%
Managerial and support	70	3%
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Total	2,396	100%

BUSINESS

We place great emphasis on attracting, retaining, training and developing qualified employees. We recruited our employees primarily through job fair on-site recruiting and posting advertisements on recruitment and employment agencies' websites during the Track Record Period.

As part of our retention strategy, we offer competitive remuneration packages to our employees, including salary, allowances and performance-based compensations. We have developed a performance evaluation system to assess the performance of our employees annually, which forms the basis for determining the salary levels, bonuses and promotions that an employee may receive.

We place strong emphasis on providing training for our employees to enhance their understanding of our industry and workplace safety standards, their professional skills and comprehensive performance. We design and offer different training programs for employees. We enter into standard labor contracts with our employees and standard confidentiality and non-compete agreements with key personnel in certain positions. We believe that we generally maintain a good working relationship with our employees, and we did not experience any labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period, which may have a material adverse effect on our business operation and financial conditions.

Social Insurance and Housing Provident Funds

According to laws and regulations in China, we are required to participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, employment injury insurance, unemployment insurance and housing provident funds through a PRC government-mandated benefit contribution plan.

We are required under PRC law to make contributions to employee social insurance plans at specified percentages of the salaries, bonuses and certain allowances of our staff. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund contributions in with respect to certain employees as required by relevant PRC laws and regulations, primarily because (i) we hired an extensive team of employees located across a large number of cities in China and our labor force was mobile, which made it impracticable for us to make contributions in time for such employees; (ii) the applicable PRC laws and regulations governing social insurance and housing provident funds are intricate and vary by region, which added complexity to our compliance efforts; and (iii) certain employees were not willing to bear the costs associated with social insurance and housing provident funds.

The aggregate shortfall of social insurance payments and housing provident fund contributions in 2022, 2023, 2024 and the six months ended June 30, 2025, amounted to approximately RMB3.1 million, RMB3.8 million, RMB1.4 million and RMB0.9 million, respectively. According to the Social Insurance Law, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, according to the Regulation on the Administration of Housing Provident Fund, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the

BUSINESS

expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

In addition, on July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II, which took effect from September 1, 2025. Pursuant to the Interpretation II, any agreement between an employer and an employee, or an employee's commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people's court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such a request in accordance with the law.

During the Track Record Period, since some of our employees, for example, those located in cities where we did not have subsidiaries prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally and there may only be a limited number of employees in one city, we engaged a third-party agent to pay social insurance and housing provident funds for them. As of the Latest Practicable Date, we had ceased such abovementioned arrangements.

Our Directors believe that the incidents above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we were not subject to any administrative penalties with respect to the payment of social insurance and housing provident funds, and we have obtained certain confirmation issued by the relevant authorities confirming that no administrative penalty was imposed on us in this regard and (iii) We maintained close communication with relevant authorities on a regular basis so as to understand their requirements and the interpretation of relevant rules and regulations in relation to social insurance and housing provident funds, and would make contributions with respect to the above-mentioned matters in accordance with their specific guidance in a timely manner. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. Based on the foregoing, our PRC legal advisor is of the view that the risk we would be required to pay all the historical shortfalls, or be subject to material administrative penalties by the competent authorities regarding our contribution to the social insurance and housing provident funds during the Track Record Period is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no employee complaints occur.

BUSINESS

We have reviewed our practice and adopted or plan to adopt remedial measures, including:

- We have established an internal control department to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures.
- We will continuously review and monitor the reporting and contributions relating to the social insurance and housing provident funds and we will consult our PRC Legal Advisor for advice on relevant laws and regulations in China to keep us abreast of relevant regulatory developments.

Going forward, we will continue to implement the above measures to ensure we are in compliance with the social insurance and housing provident fund contributions requirements under the relevant laws and regulations and undertake to make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material and systemic non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group does not operate any production facilities and thus no significant health, work safety, social and environmental risks are involved.

ESG Governance

Led by the Board, we are committed to integrating ESG considerations into our business operations for sustainable growth and better business resilience in response to the transition to a low-carbon economy. A well-developed ESG governance structure lays a solid foundation for our long-term development and the creation of sustainable value for our key stakeholders. The Board has the overall and collective responsibility for the oversight of ESG issues, including, but not limited to, ESG strategy and management approach, ESG policy and practice, ESG-related risk and opportunity management and review of progress made against metrics and targets to manage material ESG-related risks (including climate-related risks), with an emphasis on alignment with the Group's future development and positioning.

Delegated by the Board, an ESG working group consisting of the chief financial officer and senior management from the legal department and operations department, has been established to drive the planning and implementation of the Group's ESG-related matters. The ESG working group members possess knowledge in the management of ESG matters, such as employment and labor practices, occupational health and safety, product responsibility and business ethics. The ESG working group is responsible for advising and providing relevant information at least twice a year for the Board's discussion on ESG-related matters, including the development, implementation and review of the ESG framework, management approach, strategy and initiatives of our Group, as well as the identification, assessment, prioritization and management of material ESG-related risks and opportunities (including, but not limited to, climate-related risks and ESG risks along the supply chain, as well as ESG-related risks and opportunities in our Group's strategy or decision-making on major transactions).

Identification and Management of ESG-related Risks and Opportunities

The ESG working group is responsible for identifying, evaluating, prioritizing and managing material ESG-related risks and opportunities. Corresponding measures have been formulated and implemented to mitigate material ESG-related risks and capture potential ESG-related opportunities. The ESG working group submits an ESG risk and opportunity assessment report to the Board. The Board reviews the effectiveness of the ESG risk management process and provides guidance when necessary and retains ultimate responsibility for oversight of the Group's risk management activities.

ESG Policy

We are committed to incorporating ESG factors into our business decision-making process. As such, we have established a group-level ESG policy complemented by a set of measures and initiatives to guide our actions and measures to strengthen our sustainability efforts.

Environment

Our environmental policy outlines our green practices and measures (as far as practicable), with a focus on emission reduction, waste reduction, resource conservation, protection of environmental and natural resources, as well as addressing climate change.

- **Air emissions management:** We are continuously exploring measures to minimize air emissions from our business operations, including, but not limited to, ensuring the proper maintenance of company vehicles and considering the adoption of electric vehicles.
- **Energy and greenhouse gas (“GHG”) emissions management:** To manage our energy consumption and reduce GHG emissions, we have implemented relevant policies and adopted a series of energy saving measures. This includes the adoption of energy efficient equipment and an LED lighting system, the use of natural light and requiring employees to turn off lights and electrical equipment before leaving, etc. We will also consider the possibility of replacing our current vehicles with electric vehicles in the future.
- **Water consumption:** To conserve water resources, we have implemented relevant policies and adopted a series of water saving measures, including timely repairing and dripping taps, adopting water equipment that meets water efficiency label requirements and monitoring water consumption. We also remind our employees to minimize water consumption through internal communications channels.
- **Waste management and use of resources:** Due to the nature of our business, our operations have no significant impact on the environment and natural resources. Nevertheless, we strive to minimize our impact by ensuring that waste is properly handled and disposed of. To minimize waste generation, we have implemented relevant policies and measures such as promoting recycling by implementing waste sorting, implementing double-sided printing to reduce paper consumption and reminding our employees to minimize waste generation through internal communications channels.

With reference to our historical environmental performance, our expected business operation scale and the expected measures to be implemented in the future, we have set targets to support the national “30-60” carbon peak and neutrality targets, as well as international standards such as the Paris Agreement, with the time frame of our targets established with reference to such national and international standards.

BUSINESS

We have established our GHG scope 1 and 2 emissions intensity (tCO₂e/m² gross floor area) and energy consumption intensity (MWh/m² gross floor area) reduction targets of 18% and 25% respectively for 2030, using 2021 as baseline year. To achieve these targets, we will adopt measures including but not limited to adopting more energy-efficient equipment, prioritising the purchase of electric cars when purchasing vehicles and encouraging energy-efficient employee behavior at the workplace.

Environmental metrics

The table below sets forth the key environmental metrics of our business operations⁽¹⁾⁽²⁾:

		For the year ended December 31,			For the six months ended June 30
	Unit	2022	2023	2024	2025
<i>Energy consumption</i>					
Total	MWh	340.49	396.25	495.57	250.94
(i) Purchased electricity	MWh	292.08	367.57	482.94	246.50
(ii) Unleaded petrol	MWh	48.41	28.68	12.63	4.43
Intensity	MWh/m ² gross floor area	0.07	0.06	0.07	0.03
<i>GHG emissions⁽³⁾</i>					
Total (Scopes 1 and 2)	tCO ₂ e	192.34	232.63	298.33	141.88
(i) Direct emissions (Scope 1)	tCO ₂ e	14.14	8.38	3.69	1.29
(ii) Energy indirect emissions (Scope 2)	tCO ₂ e	178.20	224.26	294.64	140.58
Total (Scopes 1 and 2) intensity	tCO ₂ e/m ² gross floor area	0.04	0.03	0.04	0.02

Notes:

1. The relevant values in the metrics are estimated numbers calculated based on the available data collected from our Group's major operating locations.
2. Totals may not be the exact sum of numbers stated here due to rounding.
3. The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development and the World Resources Institute. Scope 1 (Direct) emissions cover GHG emissions directly produced by business owned or controlled by the Group, while Scope 2 (Indirect) emissions cover GHG emissions of indirect energy resulting from purchased electricity consumed by our operations.

Social

We are committed to fostering a caring workplace culture that upholds diversity, equal opportunities, health and safety and employee well-being. Our social policy has generally outlined our socially responsible practices and measures.

- **Employment and labor practice:** We aim to build an inclusive and diverse workplace. We uphold principles of equal opportunity, diversity and inclusiveness in all aspects of employment, including compensation, recruitment, promotion, benefit and welfare. We respect labor rights, and we strictly prohibit the recruitment and use of child labor.

We are committed to continually investing in our workforce. To this end, we actively provide internal and external training to equip our employees with professional knowledge, skills and competence. In addition, we strive to strengthen employee engagement by regularly arranging leisure activities for our employees and maintaining two-way communication with our employees to increase their job satisfaction.

- **Occupational health and safety:** Maintaining a healthy and safe workplace remains our Group's top priority. We strive to safeguard employees' health and safety across all levels of business operations by establishing and implementing health and safety policies and measures. Additionally, we have established a system of recording and handling accidents, which specifies that employees should notify their department head and that accidents should be handled according to the procedures specified by the applicable laws and regulations. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not record any material non-compliance or material accidents in our Group in relation to occupational health and safety.
- **Supply chain management:** We have established a supply chain ESG risk management policy and a supplier code of conduct, which lay out our sustainability expectations, including, but not limited to, employment practices, health and safety and environmental protection. Our new supplier selection and regular supplier evaluation criteria include ESG considerations, including, but not limited to, environmental management, fair labor practices and ethical business practices. On-site inspections will be conducted when necessary to ensure our sustainability expectations are met.

To advance our efforts on providing environmentally friendly services, we have established relevant green procurement policies and implemented measures, including, but not limited to, prioritizing products with higher energy efficiency, as well as encouraging our suppliers to adopt environmentally friendly products and services.

BUSINESS

- **Product responsibility:** We are committed to delivering high-quality and safe products and services for our customers. As such, we have established measures to ensure the quality of our services, including, but not limited to, specifying our quality-related requirements in our policies and guidelines for educational content on our credit course sharing platform, as well as the procedures for content quality reviews.

To ensure customer satisfaction, we have put in place procedures for handling customer complaints. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints. To safeguard customer privacy, we have established privacy policies that cover data and privacy requirements. We have also established preventive and protection measures, including user access restrictions to customer information.

We have established relevant policies as a guide for our employees to ensure the authenticity and reliability of our promotional materials, which undergo thorough review before publication to ensure compliance and prevent false or misleading information.

- **Business ethics:** We uphold high standards of business ethics, and strictly prohibit bribery, extortion, fraud, money laundering and any other unethical practices. We have established preventive measures, including, but not limited to, anti-corruption for the Board and our employees, as well as implementing whistle-blowing channels for employees to report any potential misconduct that violates our ethical standards. The Board is responsible for the oversight of these preventive measures and whistle-blowing procedures.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material non-compliance with any laws or regulations concerning bribery, corruption, extortion, fraud and money laundering.

BUSINESS

Social Metrics

The table below sets forth key social metrics of the business operations of our Group as of June 30, 2025:

Workforce

	Number
<i>By gender</i>	
Male	1,138
Female	1,258
<i>By function</i>	
Services and products operations	773
Research and development	414
Sales and customer service	1,139
Managerial and support	70
<i>By age group</i>	
At or below 30	1,216
Between 31 and 50	1,171
At or above 51	9

Employee health and safety

Our Group did not record any material work-related fatalities and injuries during the Track Record Period and up to the Latest Practicable Date.

LICENSES, APPROVALS AND PERMITS

We are required to obtain relevant licenses, permits, approvals and certificates for our business. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our principal business operations in the PRC. Furthermore, such licenses and permits remained valid as of the Latest Practicable Date and our Group had not experienced any material difficulty in obtaining and/or renewing such licenses, approvals and permits.

BUSINESS

Set forth below is a list of material permits, licenses and filings held by us as of the Latest Practicable Date:

License/Filings	Holder	Expiration date
License for Operating Publication Business (出版物經營許可證)	the Company	March 31, 2026
Certification for record-filing of information system security level-based protection (信息系統安全等級保護備案證明)	the Company	N/A

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations such as financial reporting and internal control. We have also formulated policies and guidelines to monitor and ensure that the services and products delivered are of satisfactory standards. In addition, we have adopted and implemented a series of onboarding procedures designed to verify the integrity and qualifications of our employees and business partners. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each of our subsidiaries and functional departments.

Legal and Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing the form of contracts we enter into with our customers and suppliers.

We continuously improve our internal policies according to changes in laws, regulations and industry standards and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. We have an employee code of conduct in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We continually review, collect suggestions for improvement from our employees and update the employee code of conduct.

BUSINESS

Financial Reporting Risk Management

We have in place a set of policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management and budget management. We also have procedures in place to implement internal audit, and our financial department reviews our management accounts, and our internal control department reviews our internal control procedures.

Internal Control

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of internal control policies. Our internal control team is responsible for (i) establishing internal risk control system, (ii) providing advice on risk management practice and (iii) implementing internal control policies.

AWARDS AND ACHIEVEMENTS

We have received various honors and awards in recognition of, among others, our innovation and services and products. The following table sets forth our major awards during the Track Record Period:

Year	Award/recognition	Awarding authority
2024	CMMI V3.0 for Development, Maturity Level 3	CMMI Institute Partner
2023	AAA Grade Quality Service Integrity Unit Certificate	The National Enterprise Credit Information Publicity System, www.ecebid.org.cn and Beijing Huayuan Zhixin Credit Management Ltd. (北京華源知信信用管理有限公司)
2023	Member Unit Certificate of Shanghai Educational Equipment Industry Association	Shanghai Educational Equipment Industry Association
2023	Member Unit Certificate of China Educational Equipment Industry Association	China Educational Equipment Industry Association
2023	National First Prize for Teaching Achievements	Ministry of Education of the PRC
2022	Shanghai High-Tech Enterprise Certificate	Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board of Directors consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. WANG Hui (王暉)	53	Chairman of the Board and executive Director	April 2008	September 2015	Providing leadership and governance of the Board, responsible for the overall business strategies and management of the Group	Spouse of Ms. Ge
Mr. XI Puzhao (龔普照)	56	Executive Director and general manager	April 2008	April 2008	Responsible for assisting the Chairman with the governance of the Board and the business strategy management of the Group	None
Ms. WANG Xin (王欣)	49	Executive Director and deputy general manager	April 2008	October 2016	Responsible for assisting the Chairman with the governance of the Board and the business management of the Group	None
Ms. GE Xin (葛新)	54	Non-executive Director	April 2008	September 2015	Providing professional advice to the Board	Spouse of Mr. Wang
Mr. JIN Xingshen (金省深)	35	Non-executive Director	December 2020	December 2020	Providing professional advice to the Board	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. WANG Ying (王穎)	47	Non-executive Director	June 2022	June 2022	Providing professional advice to the Board	None
Mr. YAU Ka Chi (邱家賜)	67	Independent non-executive Director	April 2024	April 2024	Providing independent opinion and judgment to the Board	None
Prof. LIU Ningrong (劉寧榮)	61	Independent non-executive Director	April 2024	April 2024	Providing independent opinion and judgment to the Board	None
Prof. MA Xufei (馬旭飛)	53	Independent non-executive Director	April 2024	April 2024	Providing independent opinion and judgment to the Board	None

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group.

The following table sets out information in respect of the Supervisors.

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LI Quansheng (李泉生)	62	Chairman of the Supervisory Committee	September 2015	September 2020	Overseeing the operations and financial activities of the Group	None
Mr. HAN Yuze (韓宇澤)	61	Supervisor	October 2016	October 2016	Overseeing the operations and financial activities of the Group	None
Mr. WANG Jian (王健)	55	Supervisor	April 2008	December 2020	Overseeing the operations and financial activities of the Group	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Time of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. WANG Hui (王暉)	53	Chairman of the Board and executive Director	April 2008	April 2008	Providing leadership and governance of the Board, responsible for the overall business strategy and management of the Group	Spouse of Ms. Ge
Mr. XI Puzhao (襲普照)	56	Executive Director and general manager	April 2008	April 2008	Responsible for the assisting the Chairman with the governance of the Board and the business strategy management of the Group	None
Ms. WANG Xin (王欣)	49	Executive Director and deputy general manager	April 2008	April 2008	Responsible for the assisting the Chairman with the governance of the Board and the business management of the Group	None
Ms. CAO Rui (曹睿)	39	Chief financial officer, the secretary of the Board and joint company secretary	August 2020	August 2020	Responsible for financial management and assisting the Chairman with the implementation of the business strategy and management of the Group	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. WANG Hui (王暉), aged 53, is our chairman of the Board and an executive Director. Mr. Wang served as a chief executive officer responsible for strategy designing of our Company from April 2008 to August 2015. He was appointed as a Director in September 2015 and re-designated as an executive Director of our Company in April 2024.

Mr. Wang has extensive experience in the informatization and digitalization for the education industry. Prior to founding our Group, Mr. Wang co-established Shanghai Shanying in March 2003, a company primarily engaged in development, production and sales of voice teaching equipment. Mr. Wang served as a chief executive officer of Shanghai Shanying from March 2003 to March 2008.

Mr. Wang obtained his master's degree in business administration from China Europe International Business School (中歐國際工商學院) ("CEIBS") in the PRC in September 2010.

Mr. XI Puzhao (襲普照), aged 56, is an executive Director and a general manager of our Company. He was appointed as a Director in April 2008 and re-designated as an executive Director of our Company in April 2024. He has been the general manager responsible for daily management of our Company since April 2008. Mr. Xi currently holds directorship at several subsidiaries within our Group.

Mr. Xi served as the deputy general manager of Shanghai Shanying from March 2003 to March 2008 before joining our Group.

Mr. Xi obtained his bachelor's degree in computer science and engineering from Beihang University (北京航空航天大學) in the PRC in July 1992.

Ms. WANG Xin (王欣), aged 49, is an executive Director and has been the deputy general manager of our Company since April 2008. Ms. Wang was appointed as a Director in October 2016 and re-designated as an executive Director of our Company in April 2024.

Prior to joining our Group, from March 2003 to March 2008, Ms. Wang served as the financial manager of Shanghai Shanying.

Ms. Wang obtained a junior college diploma in accounting from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1996.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Ms. GE Xin (葛新), aged 54, is a non-executive Director. She was appointed as a Director in September 2015 and re-designated as a non-executive Director of our Company in April 2024.

Ms. Ge has over 21 years of experience in the education industry. In March 2018, Ms. Ge founded Shanghai Knowledge Digital Technology Co., Ltd. (上海知到知識數字科技有限公司), a digital corporate management solution provider, and has since then been serving as its executive director. Ms. Ge served as a management director responsible for overall operation of our Company from April 2008 to August 2015. From March 2003 to March 2008, she served as a management director of Shanghai Shanying.

Ms. Ge obtained a master's degree in business administration from Harbin Engineering University (哈爾濱工程大學) in July 2001 and an executive master's degree in business administration from The Hong Kong University of Science and Technology in Hong Kong in June 2012.

Mr. JIN Xingshen (金省深), aged 35, is a non-executive Director of our Company. He was appointed as a Director in December 2020 and re-designated as a non-executive Director of our Company in April 2024.

Mr. Jin has been an investment manager of Jinzhuo Hengbang, a subsidiary of Sina Corporation, since July 2019. From January 2017 to June 2019, he served as the senior auditor in Deloitte Touche Tohmatsu Accounting Certified Public Accountants LLP Beijing Branch.

Mr. Jin obtained his bachelor's degree in finance from Dongbei University of Finance and Economics (東北財經大學) in the PRC in July 2013. He obtained his master's degree in professional accounting from University of Adelaide in Australia in December 2014. Mr. Jin obtained his master's degree in finance from Royal Melbourne Institute of Technology in Australia in July 2016.

Ms. WANG Ying (王穎), aged 47, is a non-executive Director of the Company. She was appointed as a Director in June 2022 and re-designated as a non-executive Director of our Company in April 2024.

Ms. Wang worked in Sohu.com Limited (a company listed on the NASDAQ with stock code: SOHU) from February 2006 to January 2021, with her last position as the senior vice president of the commercial platform division of Beijing Sogou Technology Development Co., Ltd. (北京搜狗科技發展有限公司), a then subsidiary of Sohu.com Limited. Ms. Wang has been working at Baidu, Inc. (a company listed on the NASDAQ and Hong Kong Stock Exchange under the stock code of BIDU and 9888, respectively) since January 2021 with her current position as the vice president.

Ms. Wang obtained her bachelor's degree in project management from University of Science and Technology Beijing (北京科技大學) in the PRC in July 1999 and completed the executive master of business administration programme at CEIBS in the PRC.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. YAU Ka Chi (邱家賜), aged 67, is an independent non-executive Director of the Company.

Mr. Yau has extensive experience in areas including accounting and audit, initial public offering, merger and acquisition as well as management consulting. From August 1992 to September 2015, Mr. Yau worked at Ernst & Young with his last position as an audit partner.

Mr. Yau has been an independent non-executive director of China Power International Development Limited (中國電力國際發展有限公司) (a company listed on the Stock Exchange, stock code: 2380) since December 2016. He also served as an independent non-executive director of HBM Holdings Limited (和鉑醫藥控股有限公司) (a company listed on the Stock Exchange, stock code: 2142) from June 2021 to June 2024, an independent non-executive director of Yihai International Holding Ltd. (頤海國際控股有限公司) (a company listed on the Stock Exchange, stock code: 1579) from June 2016 to March 2024, an independent non-executive director of BetterLife Holding Limited (百得利控股有限公司) (a company listed on the Stock Exchange, stock code: 6909) from December 2020 to October 2023 and an independent non-executive director of China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司) (a company listed on the Stock Exchange, stock code: 2319) from October 2016 to December 2021.

Mr. Yau obtained a professional diploma in company secretaryship and administration from The Hong Kong Polytechnic University. Mr. Yau has been an associate member of Hong Kong Institute of Certified Public Accountants since November 1992.

Prof. LIU Ningrong (劉寧榮), aged 61, is an independent non-executive Director of our Company.

Prof. Liu currently is the Associate Vice-President (GBA Development) at The University of Hong Kong (HKU). He is also the founding Director of HKU Institute for China Business. He joined HKU in 2000 and served in various positions, including Assistant Director of HKU Journalism and Media Studies Centre, and Deputy Director of HKU School of Professional and Continuing Education (HKU SPACE).

Prof. Liu obtained his master's degree in Arts from Indiana University in the U.S. in February 1995 and doctorate degree in Education from University of Bristol in the United Kingdom in January 2007.

Prof. MA Xufei (馬旭飛), aged 53, is an independent non-executive Director of our Company.

Prof. Ma is an associate dean at the Faculty of Business Administration and a tenured full professor at the Department of Management of The Chinese University of Hong Kong (CUHK). He has been a professor in various universities since 2007, and served as a tenured full professor of the Shenzhen Institute of Economics and Management and the Shenzhen International Graduate School of Tsinghua University ("Tsinghua"), the vice chair of the Department of Innovation, Entrepreneurship, and Strategy at the School of Economics and Management of Tsinghua, a professor at City University of Hong Kong, the director of CUHK's Center for Entrepreneurship from 2016 to 2018, the director of CUHK's Center for International Business Studies in 2018, a tenured associate professor from 2013 to 2018 and an assistant professor at CUHK from 2007 to 2013.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prof. Ma served as an independent director of Western Trust Co., Ltd. (西部信託有限公司) from 2015 to 2022, an independent director of Tubatu Group Co., Ltd. (土巴兔集團股份有限公司) from 2020 to 2022, and an independent non-executive director of Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) (a company listed on the Stock Exchange, stock code: 1599) from December 2019 to June 2025, and has served as an independent non-executive director of Changzhou Bioregen Biomedical Co., Ltd. (常州百瑞吉生物醫藥股份有限公司) since June 2023, an independent director of Sunshine Global Circuits Co., Ltd. (深圳明陽電路科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300739) since December 2024 and an independent director of Western Securities Co., Ltd. (西部證券股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002673). From April 2023 to March 2024, he served as an independent non-executive director of CLSA Premium Limited, a company listed on the Stock Exchange (stock code: 6877).

Prof. Ma obtained his bachelor's degree in industrial foreign trade from Xi'an Jiaotong University (西安交通大學) in the PRC in July 1995, a master's degree in business administration from University of Saskatchewan in Canada in May 2003 and a doctorate degree in philosophy from National University of Singapore in Singapore in July 2007. Mr. Ma obtained the certificate of independent director of listed companies from the Shenzhen Stock Exchange in August 2021.

SUPERVISORS

Mr. LI Quansheng (李泉生), aged 62, is the chairman of the Supervisory Committee and a Supervisor. Mr. Li served as our Director from September 2015 to September 2020.

Mr. Li has nearly 19 years of experience in equity investment and corporate management. He founded Delta Capital in 2010 and has since been serving as the managing partner. He served as a director and the general manager of Delta Venture Investment Management (Suzhou) Co., Ltd. (三角洲創業投資管理(蘇州)有限公司) from October 2007 to February 2010. Prior to that, Mr. Li served as an executive president of Shanghai Dingjia Venture Capital Management Co., Ltd. (上海鼎嘉創業投資管理有限公司) from July 2005 to July 2007.

Mr. Li obtained his bachelor's degree in internal combustion engine of automobile series from Tsinghua University (清華大學) in the PRC in July 1985 and master's degree in mechanical engineering from Shanghai University of Technology (上海工業大學) in the PRC in May 1990. Mr. Li obtained the fund qualification certificate issued by the Asset Management Association of China (中國證券投資基金業協會) in June 2017.

Mr. HAN Yuze (韓宇澤), aged 61, is our Supervisor.

Mr. Han has extensive experience in equity investment and corporate management. Mr. Han has been the founding partner, the chairman and the general manager of NewMargin Ventures since November 2012 and the managing partner of Shanghai Yongxuan Venture Capital Management Co., Ltd. (上海永宣創業投資管理有限公司) since January 2007. Mr. Han served as a director of Shanghai Emperor

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

of Cleaning Hi-Tech Co., Ltd. (上海洗霸科技股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 603200) from June 2012 to April 2021 and a director of Xinjiang Western Animal Husbandry Co., Ltd. (新疆西部牧業股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 300106) from December 2008 to August 2023. Since April 2013, Mr. Han has been a director of Beijing Jingye Bearing Co., Ltd. (北京京冶軸承股份有限公司), a company quoted on the NEEQ until December 2019 (stock code: 833157).

Mr. Han obtained his bachelor's degree in finance from Shaanxi Institute of Finance and Economics (陝西財經學院) in the PRC in March 1999, a postgraduate diploma in management science and engineering from Dalian University of Technology (大連理工大學) in the PRC in April 2001, an executive master's degree in business administration from The Hong Kong University of Science and Technology in Hong Kong in May 2013 and his doctorate degree in business administration from Southwest International University in the U.S. in August 2003. He is now pursuing the doctorate program in business administration at China Europe International Business School (Switzerland) in the PRC.

Mr. WANG Jian (王健), aged 55, is a Supervisor. Mr. Wang currently holds directorship at several subsidiaries within our Group. Mr. Wang joined our Company in April 2008 and currently serves as the vice president of our Company.

Prior to joining our Group, from March 2003 to March 2008, Mr. Wang served as the manager of production department and the head of R&D department of Shanghai Shanying.

Mr. Wang obtained his bachelor's degree in computer science and application from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in March 1997.

Save as disclosed in this section and the section headed "Relationship with Our Controlling Shareholders" in this prospectus, (i) none of our Directors and Supervisors had any other relationship with any Directors, Supervisors, senior management or our Controlling Shareholders as of the Latest Practicable Date; and (ii) none of our Directors and Supervisors held any directorship in any other listed companies in the three years immediately prior to the date of this prospectus.

To the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

For details of the biographies of Mr. WANG Hui (王暉), Mr. Xi Puzhao (龔普照) and Ms. WANG Xin (王欣) see "– Directors – Executive Directors."

Ms. CAO Rui (曹睿), aged 39, has served as the chief financial officer of our Company and secretary of the Board since August 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prior to joining our Company, Ms. Cao served as the head of investment and merger and acquisition department and the head of financial management analysis department of Shanghai YOOZOO Information Technology Co., Ltd. (上海游族信息技術有限公司) which is wholly owned by YOOZOO Interactive Co., Ltd. (游族網絡股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002174) from April 2018 to July 2020. She worked at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. Shanghai Branch (普華永道諮詢(深圳)有限公司上海分公司) with her last position as a senior manager from May 2014 to April 2018, and worked at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) with her last position as a senior auditor from September 2008 to April 2014.

Ms. Cao obtained her bachelor's degree in business English from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2008. She became a member (non-practicing) of the Shanghai Institute of Certified Public Accountants in December 2015.

JOINT COMPANY SECRETARIES

Ms. CAO Rui (曹睿), aged 39, is our chief financial officer and the secretary of the Board and a joint company secretary of our Company. See “– Senior Management” for her biographical details.

Ms. YEUNG Siu Wai Kitty (楊小慧), aged 41, is a joint company secretary of our Company.

Ms. Yeung is a senior manager of company secretarial services of Tricor Services Limited, which is a member of Vistra Group. Ms. Yeung has over 15 years of experience in the corporate secretarial field. Ms. Yeung currently serves as the joint company secretary of Beijing Fourth Paradigm Technology Co., Ltd. (北京第四範式智能技術股份有限公司) (a company listed on the Stock Exchange, stock code: 6682) and Deepexi Technology Co., Ltd. (滴普科技股份有限公司) (a company listed on the Stock Exchange, stock code: 1384).

Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yeung obtained a bachelor's degree in social science (Honours) in administration and public management from the City University of Hong Kong and a master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong).

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. YAU Ka Chi, Prof. LIU Ningrong and Prof. MA Xufei. Mr. YAU Ka Chi, being the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but not limited to, the following:

- reviewing and evaluating the work of external auditors;
- monitoring and making recommendations to internal audit work of our Company;
- reviewing and making recommendations to the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, including two independent non-executive Directors, Prof. LIU Ningrong and Prof. MA Xufei, and one executive Director, Mr. Wang. Prof. LIU Ningrong serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company's business activities, the scale of assets and shareholding structure;
- identifying individuals suitably qualified to become a member of our Board and senior management and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- accessing and making recommendations to the selection of other senior management appointed by our Board; and
- performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, including two independent non-executive Directors, Prof. MA Xufei and Prof. LIU Ningrong and one executive Director, Mr. Wang. Prof. MA Xufei serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including but are not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring compensation payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2024, and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointments.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company's employees, compensation in the form of salaries, retirement benefit scheme contributions, discretionary bonus, housing provident fund, social insurance and other benefits in kind. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate amount of remuneration paid or payable to our Directors and our Supervisors amounted to approximately RMB4.1 million, RMB4.3 million, RMB5.9 million and RMB2.3 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors in 2025 to be approximately RMB4.0 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

For each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the total emoluments for the five highest paid individuals amounted to approximately RMB8.4 million, RMB8.7 million, RMB11.5 million and RMB3.8 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, and industry and regional experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors currently consists of three female Directors and six male Directors with a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including business administration, computer science and engineering and finance. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, our Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the Listing.

SHARE INCENTIVE SCHEMES

For more information, please refer to "Appendix VI – Statutory and General Information – D. Employee Incentive Scheme."

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Silver Nile Global Investments Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang and Ms. Ge (the spouse of Mr. Wang) held in aggregate approximately 38.44% of the total issued share capital of our Company. Immediately following the completion of the Global Offering, Mr. Wang and Ms. Ge will hold approximately 34.60% of our total issued share capital, and therefore will constitute a group of our Controlling Shareholders.

DELINEATION OF BUSINESS

Our Controlling Shareholders have confirmed that, as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing, taking into consideration the factors below.

Management Independence

Our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Mr. Wang and Ms. Ge, our Controlling Shareholders, are also members of our Board.

Our Directors consider that we are capable of maintaining management independence for the following reasons:

- (a) save for Mr. Wang and Ms. Ge, none of our Directors or senior management members holds directorship or senior management position in our Controlling Shareholders or their close associates;
- (b) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company. For details of the industry experience of our senior management team, please refer to the section headed “Directors, Supervisors and Senior Management” in this prospectus;
- (c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and the Controlling Shareholders which would support our independent management. For details, see “– Corporate Governance” in this section.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from the Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We do not rely on the Controlling Shareholders and their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers. We are in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of the Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company’s own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on the Controlling Shareholders and their respective close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalent on hand and internally generated funds as well as the proceeds from the Global Offering.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective associates. As of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, the Controlling Shareholders or their respective associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on the Controlling Shareholders after the Listing.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and the Controlling Shareholders:

- (a) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates have a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with the Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;
- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see “Directors, Supervisors and Senior Management;”

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (f) we have appointed Silver Nile Global Investments Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and the Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of Interest	Description of Shares	Number of Shares ⁽¹⁾	Immediately following the completion of the Global Offering	
				Approximate percentage of shareholding in the Domestic Unlisted Shares/ H Shares	Approximate percentage in the total registered share capital of our Company
Mr. Wang	Beneficial owner	H Shares	14,353,020	23.17%	21.53%
	Interest of spouse ⁽²⁾	H Shares	8,713,800	14.07%	13.07%
Ms. Ge	Beneficial owner	H Shares	8,713,800	14.07%	13.07%
	Interest of spouse ⁽²⁾	H Shares	14,353,020	23.17%	21.53%
WANG Yunning (王韻寧)	Beneficial owner	Domestic Unlisted Shares	4,713,900	100.00%	7.07%
		H Shares	1,286,100	2.08%	1.93%
Jinzhao Hengbang Technology (Beijing) Co., Ltd. (金卓恒邦科技(北京)有限公司) ("Jinzhao Hengbang")	Beneficial owner ⁽³⁾	H Shares	10,735,800	17.33%	16.10%
Sina Technology (China) Co., Ltd. (新浪技術(中國)有限公司)	Interest in controlled corporation ⁽³⁾	H Shares	10,735,800	17.33%	16.10%
Sina Hong Kong Limited	Interest in controlled corporation ⁽³⁾	H Shares	10,735,800	17.33%	16.10%

SUBSTANTIAL SHAREHOLDERS

Name	Nature of Interest	Description of Shares	Number of Shares ⁽¹⁾	Immediately following the completion of the Global Offering	
				Approximate percentage of shareholding in the Domestic Unlisted Shares/H Shares	Approximate percentage in the total registered share capital of our Company
Sina Corporation	Interest in controlled corporation ⁽³⁾	H Shares	10,735,800	17.33%	16.10%
Charles Guowei CHAO	Interest in controlled corporation ⁽³⁾	H Shares	10,735,800	17.33%	16.10%
Dazi County Bairuixiang Venture Capital Management Co., Ltd. (達孜縣百瑞翔創業投資管理有限責任公司) ("Bairuixiang VC")	Beneficial owner ⁽⁴⁾	H Shares	6,038,520	9.75%	9.06%
Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司) ("Baidu Netcom")	Interest in controlled corporation ⁽⁴⁾	H Shares	6,038,520	9.75%	9.06%
Baidu, Inc.	Interest in controlled corporation ⁽⁴⁾	H Shares	6,038,520	9.75%	9.06%

Notes:

- (1) All interests are long positions.
- (2) Mr. Wang and Ms. Ge are spouses. Therefore, under the SFO, Mr. Wang and Ms. Ge are deemed to be interested in the Shares of our Company held by each other.
- (3) As of the Latest Practicable Date, Jinzhao Hengbang was controlled by Sina Technology (China) Co., Ltd., a company wholly-owned by Sina Hong Kong Limited, which was wholly owned by Sina Corporation, which was in turn ultimately owned as to 61.20% by Charles Guowei CHAO, and therefore each of Sina Technology (China) Co., Ltd., Sina Hong Kong Limited, Sina Corporation and Charles Guowei CHAO is deemed to be interested in the Shares held by Jinzhao Hengbang in our Company.
- (4) As of the Latest Practicable Date, Bairuixiang VC was wholly owned by Baidu Netcom, which was a consolidated affiliated entity of Baidu, Inc., and therefore each of Baidu Netcom and Baidu, Inc. is deemed to be interested in the Shares held by Bairuixiang VC in our Company.

SUBSTANTIAL SHAREHOLDERS

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see “Appendix VI – Statutory and General Information – Disclosure of Interest – Substantial Shareholders.”

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

SHARE CAPITAL

OUR SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

Immediately before the Global Offering

As of the Latest Practicable Date, the registered capital of our Company was RMB60,000,000, comprising 60,000,000 ordinary shares of nominal value RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares	4,713,900	7.07%
H Shares converted from Domestic Unlisted Shares	<u>55,286,100</u>	<u>82.93%</u>
H Shares to be issued pursuant to the Global Offering	<u>6,666,700</u>	<u>10.00%</u>
Total	<u>66,666,700</u>	<u>100.00%</u>

The Conversion of Domestic Unlisted Shares into H Shares will involve an aggregate of 55,286,100 Domestic Unlisted Shares held by 28 existing Shareholders, representing approximately 82.93% of total issued Shares of the Company upon completion of the Conversion of Domestic Unlisted Shares into H Shares and the Global Offering. Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Domestic Unlisted Shares into H Shares and the Global Offering.

SHARE CAPITAL

Shareholders	Shares immediately after the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares				
	Number of Domestic Unlisted Shares to be converted into	H Shares	Approximate Percentage (%)	Domestic Unlisted Shares	Approximate Percentage (%)
	H Shares				
Mr. Wang	14,353,020	14,353,020	21.53%	–	–
Ms. Ge	8,713,800	8,713,800	13.07%	–	–
Jinzhuo Hengbang	10,735,800	10,735,800	16.10%	–	–
Bairuixiang VC	6,038,520	6,038,520	9.06%	–	–
Datai Yueda	1,318,140	1,318,140	1.98%	–	–
Shanghai Shuhuai	1,286,100	1,286,100	1.93%	–	–
WANG Yunning	1,286,100	1,286,100	1.93%	4,713,900	7.07%
XI Puzhao	1,281,060	1,281,060	1.92%	0	0
YANG Qiushi	1,109,640	1,109,640	1.66%	0	0
Shanghai Xuru	857,400	857,400	1.29%	0	0
Chengmai Xinri	857,400	857,400	1.29%	–	–
Yueda Taihe	724,440	724,440	1.09%	–	–
WANG Xin	709,920	709,920	1.06%	–	–
ZHANG Bocheng	709,920	709,920	1.06%	–	–
GE Yi	709,920	709,920	1.06%	–	–
WANG Jun	709,920	709,920	1.06%	–	–
Shanghai Yongcang	658,560	658,560	0.99%	–	–
Xinjiang Lianchuang	658,560	658,560	0.99%	–	–
YANG Xiaoli	589,440	589,440	0.88%	–	–
ZhongYe ZhiYuan	536,820	536,820	0.81%	–	–
Shanghai Suishang	428,700	428,700	0.64%	–	–
LOU Ming	395,160	395,160	0.59%	–	–
Peixian Yingcui	282,420	282,420	0.42%	–	–
Guangzhou Chengheng	120,780	120,780	0.18%	–	–
Shanghai Changshi	53,640	53,640	0.08%	–	–
REN Yaocong	53,640	53,640	0.08%	–	–
SUN Yi	53,640	53,640	0.08%	–	–
FENG Jingfen	53,640	53,640	0.08%	–	–
Total	55,286,100	55,286,100	82.93%	4,713,900	7.07%

SHARE CAPITAL

Immediately following completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Domestic Unlisted Shares	4,713,900	6.97%
H Shares converted from Domestic Unlisted Shares	<u>55,286,100</u>	<u>81.70%</u>
H Shares to be issued pursuant to the Global Offering	<u>7,666,700</u>	<u>11.33%</u>
Total	<u><u>67,666,700</u></u>	<u><u>100.00%</u></u>

DOMESTIC UNLISTED SHARES AND H SHARES

Upon the completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, the Shares will consist of Domestic Unlisted Shares and H Shares. Domestic Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Domestic Unlisted Shares held by whom will be converted into H Shares according to the filing information of CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Domestic Unlisted Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

If any of the Domestic Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

SHARE CAPITAL

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic Unlisted Shares into H shares for listing and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for “full circulation” when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of 55,286,100 Domestic Unlisted Shares into H Shares on a one-for-one basis (“**Conversion of Domestic Unlisted Shares into H Shares**”) upon the completion of the Global Offering (“**Full Circulation Filing of the Company**”) and CSRC issued the filing notice in respect of the Global Offering dated October 15, 2025.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering, and the H Shares to be converted from 55,286,100 Domestic Unlisted Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant H Share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

REGISTRATION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with Article 141 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the Global Offering will be subject to such statutory restriction on transfer within a period of one year from the Listing Date. See “History, Development and Corporate Structure – Lock-up Period and Public Float.”

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Appendix V – Summary of the Articles of Association” in this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a reputable digital teaching and learning solution provider for higher education institutions in China, committed to the provision, delivery and operation of digital educational content and digital teaching and learning environment services and products for higher education institutions. Our offerings cover all critical aspects from teaching, learning, practicing, testing and evaluating to administrating. We are committed to empowering higher education institutions, teachers and students by facilitating broad access to educational resources and enhancing the efficacy of educational outcomes. China's higher education teaching and learning digitalization market is highly fragmented. According to Frost & Sullivan, the top five companies accounted for an aggregate market share of 12.9% in terms of revenue in 2024. Higher education institutions in China include universities and higher vocational colleges. According to Frost & Sullivan, we ranked second in terms of revenue among all companies in China's higher education teaching and learning digitalization market with a market share of 4.0% and first in terms of revenue among all companies in China's higher education digital educational content production market with a market share of 7.3% in 2023.

Since our inception, we have been dedicated to designing and building our services and products to meet the evolving needs of teachers and students, offering digital educational content and digital learning environment services and products. The digitalization for the higher education teaching and learning encompasses both educational content digitization and teaching and learning environment digitalization. We are capable of addressing the multifaceted needs of higher education institutions in such aspects. During the Track Record Period, our extensive array of services and products spanned 12 disciplines and 92 subjects recognized by the Ministry of Education.

FINANCIAL INFORMATION

We recorded stable growth during the Track Record Period. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 1,174, 1,422, 1,738, 1,156 and 1,143 customers for our services and products, respectively. In addition, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we served 212, 234, 240, 205 and 183 customers which are universities nominated under “Project 985”, “Project 211” and the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan” in the respective year or period, respectively. Our increasing customer base had contributed to our revenue growth, which had increased from RMB400.1 million in 2022 to RMB653.0 million in 2023 and further increased to RMB848.2 million in 2024. Our revenue growth further increased from RMB241.0 million in the six months ended June 30, 2024 to RMB275.4 million in the six months ended June 30, 2025.

BASIS OF PREPARATION

The historical financial information of our Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The historical financial information have been prepared on a historical cost basis, except for the certain financial assets that are measured at fair value.

The preparation of the history financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the history financial information are disclosed in Note 4 to the Accountant’s Report included in Appendix I to this Prospectus.

In preparation of the historical financial information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by our Group consistently throughout the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial position have been, and are expected to be, continuously and materially affected by a number of key factors, some of which are outside of our control, including, without limitation, the following:

The Development of China’s Higher Education Teaching and Learning Digitalization Market

Our business and operating results are impacted by general factors affecting China’s higher education teaching and learning digitalization market, including:

- The development and penetration of digital transformation across the higher education institutions in China;

FINANCIAL INFORMATION

- The development of cloud computing, big data analytics and AI technologies and their application to the teaching and learning activities for higher education across China;
- The influential role of leading higher education institutions in pioneering and showcasing successful digital teaching practices, further encouraging sector wide adoption;
- Government policies supporting the digitalization of higher education; and
- The budget and expenditures of higher education institutions on digitalization transformation, along with their future growth trends.

Diversification of Our Offerings and Revenue Mix

During the Track Record Period, we generate revenue mainly from digital educational content services and products and digital teaching and learning environment services and products. We continuously enrich our offerings by introducing new solutions and iterating existing ones to provide customers more satisfying and enhanced experiences. For example, following our continuous investment and efforts, and the accumulation of industry knowledge from course digitization, we started to offer knowledge graphs in 2022, which has been increasingly popular among higher educations, contributing to our significant revenue growth in 2023 compared to 2022. The continual enrichment of our offerings also helps us to achieve economies of scale, ultimately increasing our profitability.

As one of the few players in China that is able to comprehensively address the needs of higher education institutions for both educational content and environment digitalization, the diversification of our offerings create more cross-selling opportunities for us. Our commitment to improve customer experience and our broad solution offerings encourage customers to make further purchases from us. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 291, 346, 449, 248 and 200 Overlapping Customers, with average revenue per Overlapping Customer of RMB711,504.1, RMB1,018,652.0, RMB1,102,294.3, RMB414,126 and RMB475,865, respectively.

Our overall results of operations and profitability also depend on our revenue structure. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the gross profit margin of digital educational content services and products was 43.8%, 60.7%, 61.2%, 43.5% and 45.4%, respectively, while the gross profit margin of our digital teaching and learning environment services and products was 45.2%, 60.5%, 65.4%, 62.7% and 62.4%, respectively. Therefore, the proportion of our revenue from our services and products will affect our overall profit margin.

FINANCIAL INFORMATION

Our Ability to Expand Our Customer Base and Deepen Cooperation with Existing Customers

Our results of operation and continued growth depend on our ability to expand our customer base and maintain stable and long-term business relationships with our existing customers. Adhering to the customer-centric principle, we have continuously addressed the evolving demand of customers and brought them enhanced experience with our services and products, which helped form a large customer base. In addition, our large and expanding customer base creates a network effect. We served a customer base amounting to 1,174, 1,422, 1,738, 1,156 and 1,143 customers in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our ability to attract and acquire new customers and maintain our existing customers depends on various factors, such as introducing new services and products, enhancing existing offerings, conducting effective customer engagement and communication activities, as well as maintaining high-quality customer service.

Dedicated to enhancing our customer outreach and service, we have established a comprehensive network of customer service and support centers. As of June 30, 2025, we maintained 251 customer service and support centers in 95 cities, covering substantially all provinces, municipal cities and autonomous regions in China. 69.5% of higher education institutions in China are located in those 95 cities. Such network is strategically widespread, ensuring that we are always within reach of our customers, ready to serve their needs with the utmost dedication and efficiency. Through these efforts, we are able to expand our customer base and the depth of our customer engagements, laying a solid foundation for sustained growth and customer satisfaction. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the average revenue per customer amounted to RMB340,809.9, RMB459,187.1, RMB488,031.1, RMB208,539.9 and RMB242,604.1, respectively.

We have attracted a large portion of customers which are universities nominated under “Project 985”, “Project 211” and the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan” which had seen significant growth in terms of the number and revenue contributed by such customers, underscoring our influence and reputation in China’s higher education teaching and learning digitalization market. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we served 212, 234, 240, 205 and 183 customers which are universities nominated under “Project 985”, “Project 211” and the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan”, respectively, and the average revenue per such customer has increased from RMB553,686.4 in 2022 to RMB1,035,208.1 in 2024 and further increased from RMB337,189.4 in the six months ended June 30, 2024 to RMB510,269.7 in the six months ended June 30, 2025.

Continuous Investment in Product and Technology Innovation

Technology is the backbone of our services and products, which has been continuously developed and maintained by our in-house research and development team. Our strong technology capabilities drive the growth of our business. We conduct in-house research and development activities for core AI technologies and applications, data storage, computation and application capabilities for our digital educational content services and products and digital teaching and learning environment services and products. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we incurred research and development expenses of RMB98.1 million, RMB101.1 million, RMB126.9 million, RMB54.2 million and RMB81.3 million, respectively.

FINANCIAL INFORMATION

Our dedication to in-house research and development over the years allow us to be capable of adopting the latest technology advancement in enhancing our existing offerings and developing new options and successfully commercializing them in a timely manner. Through combining the use of AI technologies and our profound understanding of specific subjects of the higher education in China, we developed knowledge graphs to address pain points in various teaching and learning scenarios. Our research and development achievements obtained in the field of knowledge graph construction would enable us to significantly improve the efficacy of the digital educational content services and products provided to universities and colleges, helping teachers and students adapting to the fast-changing environment. Moreover, leveraging our core foundational technologies such as AI document analysis technology, automated operation and maintenance technology and encryption algorithms, we continuously iterate our digital teaching and learning environment services and products to provide more immersive and engaging classrooms for students and more effective learning resources management tools for teachers. We are committed to continuing our investment in product and technology innovations to expand our offerings and deliver high-quality content, thereby satisfying customers' evolving needs.

Our Ability to Manage Costs and Improve Operational Efficiency

Our ability in cost management is crucial to improving our overall profitability. We rely on our employees to deploy and deliver our services and products, as well as support our business operation. As a result, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, employee benefit expenses formed the largest portion of our cost of sales while accounted for 36.4%, 24.4%, 29.1%, 44.1% and 44.1% of our total revenue. As our business continues to grow, we expect to further expand our employee base. We also plan to improve the efficiency of employees in their respective roles to enhance our operational efficiency.

Moreover, we also incur distribution and selling expenses to reach and cover a broader customer base, understand their needs and conduct regular conversations with them to promote the most suitable services and products for them. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our distribution and selling expenses accounted for 36.2%, 25.7%, 25.4%, 43.3% and 41.7% of our total revenue, respectively. We plan to further expand our sales team to reach more customers and provide better customer service, demonstrated by our expansion of customer service and support center network. We will also improve the efficiency of our sales force, through perform internal training sessions, promote more seamless collaborations between different departs and teams, as well as improve our customer reach and solution delivery process. We had also made efforts in optimizing our efficiency in research and development activities while expanding our business, such as enhancing our network utilization management. We aim to further invest in our research and development activities through enhancing our in-house research and development capabilities to enrich our offerings and enhance the competitiveness of our solutions.

FINANCIAL INFORMATION

IMPACT OF COVID-19 PANDEMIC

During the Covid-19 pandemic, higher education institutions in China accelerated the adoption of teaching methods digitalization in response to mitigate measures which promoted remote and online education. Such shift in teaching methods increased awareness, reinforced usage habits and motivated China's higher education institutions' investment in digital teaching and learning environment services and products. According to Frost & Sullivan, the market size of China's higher education teaching and learning digitalization market has grown from RMB12.7 billion in 2020 to RMB21.3 billion in 2024, with a CAGR of 13.7%, demonstrating a strong market demand for digital teaching and learning environment services and products. We served a growing customer base of 1,174, 1,422, 1,738, 1,156 and 1,143 customers in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

However, the Covid-19 pandemic also impacted the business operations of companies operating in China's higher education teaching and learning digitalization market. Pandemic control measures such as travel restrictions and social distancing impacted customer engagement, communication and service and support process, as well as the deployment of services and products, leading to a slower delivery of our services and products due to the business operation disruption brought by the pandemic. As offline visits are integral to various stages of our business operations, it had imposed certain operational challenges for our business. See "Business – Impact of the Pandemic." In 2022, our offline customer communication and engagement had experienced certain operational challenges due to pandemic control measures, such as decreased efficiency in providing timely customer support, and decreased offline visits to customers from 111.3 thousand times in 2021 to 69.5 thousand times in 2022. The pandemic control measures also affected our production and delivery process. The number of our digital courses delivered to customers had decreased from 8,908 courses in 2021 to 7,914 courses in 2022. As a result, our average revenue per customer decreased by 11.4% from RMB384,551.6 in 2021 to RMB340,809.9 in 2022. Our decreased efficiency in the delivery of services and products also led to a decrease in gross profit margin from 51.1% in 2021 to 44.1% in 2022. To mitigate the impact of the pandemic, we had increased our effort in terms of improving the quality of our services and products and enhance our customer service and support capabilities, demonstrated by the increase in cost of sales by 9.7% from RMB203.8 million in 2021 to RMB223.6 million in 2022.

We continuously enhanced in-house R&D capabilities and improved our customer engagement, communication, service and support during the pandemic to maintain our competitiveness. We had invested in the research and development of new products applying the latest technologies, such as knowledge graphs, to meet the evolving market demand, resulting in an increase in research and development expenses in 2022. As a result, we recorded a net loss in 2022 attributable to the combined effect of (i) the business disruption caused by the pandemic in 2022; (ii) our continuous investment in research and development to maintain our competitiveness in the market; (iii) our increased distribution and selling expenses demonstrating our long-term dedication to effective customer coverage and fulfilling our customer-centric strategies; and (iv) our investment in maintaining the stability and quality of our delivery capacity.

FINANCIAL INFORMATION

Our strategic efforts and continuous investment in our overall competitiveness such as research and development, customer support and service centers had led us to substantial growth in 2023 demonstrated by increases in both the number of customers and average revenue per customer in 2023, resulting in an increase in revenue by 63.2% from RMB400.1 million in 2022 to RMB653.0 million in 2023. We also had an increase in gross profit by 124.5% from RMB176.5 million in 2022 to RMB396.3 million in 2023, an increase in gross profit margin from 44.1% in 2022 to 60.7% in 2023 as a result of our increased efficiency and competitiveness. Based on our overall performance during the Track Record Period, save as disclosed above, our Directors are of the view that the COVID-19 pandemic did not have any significant adverse impact on our financial performance and results of operations during the Track Record Period. As the COVID-19 pandemic has subsided since 2022, we do not anticipate further adverse impact on our business and financial performance. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 or any similar pandemic may adversely affect our business and financial performance. See “Risk Factors – Risks Relating to Our Business and Industry – Any future occurrence of force majeure events, natural disasters, or outbreaks of contagious diseases in regions where we primarily operate may materially and adversely affect our business, financial condition and results of operations.”

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

The preparation of history financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our Group’s accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set forth in details in Notes 2 and 4 to the Accountant’s Report in Appendix I to this Prospectus.

Revenue Recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. A customer is the party that contracts with our Group to purchase goods or services which are the output of our Group’s ordinary activities in exchange for consideration.

A contract asset is the Group’s right to consideration in exchange for goods or services that the Group has transferred to the customer, and it should be presented separately. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time. Warranty is provided to customers in conjunction with both (i) digital educational content services and products and (ii) digital teaching and learning environment services and products, which generally lasts no more than three years after the control of the services and products are transferred to the customers. Final portion of the contract price are recognized as retention money receivables, which would be paid after the warranty period expires.

FINANCIAL INFORMATION

If a customer pays consideration or our Group has a right to an amount of consideration that is unconditional, before our Group transfers a good or service to the customer, our Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our Group's obligation to transfer products or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed in the contract.

The accounting policies for our Group's principal revenue sources are as follows:

Digital educational content services and products. Our Group offers course digitization services, knowledge graph construction and virtual simulation development services and products and generates revenue from sales of digital courses, knowledge graph products, virtual simulation products and other related products.

The revenue for sales of services and products mentioned above is recognized at a point in time when the control of the services and products mentioned above are transferred to the customer. Specifically, sales are recognized when the services and products have been transferred to the customers in accordance with the sales contract and the customers have inspected and accepted the services and products.

Digital teaching and learning environment services and products. Our Group develops and produces learning environment services and products, including: (i) digital classroom environment services and products to assist higher education institutions with designing and building digital classrooms to offer more immersive and engaging learning experiences for their students; (ii) configurable, artificial intelligence ("AI") enabled, cloud-native and integrated Learning Management System ("LMS") for higher education institutions to assist them with managing and creating simpler and better connected teaching and learning processes.

- (i) The revenue is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.
- (ii) LMS services and products include standard LMS, allowing customers conveniently access to the system through both personal computers and mobile devices, and customized LMS with development of both management application system and teaching application system.

Revenue of standard LMS services and products is recognized ratably over the contract term. Revenue of customized LMS services and products is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.

FINANCIAL INFORMATION

Employee Benefits

(a) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Track Record Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension Obligations

In accordance with the rules and regulations in the PRC, the employees of our Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which our Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. Other than the monthly contributions, our Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of our Group in an independent fund managed by the PRC government. Our Group's contributions to these plans are expensed as incurred.

(c) Housing Funds, Medical Insurances and Other Social Insurances

The employees of our Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. Our Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. Our Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Bonus Plan

The expected cost of bonuses is recognized as a liability when our Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

FINANCIAL INFORMATION

(e) Termination Benefits

Termination benefits are payable when employment is terminated by our Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Our Group recognizes termination benefits at the earlier of the following dates: (a) when our Group can no longer withdraw the offer of those benefits; and (b) when we recognize costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the Track Record Period are discounted to present value.

Share-Based Payment

Our Group operates an equity-settled share-based payment plan, under which our Group receives services from eligible employees as consideration for equity instruments of our Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the historical financial information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each Track Record Period, our Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Fair Value Estimation

Below explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the statements of financial position. To provide an indication about the reliability of the inputs used in determining fair value, we have classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the Track Record Period. The quoted market price used for financial assets held by our Group is the current bid price. These instruments are included in level 1.

FINANCIAL INFORMATION

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Our financial asset at FVPL comprised of wealth management products during the Track Record Period.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See Note 38 to the Accountant's Report in Appendix I to this Prospectus.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains – net" in the consolidated statements of profit or loss.

Construction in progress represents unfinished construction and equipment under construction or pending for installation and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

FINANCIAL INFORMATION

Research and Development

R&D expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for us;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Our Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our Group's past history, existing market conditions, as well as forward-looking estimates at the end of each Track Record Period.

Impairment of Non-Financial Assets

Property, plant and equipment and right-of-use assets, mainly including electronic equipment and leasehold improvements, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable by considering whether any of the following impairment indicators were present: (i) greater than expected declines in asset values as a result of the passage of time or normal use; (ii) significant adverse changes in the technological, market, economic or legal environment

FINANCIAL INFORMATION

impacting the entity or the market to which the asset is dedicated; (iii) changes in market interest rates or other market rates of return that are likely to significantly affect the discount rate used in the impairment assessment; (iv) carrying amount of net assets of the entity exceeding its market capitalization; (v) evidence of obsolescence or physical damage to an asset; (vi) significant adverse changes impacting the manner in which an asset is used or is expected to be used; (vii) internal reporting indicating the economic performance of an asset is, or will be, worse than expected; and (viii) actual or forecast net cash outflows or operating profits or losses may be significantly worse than expected.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each Track Record Period.

Our management conducts annual assessments with specific consideration of performance trends and external factors. We recorded a net loss in 2022, primarily attributable to the combined effect of (i) the business disruption caused by the pandemic in 2022; (ii) our continuous investment in research and development to maintain our competitiveness in the market; (iii) our increased distribution and selling expenses demonstrating our long-term dedication to effective customer coverage and fulfilling our customer-centric strategies; and (iv) our investment in maintaining the stability and quality of our delivery capacity. The decline in performance and net loss in 2022 had been anticipated by our management as a result of pandemic-related disruptions. However, we considered the impact to be temporary and expected a recovery in business operations and market conditions from 2023 onward. As the actual performance in 2022 did not significantly deviate from our budgeted or expected results, we determined that no indication of impairment existed as defined under paragraph 14 of IAS 36. We subsequently recovered from the pandemic's impact and recorded a net profit of RMB81.4 million in 2023, consistent with our internal forecasts. Further, we assessed and concluded that no other impairment indicators under paragraph 12 of IAS 36 existed during the Track Record Period.

Inventories

Work-in-progress and purchased goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

FINANCIAL INFORMATION

Trade and Other Payables

These amounts represent liabilities for goods and services provided to our Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the Track Record Period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Track Record Period in the countries where our Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. Our Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the Track Record Period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

FINANCIAL INFORMATION

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where our Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where we have a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and our Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our results of operations for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Revenue	400,111	100.0	652,964	100.0	848,198	100.0	240,982	100.0	275,421	100.0
Cost of sales	(223,566)	(55.9)	(256,621)	(39.3)	(323,040)	(38.1)	(130,003)	(53.9)	(146,223)	(53.1)
Gross profit	176,545	44.1	396,343	60.7	525,158	61.9	110,979	46.1	129,198	46.9
Distribution and selling expenses	(128,934)	(32.2)	(167,702)	(25.7)	(215,721)	(25.4)	(104,378)	(43.3)	(114,953)	(41.7)
General and administrative expenses	(39,400)	(9.8)	(44,393)	(6.8)	(68,622)	(8.1)	(38,193)	(15.8)	(40,499)	(14.7)
Research and development expenses	(98,136)	(24.5)	(101,075)	(15.5)	(126,923)	(15.0)	(54,194)	(22.5)	(81,300)	(29.5)
Net impairment losses on financial assets	(6,244)	(1.6)	(7,955)	(1.2)	(14,024)	(1.7)	(25,856)	(10.7)	(20,751)	(7.5)
Other income	13,322	3.3	10,795	1.7	8,619	1.0	2,544	1.1	1,410	0.5
Other gains – net	3,460	0.9	1,080	0.2	241	0.0	527	0.2	239	0.1
Operating profit/(loss)	(79,387)	(19.8)	87,093	13.3	108,728	12.8	(108,571)	(45.1)	(126,656)	(46.0)
Finance income	1,274	0.3	871	0.1	635	0.1	431	0.2	150	0.1
Finance costs	(960)	(0.2)	(1,330)	(0.2)	(2,765)	(0.3)	(814)	(0.3)	(1,313)	(0.5)
Finance (costs)/income – net	314	0.1	(459)	(0.1)	(2,130)	(0.3)	(383)	(0.2)	(1,163)	(0.4)
Profit/(loss) before income tax	(79,073)	(19.8)	86,634	13.3	106,598	12.6	(108,954)	(45.2)	(127,819)	(46.4)
Income tax (expense)/credit	19,963	5.0	(5,213)	(0.8)	(1,527)	(0.2)	20,099	8.3	28,863	10.5
Profit/(loss) and total comprehensive income/(loss), attributable to owners of the Company	(59,110)	(14.8)	81,421	12.5	105,071	12.4	(88,855)	(36.9)	(98,956)	(35.9)

FINANCIAL INFORMATION

Revenue

During the Track Record Period, we primarily generated revenue from (i) digital educational content services and products, including digital course, knowledge graph and virtual simulation; and (ii) digital teaching and learning environment services and products, including Cloud LMS and digital classroom. The following table sets forth a breakdown of our revenue by types of services and products in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Digital educational content										
services and products	335,554	83.9	538,434	82.5	709,964	83.7	209,790	87.1	251,339	91.3
Digital course	295,706	73.9	403,112	61.7	350,835	41.4	142,824	59.3	89,911	32.6
Knowledge graph	6,024	1.5	109,130	16.7	340,401	40.1	59,845	24.8	150,557	54.7
Virtual simulation	33,824	8.5	26,192	4.0	18,728	2.2	7,121	3.0	10,871	3.9
Digital teaching and learning										
environment services and										
products	63,471	15.9	113,915	17.4	137,620	16.2	30,870	12.8	24,026	8.7
Cloud LMS	44,948	11.2	47,538	7.3	88,243	10.3	17,672	7.3	14,781	5.4
Digital classroom	18,523	4.6	66,377	10.2	49,377	5.8	13,198	5.5	9,245	3.4
Others ⁽¹⁾	1,086	0.2	615	0.1	614	0.1	322	0.1	56	0.0
Total	<u>400,111</u>	<u>100.0</u>	<u>652,964</u>	<u>100.0</u>	<u>848,198</u>	<u>100.0</u>	<u>240,982</u>	<u>100.0</u>	<u>275,421</u>	<u>100.0</u>

Note:

- (1) Other types of revenue primarily consisted of rental income and ancillary value-added service to enhance customer experience.

Our dedication to providing more comprehensive solutions to our customers allows us to promote more cross-selling opportunities. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had 291, 346, 449, 248 and 200 Overlapping Customers, with average revenue per Overlapping Customer of RMB711,504.1, RMB1,018,652.0, RMB1,102,294.3, RMB414,126 and RMB475,865, respectively.

FINANCIAL INFORMATION

Digital Educational Content Services and Products

Under our digital educational content services and products, we primarily generated revenue from (i) the production and delivery of digital courses to our customers; (ii) the sales of knowledge graphs developed pursuant to the needs of customers; and (iii) the sales of virtual simulation products to our customers. For details on our revenue recognition policy with respect to our digital educational content services and products, see “– Material Accounting Policy Information and Estimates – Revenue Recognition.” During the Track Record Period, our revenue generated from digital educational content services and products amounted to RMB335.6 million, RMB538.4 million, RMB710.0 million, RMB209.8 million and RMB251.3 million, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, accounting for 83.9%, 82.5%, 83.7%, 87.1% and 91.3% of the total revenue, respectively.

Digital Teaching and Learning Environment Services and Products

Under digital teaching and learning environment services and products, we primarily generated revenue from (i) the sales of Cloud LMS, including the subscriptions fees for the standard products and service fees for the customized products delivered through on-premise deployment; and (ii) the service fees charged for digital classrooms, under which we help customers design, construct and upgrade classrooms featuring digital technologies and smart devices, as well as the subscription fees for our self-developed online learning environment management system, LiveCourse. See “– Material Accounting Policy Information and Estimates – Revenue Recognition.” During the Track Record Period, our revenue generated from digital teaching and learning environment services and products amounted to RMB63.5 million, RMB113.9 million, RMB137.6 million, RMB30.9 million and RMB24.0 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, accounting for 15.9%, 17.4%, 16.2%, 12.8% and 8.7% of the total revenue, respectively.

Cost of Sales

Our cost of sales mainly consisted of (i) employee benefit expenses for personnel responsible for production and delivery of products and provision of services to customers; (ii) purchased goods used, which represented the hardware used for our services and products; (iii) digital content editing fees for supporting service in relation to digital educational content services and products ; (iv) network service fees, which represented the fees we paid to use network services, such as fees paid to cloud service providers; (v) depreciation and amortization; and (vi) others. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales amounted to RMB223.6 million, RMB256.6 million, RMB323.0 million, RMB130.0 million and RMB146.2 million, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	145,560	65.1	159,139	62.0	245,785	76.1	106,338	81.8	121,089	82.8
Purchased goods used	14,407	6.4	31,267	12.2	23,354	7.2	4,200	3.2	4,163	2.8
Digital content editing fees	18,610	8.3	22,546	8.8	21,432	6.6	9,059	7.0	11,035	7.5
Network service fees	18,854	8.4	14,320	5.6	12,053	3.7	5,866	4.5	5,980	4.1
Depreciation and amortization	14,463	6.5	11,603	4.5	9,876	3.1	6,368	4.9	3,663	2.5
Warranty expenses ⁽¹⁾	607	0.3	863	0.3	687	0.2	439	0.3	279	0.2
Others ⁽²⁾	11,065	5.0	16,883	6.6	9,853	3.1	(2,267) ⁽³⁾	(1.7)	14	0.0
Total	223,566	100.0	256,621	100.0	323,040	100.0	130,003	100.0	146,223	100.0

Notes:

- (1) We provide warranties for our services and products, see “Business – Our Customers – Agreements with Customers.” Given that the warranty expenses were immaterial during the Track Record Period, we did not make any provision for warranty expenses.
- (2) Others mainly included travel expenses, tax and surcharges, office expenses and changes in inventories of work in progress.
- (3) We recorded a negative value for others in the six months ended June 30, 2024, primarily due to a negative change in work-in-progress inventories, as the period-end balance exceeded the opening balance, resulting in a deduction from cost of sales in accordance with accounting standards.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our gross profit amounted to RMB176.5 million, RMB396.3 million, RMB525.2 million, RMB111.0 million and RMB129.2 million, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our gross profit margin was 44.1%, 60.7%, 61.9%, 46.1% and 46.9%, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	<i>(RMB'000, except for percentages)</i>						<i>(Unaudited)</i>			
Digital educational content services and products	146,856	43.8	326,829	60.7	434,766	61.2	91,332	43.5	114,160	45.4
Digital teaching and learning environment services and products	28,676	45.2	68,946	60.5	89,969	65.4	19,358	62.7	14,985	62.4
Others ⁽¹⁾	<u>1,013</u>	<u>93.3</u>	<u>567</u>	<u>92.2</u>	<u>424</u>	<u>69.1</u>	<u>289</u>	<u>89.8</u>	<u>53</u>	<u>94.6</u>
Total	<u>176,545</u>	<u>44.1</u>	<u>396,343</u>	<u>60.7</u>	<u>525,158</u>	<u>61.9</u>	<u>110,979</u>	<u>46.1</u>	<u>129,198</u>	<u>46.9</u>

Note:

- (1) Other types of gross profit primarily consisted of gross profit of rental income and ancillary value-added service to enhance customer experience.

FINANCIAL INFORMATION

Distribution and Selling Expenses

Our distribution and selling expenses primarily consist of (i) employee benefit expenses for our sales personnel; (ii) marketing expenses incurred during customer communication activities; (iii) travel expenses of our sales personnel; (iv) hospitality business expenses; (v) depreciation and amortization; and (vi) others. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our distribution and selling expenses amounted to RMB128.9 million, RMB167.7 million, RMB215.7 million, RMB104.4 million and RMB115.0 million, respectively, accounting for 32.2%, 25.7%, 25.4%, 43.3% and 41.7% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The following table sets forth a breakdown of the major components of our selling and distribution expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	86,097	66.8	105,871	63.1	139,090	64.5	67,764	64.9	74,593	64.9
Marketing expenses	12,659	9.8	16,443	9.8	19,663	9.1	8,793	8.4	11,502	10.0
Travel expenses	6,698	5.2	12,340	7.4	19,890	9.2	9,436	9.0	11,007	9.6
Hospitality business expenses	8,549	6.6	11,945	7.1	14,870	6.9	7,911	7.6	7,728	6.7
Depreciation and amortization	5,374	4.2	8,294	5.0	10,741	5.0	4,329	4.1	5,164	4.5
Others ⁽¹⁾	9,557	7.4	12,809	7.6	11,467	5.3	6,145	6.0	4,959	4.3
Total	128,934	100.0	167,702	100.0	215,721	100.0	104,378	100.0	114,953	100.0

Note:

(1) Others mainly included professional and service fees, office expenses and short-term leases.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses for our administrative personnel; (ii) depreciation and amortization; (iii) office expenses; (iv) legal, consulting and other service fees; (v) listing expenses related to the Global Offering; and (vi) others. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our general and administrative expenses amounted to RMB39.4 million, RMB44.4 million, RMB68.6 million, RMB38.2 million and RMB40.5 million, respectively, accounting for 9.8%, 6.8%, 8.1%, 15.8% and 14.7% of our revenue, respectively. The following table sets forth a breakdown of the components of our general and administrative expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	21,367	54.2	26,700	60.1	32,362	47.2	14,454	37.8	16,811	41.5
Depreciation and amortization	7,158	18.2	8,747	19.7	9,433	13.7	4,902	12.8	5,098	12.6
Office expenses	5,282	13.4	5,428	12.2	8,524	12.4	3,277	8.6	3,699	9.1
Legal, consulting and other service fees	3,406	8.6	1,004	2.3	806	1.2	815	2.1	547	1.4
Listing expenses related to the Global Offering	–	–	–	–	14,364	20.9	13,507	35.4	12,438	30.7
Others ⁽¹⁾	2,187	5.6	2,514	5.7	3,133	4.6	1,238	3.3	1,906	4.7
Total	39,400	100.0	44,393	100.0	68,622	100.0	38,193	100.0	40,499	100.0

Note:

(1) Others mainly included travel expenses.

Research and Development Expense

Our research and development efforts mainly focus on developing and upgrading technologies for our digital educational content services and products and digital teaching and learning environment services and products. Our research and development expenses primarily consist of (i) employee benefit expenses for our research and development personnel; (ii) network service fees, which represent fees paid to use network services, such as fees paid to cloud service providers; and (iii) others. Our research and development expenses amounted to RMB98.1 million, RMB101.1 million, RMB126.9 million, RMB54.2 million and RMB81.3 million, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 24.5%, 15.5%, 15.0%, 22.5% and 29.5% of our revenue, respectively. To maintain our strength in research capabilities, we have been and will continue to invest in research activities.

FINANCIAL INFORMATION

The following table sets forth a breakdown of the components of our research and development expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	84,345	85.9	90,606	89.6	116,580	91.9	48,654	89.8	72,223	88.8
Network service fees	10,171	10.4	6,269	6.2	6,523	5.1	3,414	6.3	6,246	7.7
Others ⁽¹⁾	3,620	3.7	4,200	4.2	3,820	3.0	2,126	3.9	2,831	3.5
Total	98,136	100.0	101,075	100.0	126,923	100.0	54,194	100.0	81,300	100.0

Note:

(1) Others mainly included professional and service fees, travel expenses and office expenses.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets which represented impairment losses on trade receivables and retention money receivables and other receivables. Our net impairment losses on financial assets amounted to RMB6.2 million, RMB8.0 million, RMB14.0 million, RMB25.9 million and RMB20.8 million, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Such increase was primarily due to the increase in our expected credit losses determined based on the balance of our trade receivables and retention money receivables. See Note 3.1 to the Accountant's Report included in Appendix I to this Prospectus for basis of expected credit losses for trade receivables and retention money receivables and other receivables.

Other Income

Our other income consisted of government grants which mainly represented financial assistance in relation to our contribution to the local economy and subsidies granted by local governments for the purpose of encouraging business development. During the Track Record Period, our other income amounted to RMB13.3 million, RMB10.8 million, RMB8.6 million, RMB2.5 million and RMB1.4 million, in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Other Gains – Net

Our other gains net mainly consisted of (i) net fair value change on financial assets at FVPL, which represented the fair value change of our wealth management products; and (ii) others. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our other gains amounted to RMB3.5 million, RMB1.1 million, RMB0.2 million, RMB0.5 million and RMB0.2 million, respectively.

The table below sets for a breakdown of other gains – net for the periods indicated:

	Year ended December 31,			Six months ended	
	2022	2023	2024	June 30, 2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Net fair value gains on financial assets					
at FVPL	3,508	1,219	575	547	421
Others	(48)	(139)	(334)	(20)	(182)
Total	3,460	1,080	241	527	239

Finance Income

Our finance income consisted of interest income from bank deposit. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our finance income amounted to RMB1.3 million, RMB0.9 million, RMB0.6 million, RMB0.4 million and RMB0.2 million, respectively.

Finance Costs

Our finance costs consisted of interest expenses on lease liabilities and interest expenses on borrowings. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our finance costs amounted to RMB1.0 million, RMB1.3 million, RMB2.8 million, RMB0.8 million and RMB1.3 million, respectively.

Income Tax Expense

Our income tax expenses mainly represented the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

FINANCIAL INFORMATION

PRC

We are subject to Enterprise Company Tax Law of the PRC (《中華人民共和國企業所得稅法》) and our income tax expense is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period. During the Track Record Period, our Company were accredited as a high and new technology enterprise (“HNTe”) and were entitled to a preferential EIT rate of 15% for the qualified period. The HNTe certificate needs to be renewed every three years to enjoy the preferential EIT rate. Moreover, some of our subsidiaries were also accredited as “Small Low-Profit Enterprise” during the Track Record Period and were entitled to a preferential EIT rate of 2.5% for the qualified period. See Note 12 to the Accountant’s Report in Appendix I to this Prospectus.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our income tax expense/(credit) comprised of deferred income tax expense/(credit). We recorded deferred income tax credit of RMB20.0 million in 2022, deferred income tax expenses of RMB5.2 million in 2023, deferred income tax expenses of RMB1.5 million in 2024, deferred income tax credit of RMB20.1 million in the six months ended June 30, 2024 and deferred income tax credit of RMB28.9 million in the six months ended June 30, 2025. Our deferred income tax credit recorded in 2022 was primarily due to our loss before income tax in the same year. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax expense	–	–	1	–	2,121
Deferred income tax expense/(credit)	(19,963)	5,213	1,526	(20,099)	(30,984)
Total	(19,963)	5,213	1,527	(20,099)	(28,863)

Profit/(Loss) and Total Comprehensive Income/(Loss)

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded net loss of RMB59.1 million, net profit of RMB81.4 million, net profit of RMB105.1 million, net loss of RMB88.9 million and net loss of RMB99.0 million, respectively.

FINANCIAL INFORMATION

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2025 Compared with Six months ended June 30, 2024

Revenue

Our total revenue increased by 14.3% from RMB241.0 million in the six months ended June 30, 2024 to RMB275.4 million in the six months ended June 30, 2025, primarily attributable to the increase in revenue generated from our digital educational content services and products.

Revenue from our digital educational content services and products increased by 19.8% from RMB209.8 million in the six months ended June 30, 2024 to RMB251.3 million in the six months ended June 30, 2025, primarily due to the significant increase in revenue generated from knowledge graph by 151.8% from RMB59.8 million in the six months ended June 30, 2024 to RMB150.6 million in the six months ended June 30, 2025, accounting for 24.8% and 54.7% of the total revenue in the respective periods, in line with our intensified efforts in developing knowledge graph business. Such increase was partially set off by the decrease in revenue of our digital course by 37.0% from RMB142.8 million in the six months ended June 30, 2024 to RMB89.9 million in the six months ended June 30, 2025, primarily attributed to our increased investment in knowledge graph.

Revenue from our digital teaching and learning environment services and products decreased by 22.2% from RMB30.9 million in the six months ended June 30, 2024 to RMB24.0 million in the six months ended June 30, 2025, primarily attributable to the decrease in revenue generated from Cloud LMS and digital classroom. Such decreases were primarily attributable to (i) our allocation of more R&D and marketing resources to digital educational content services and products, particularly the knowledge graph business; and (ii) we accelerated the integration of AI technology and product iteration within our digital teaching and learning environment services and products, which were still in the product promotion and early adoption stage in the six months ended June 30, 2025.

Cost of Sales

Our cost of sales increased by 12.5% from RMB130.0 million in the six months ended June 30, 2024 to RMB146.2 million in the six months ended June 30, 2025, primarily due to the increase in our employee benefit expenses by 13.9% from RMB106.3 million in the six months ended June 30, 2024 to RMB121.1 million in the six months ended June 30, 2025, mainly driven by the increases in the number of our personnel responsible for production and delivery of products and provision of services to customers to support our business expansion.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 16.4% from RMB111.0 million in the six months ended June 30, 2024 to RMB129.2 million in the six months ended June 30, 2025, and our overall gross profit margin increased from 46.1% in the six months ended June 30, 2024 to 46.9% in the six months ended June 30, 2025, primarily attributable to the increase in gross profit margin of digital educational content services and products from 43.5% in the six months ended June 30, 2024 to 45.4% in the six months ended June 30, 2025, primarily due to the successful expansion of our products which has higher gross profit margin, such as knowledge graphs.

Gross profit of digital teaching and learning environment services and products decreased by 22.6% from RMB19.4 million in the six months ended June 30, 2024 to RMB15.0 million in the six months ended June 30, 2025, in line with the revenue generated from such services and products. The gross profit margin of digital teaching and learning environment services and products remained relatively stable, being 62.7% in the six months ended June 30, 2024 and 62.4% in the six months ended June 30, 2025.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 10.1% from RMB104.4 million in the six months ended June 30, 2024 to RMB115.0 million in the six months ended June 30, 2025, primarily attributable to (i) the increase in our employee benefit expenses paid to our sales personnel by 10.1% from RMB67.8 million in the six months ended June 30, 2024 to RMB74.6 million in the six months ended June 30, 2025, primarily due to the increased number of sales personnel; and (ii) the increase in our market development expenses by 30.8% from RMB8.8 million in the six months ended June 30, 2024 to RMB11.5 million in the six months ended June 30, 2025, primarily due to the increase in customer communication and engagement activities.

General and Administrative Expenses

Our general and administrative expenses increased by 6.0% from RMB38.2 million in the six months ended June 30, 2024 to RMB40.5 million in the six months ended June 30, 2025, primarily due to the increase in employee benefit expenses paid to our administrative personnel by 16.3% from RMB14.5 million in the six months ended June 30, 2024 to RMB16.8 million in the six months ended June 30, 2025, mainly driven by increased number of administrative personnel to support our growing business and our operation.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses increased by 50.0% from RMB54.2 million in the six months ended June 30, 2024 to RMB81.3 million in the six months ended June 30, 2025, primarily due to the increase in employee benefit expenses paid to our research and development personnel by 48.4% from RMB48.7 million in the six months ended June 30, 2024 to RMB72.2 million in the six months ended June 30, 2025 as a result of the increased number of personnel to support our continuous investment in developing, applying and upgrading latest technologies to our products and services.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets amounted to RMB25.9 million and RMB20.8 million in the six months ended June 30, 2024 and 2025.

Other Income

Our other income decreased by 44.6% from RMB2.5 million in the six months ended June 30, 2024 to RMB1.4 million in the six months ended June 30, 2025, primarily due to a decrease in government grants.

Other Gains – Net

We recorded net other gains of RMB0.5 million in the six months ended June 30, 2024, which decreased by 54.6% to RMB0.2 million in the six months ended June 30, 2025, primarily due to a decrease in net fair value gains on financial assets at FVPL, mainly resulting from lower interest rates on wealth management products influenced by market conditions, as well as our reduced purchase of such products.

Finance Costs – Net

Our finance costs increased by 61.3% from RMB0.8 million in the six months ended June 30, 2024 to RMB1.3 million in the six months ended June 30, 2025, primarily due to the increase in interest expenses on borrowings from RMB0.1 million in the six months ended June 30, 2024 to RMB0.8 million in the six months ended June 30, 2025.

Income Tax Credit

We recorded income tax credit of RMB20.1 million in the six months ended June 30, 2024 and income tax credit of RMB28.9 million in the six months ended June 30, 2025.

Profit/Loss and Total Comprehensive Income/(Loss)

As a result of the foregoing, we recorded net loss of RMB88.9 million in the six months ended June 30, 2024 and RMB99.0 million in the six months ended June 30, 2025.

FINANCIAL INFORMATION

Year ended December 31, 2024 Compared with Year ended December 31, 2023

Revenue

Our total revenue increased by 29.9% from RMB653.0 million in 2023 to RMB848.2 million in 2024, primarily attributable to the increase in revenue generated from our digital educational content services and products by 31.9% from RMB538.4 million in 2023 to RMB710.0 million in 2024.

Revenue from our digital educational content services and products increased by 31.9% from RMB538.4 million in 2023 to RMB710.0 million in 2024, primarily due to the increased number of customers of digital educational content services and products from 1,230 in 2023 to 1,492 in 2024. Such increase was primarily attributable to the growth of our knowledge graph construction since its official launch in 2022 drawing on our deep knowledge of education and technological capabilities, which resulted in significant increase in revenue generated from knowledge graph from RMB109.1 million in 2023 to RMB340.4 million in 2024, accounting for 16.7% and 40.1% of the total revenue in the respective years. Such increase was partially set off by the decrease in revenue of our digital course by 13.0% from RMB403.1 million in 2023 to RMB350.8 million in 2024, primarily attributed to our increased investment in knowledge graph.

Revenue from our digital teaching and learning environment services and products increased, by 20.8% from RMB113.9 million in 2023 to RMB137.6 million in 2024, primarily attributable to the increased number of customers of digital teaching and learning environment services and products from 538 in 2023 to 695 in 2024. Such increase was primarily attributable to the growth of our Cloud LMS, which resulted in significant increase in revenue generated from Cloud LMS from RMB47.5 million in 2023 to RMB88.2 million in 2024 driven by the increased customer demand, accounting for 7.3% and 10.4% of the total revenue in the respective years.

Cost of Sales

Our cost of sales increased by 25.9% from RMB256.6 million in 2023 to RMB323.0 million in 2024, primarily due to the increase in our employee benefit expenses by 54.5% from RMB159.1 million in 2023 to RMB245.8 million in 2024, mainly driven by the increases in the number of our personnel responsible for development and delivery of services and products to support our business expansion. Such increase was partially offset by (i) the decrease in purchased goods used by 25.3% from RMB31.3 million in 2023 to RMB23.4 million in 2024 in line with our business condition; and (ii) the decrease in digital content editing fees and network service fees by 4.9% and 15.8% from RMB22.5 million and RMB14.3 million in 2023 to RMB21.4 million and RMB12.1 million in 2024, attributed to our continued efforts in managing costs and increasing operational efficiency.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 32.5% from RMB396.3 million in 2023 to RMB525.2 million in 2024, and our overall gross profit margin increased from 60.7% in 2023 to 61.9% in 2024. The increase in gross profit margin was primarily attributable to the higher gross profit margin of knowledge graph which accounted for a larger portion of our revenue in 2024.

Gross profit of digital educational content services and products increased by 33.0% from RMB326.8 million in 2023 to RMB434.8 million in 2024, and its gross profit margin increased from 60.7% in 2023 to 61.2% in 2024, primarily attributable to the increased provision of knowledge graph that had a higher gross profit margin.

Gross profit of digital teaching and learning environment services and products increased by 30.5% from RMB68.9 million in 2023 to RMB90.0 million in 2024, and its gross profit margin increased from 60.5% in 2023 to 65.4% in 2024, respectively. Such increase was primarily attributed to our continued efforts in managing costs and increasing operational efficiency in providing such services and products.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 28.6% from RMB167.7 million in 2023 to RMB215.7 million in 2024 primarily due to (i) the increase in our employee benefit expenses paid to our sales personnel by 35.2% from RMB105.9 million in 2023 to RMB143.2 million in 2024, which was primarily due to the increased number of sales personnel to support our marketing activities; and (ii) the increase in our travel expenses by 61.2% from RMB12.3 million in 2023 to RMB19.9 million in 2024, which was primarily attributable to the increased number of sales personnel and our enhanced marketing activities to promote our solutions.

General and Administrative Expenses

Our general and administrative expenses increased by 43.8% from RMB44.4 million in 2023 to RMB68.6 million in 2024 primarily due to (i) the increase in listing expenses related to the Global Offering from nil in 2023 to RMB14.4 million in 2024; and (ii) the increase in employee benefit expenses paid to our administrative personnel by 21.3% from RMB26.7 million in 2023 to RMB32.4 million in 2024 driven by increased number of administrative personnel to support our growing business.

Research and Development Expense

Our research and development expenses increased by 25.6% from RMB101.1 million in 2023 to RMB126.9 million in 2024, primarily due to the increase in employee benefit expenses paid to our research and development personnel by 28.7% from RMB90.6 million in 2023 to RMB116.6 million in 2024 as a result of the increased number of research and development personnel to support our continuous efforts in developing, applying and upgrading latest technologies to our products and services.

FINANCIAL INFORMATION

Other Income

Our other income decreased by 20.4% from RMB10.8 million in 2023 to RMB8.6 million in 2024, primarily due to a decrease in government subsidy.

Other Gains/Loss – Net

We recorded other gains – net in 2023 which decreased by 77.7% from RMB1.1 million to other gains – net of RMB0.2 million in 2024, primarily due to decrease in net fair value gains on financial assets at FVPL, mainly resulting from lower interest rates on wealth management products influenced by market conditions, as well as our reduced purchase of such products.

Finance Costs/Income – Net

Our net finance cost increased from RMB0.5 million in 2023 to RMB2.1 million in 2024, primarily due to the increase in finance cost from RMB1.3 million in 2023 to RMB2.8 million in 2024 mainly as a result of our new bank borrowings obtained in 2024. See “– Indebtedness – Borrowings.”

Net Impairment Losses on Financial Assets

Our net impairment losses for financial assets increased by 76.3% from RMB8.0 million in 2023 to RMB14.0 million in 2024, primarily due to the increase in our expected credit losses determined based on the balance of our trade receivables and retention money receivables. See Note 3.1 to the Accountant’s Report included in Appendix I to this Prospectus for basis of expected credit losses for trade receivables and retention money receivables and other receivables.

Income Tax Expense/Credit

We recorded income tax expense of RMB5.2 million in 2023 and income tax expense of RMB1.5 million in 2024.

Profit/(Loss) and Total Comprehensive Income/(Loss)

As a result of the foregoing, we recorded net profit of RMB81.4 million in 2023 and net profit of RMB105.1 million in 2024.

FINANCIAL INFORMATION

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our total revenue increased by 63.2% from RMB400.1 million in 2022 to RMB653.0 million in 2023, primarily attributable to the increase in revenue generated from our digital educational content services and products by 60.5% from RMB335.6 million in 2022 to RMB538.4 million in 2023.

Revenue from our digital educational content services and products increased by 60.5% from RMB335.6 million in 2022 to RMB538.4 million in 2023, primarily due to (i) the increased number of customers of digital educational content services and products from 973 in 2022 to 1,230 in 2023; and (ii) the increased average revenue per customer of digital educational content services and products by 26.9% from RMB344,865.4 in 2022 to RMB437,750.4 in 2023. Such increases were primarily attributable to (i) the successful launch and promotion of our new services and products, particularly knowledge graph construction which was officially launched in 2022 and quickly received great popularity and recognition among our customers, demonstrated by the significant increase in revenue generated from knowledge graph from RMB6.0 million in 2022 to RMB109.1 million in 2023, accounting for 1.5% of the total revenue in 2022 and 16.7% in 2023; (ii) our enhanced customer outreach efforts to achieve more effective customer coverage to understand their needs and provide better services and products. For example, our enhanced capabilities in production and delivery of digital courses had been demonstrated by the number of digital courses we delivered per employees responsible of the production and delivery of products and provision of service, increasing from 9.9 in 2022 and 12.8 in 2023, contributing to the increase in revenue generated by our digital courses from RMB295.7 million in 2022 to RMB403.1 million in 2023; and (iii) our dedication to applying the latest technologies to enhance the performance of our services and products in digital educational content services and products.

Revenue from our digital teaching and learning environment services and products increased by 79.5% from RMB63.5 million in 2022 to RMB113.9 million in 2023, primarily attributed to (i) the increased number of customers of digital teaching and learning environment services and products from 492 in 2022 to 538 in 2023; (ii) the increased average revenue per customer of digital teaching and learning environment services and products by 64.1% from RMB129,006.1 in 2022 to RMB211,739.8 in 2023; and (iii) the increased number of digital learning and environment services and products delivered. For example, we delivered 9 more immersive classrooms and 13 more panoramic teaching spaces to our customers, along with 5 additional LiveCourse subscriptions compared to the number of respective products and service we delivered in 2022.

Such increases were primarily attributed to (i) the application of new technologies to our digital teaching and learning environment services and products, thus improving their performance and optimize customer experience; and (ii) our efforts in strengthening our sales team specializing in digital teaching and learning environment services and products allowing us to conduct more effective communication with customers.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased by 14.8% from RMB223.6 million in 2022 to RMB256.6 million in 2023, primarily due to (i) the increase in our employee benefit expenses by 9.3% from RMB145.6 million in 2022 to RMB159.1 million in 2023, mainly driven by the increases in the number of our personnel responsible for production and delivery of products and provision of services to customers and their performance-based salaries in line with business expansion; (ii) the increase in the purchased goods used by 117.0% from RMB14.4 million in 2022 to RMB31.3 million in 2023 in line with our business expansion; (iii) the increase in digital content editing fees by 21.1% from RMB18.6 million in 2022 to RMB22.5 million in 2023 in line with business expansion, partially offset by the decrease in network service fees by 24.0% from RMB18.9 million in 2022 to RMB14.3 million in 2023 attributed to our enhanced network utilization management.

Gross Profit and Gross Profit Margin

As a result of foregoing, our overall gross profit increased by 124.5% from RMB176.5 million in 2022 to RMB396.3 million in 2023, and our overall gross profit margin increased from 44.1% in 2022 to 60.7% in 2023. This was primarily attributable to the increased gross profit of digital educational content services and products by 122.6% from RMB146.9 million in 2022 to RMB326.8 million in 2023, and its increased gross profit margin from 43.8% in 2022 to 60.7% in 2023.

Gross profit of digital educational content services and products increased by 122.6% from RMB146.7 million in 2022 to RMB326.8 million in 2023, and its gross profit margin increased from 43.8% in 2022 to 60.7% in 2023. This was primarily due to (i) the improvement in delivery efficiency resulted from our enhanced project management process in 2023. For example, we have enhanced our KPI-based performance evaluations, focusing on monthly revenues contributed by each employee responsible for production and delivery of products and provision of services. As a result, the number of digital courses delivered per employee responsible for the production and delivery of products and provision of services had increased from 9.9 in 2022 to 12.8 in 2023. See “Business – Our Services and Products – Digital Educational Content Services and Products;” (ii) the expanded business scale of our digital educational content services and products business demonstrated by the increased number of customers of digital educational content services and products from 973 in 2022 to 1,230 in 2023 leading to economies of scale; and (iii) the launch of new products which has higher gross profit margin, such as knowledge graphs.

Gross profit of digital teaching and learning environment services and products also experienced significant growth, increasing by 140.4% from RMB28.7 million in 2022 to RMB68.9 million in 2023, and its gross profit margin increased from 45.2% in 2022 to 60.5% in 2023, respectively. Such increase was primarily due to the improvement of our delivery efficiency resulted from more convenient and effective offline communications and project deployment process, which enabled us to gather timely inputs and feedback from our customers to ensure close cooperation and reduce delays in the production and delivery of products and provision of services, ultimately increasing our gross profit margin. For example, we had conducted various types of offline activities in 2023 covering industry conferences, campus tours and educational seminars, and the number of offline visits to customers had increased from more than 69.5 thousand times in 2022 to 170.9 thousand times in 2023.

FINANCIAL INFORMATION

Distribution and Selling Expenses

Our distribution and selling expenses increased by 30.1% from RMB128.9 million in 2022 to RMB167.7 million in 2023, primarily due to (i) the increase in our employee benefit expenses paid to our sales personnel by 23.0% from RMB86.1 million in 2022 to RMB105.9 million in 2023, which was primarily due to the increased number of sales personnel and their performance-based compensation reflecting our business expansion; and (ii) the increase in our marketing expenses by 29.9% from RMB12.7 million in 2022 to RMB16.4 million in 2023, which was primarily due to the increasing number of customer communication activities to better understand their needs and promote our services and products.

General and Administrative Expenses

Our general and administrative expenses increased by 12.7% from RMB39.4 million in 2022 to RMB44.4 million in 2023 primarily due to the increase in employee benefit expenses paid to our administrative personnel by 25.0% from RMB21.4 million in 2022 to RMB26.7 million in 2023 driven by increased number of administrative personnel to support our growing business and our operation, as well as increased share-based payments to our employees.

Research and Development Expense

Our research and development expenses remained relatively stable, with a slight increase of 3.0% from RMB98.1 million in 2022 to RMB101.1 million in 2023, primarily due to the increase in employee benefit expenses paid to our research and development personnel by 7.4% from RMB84.3 million in 2022 to RMB90.6 million in 2023 as a result of the increased number of research and development personnel. The monthly average number of our research and development personnel had increased from 219 in 2022 to 267 in 2023, driven by our continuous effort in enhancing in-house research and development capabilities to apply the innovative technologies to develop and upgrade our services and products. Such increase was partially offset by the decrease in network service fees by 38.4% from RMB10.2 million in 2022 to RMB6.3 million in 2023, driven by our enhanced network utilization management.

Other Income

Our other income consists of government grants which decreased by 19.0% from RMB13.3 million in 2022 to RMB10.8 million in 2023, primarily because certain government grants received in 2022 were non-recurring and project-based government grants.

FINANCIAL INFORMATION

Other Gains – Net

We recorded other gains – net in both 2022 and 2023, which decreased by 68.8% from RMB3.5 million in 2022 to RMB1.1 million in 2023, primarily due to the net fair value on financial assets at FVPL had decreased by 65.3% from RMB3.5 million in 2022 to RMB1.2 million in 2023 because of the decreased gains from our wealth management products.

Finance Costs/Income – Net

We recorded finance income of finance income – net of RMB0.3 million in 2022 and finance costs – net of RMB0.5 million in 2023.

Net Impairment Losses on Financial Assets

Our net impairment losses for financial assets amounted to RMB6.2 million and RMB8.0 million in 2022 and 2023, respectively.

Income Tax Expense/Credit

We recorded income tax credit of RMB20.0 million in 2022 and income tax expense of RMB5.2 million in 2023.

Profit/(Loss) and Total Comprehensive Income/(Loss)

As a result of the foregoing, we recorded net loss of RMB59.1 million in 2022 which turned to net profit of RMB81.4 million in 2023.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Net Current Assets

The following table sets out our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	June 30, 2025	September 30, 2025
	(RMB'000)				(Unaudited)
Current assets					
Inventories	9,569	15,145	27,873	44,327	41,914
Trade receivables and retention money receivables	134,958	205,065	337,916	411,387	449,623
Other receivables and prepayments	57,701	57,097	67,345	68,597	71,477
Financial assets at fair value through profit or loss	70,142	120,014	48,028	–	–
Restricted cash	5,218	5,556	4,721	6,400	6,400
Cash and cash equivalents	206,270	141,742	230,172	53,051	49,041
Total current assets	483,858	544,619	716,055	583,762	618,455
Current liabilities					
Trade payables	36,806	25,180	11,084	6,922	6,651
Other payables and accruals	76,122	62,116	87,126	82,033	84,217
Borrowings	–	–	56,240	102,677	169,792
Lease liabilities	8,398	14,503	17,593	12,700	10,960
Contract liabilities	130,951	124,498	113,439	69,232	84,996
Total current liabilities	252,277	226,297	285,482	273,564	356,616
Net current assets	231,581	318,322	430,573	310,198	261,839

Our net current assets increased from RMB231.6 million as of December 31, 2022 to RMB318.3 million as of December 31, 2023, primarily due to (i) an increase of RMB70.1 million in trade receivables and retention money receivables; (ii) an increase of RMB49.9 million in financial assets at fair value through profit or loss; and (iii) a decrease of RMB14.0 million in other payables and accruals, partially offset by the decrease of RMB64.5 million in cash and cash equivalents.

FINANCIAL INFORMATION

Our net current assets increased from RMB318.3 million as of December 31, 2023 to RMB430.6 million as of December 31, 2024, primarily due to (i) an increase of RMB132.9 million in trade receivables and retention money receivables; and (ii) an increase of RMB88.4 million in cash and cash equivalents. Such an increase was partially offset by (i) a decrease of RMB72.0 million in financial assets at fair value through profit or loss; and (ii) an increase of RMB56.2 million in borrowings which we obtained in 2024.

Our net current assets decreased by 28.0% from RMB430.6 million as of December 31, 2024 to RMB310.2 million as of June 30, 2025, primarily due to (i) a decrease of RMB177.1 million in cash and cash equivalents; (ii) a decrease of RMB48.0 million in financial assets at fair value through profit or loss; and (iii) an increase of RMB46.4 million in borrowings, partially offset by a decrease of RMB44.2 million in contract liabilities.

Our net current assets decreased from RMB310.2 million as of June 30, 2025 to RMB261.8 million as of September 30, 2025, primarily due to (i) an increase of RMB67.1 million in borrowings; and (ii) an increase of RMB15.8 million in contract liabilities, partially offset by an increase of RMB38.2 million in trade receivables and retention money receivables.

Inventories

Our inventories primarily consisted of (i) purchased goods, which represented services and products ready for sale or in transit to fulfill customers' orders; and (ii) work in progress, which represented labor cost relating to digital educational content services and products. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Purchased goods	2,777	1,613	3,210	8,976
Work in progress	6,792	13,532	24,663	35,351
Total	9,569	15,145	27,873	44,327

Our inventories increased from RMB9.6 million as of December 31, 2022 to RMB15.1 million as of December 31, 2023, primarily due to the increased work in progress by 99.2% from RMB6.8 million as of December 31, 2022 to RMB13.5 million as of December 31, 2023, as a result of the significant growth of our business scale during 2023. Our inventories increased from RMB15.1 million as of December 31, 2023 to RMB27.9 million as of December 31, 2024 primarily due to (i) an increase in work in progress by 82.3% from RMB13.5 million as of December 31, 2023 to RMB24.7 million as of December 31, 2024 mainly arising from the growth in knowledge graph business; and (ii) an increase in purchased goods from RMB1.6 million as of December 31, 2023 to RMB3.2 million as of December 31, 2024, attributed to

FINANCIAL INFORMATION

raw materials purchased to support the production and delivery of our digital classrooms over the period. Our inventories increased from RMB27.9 million as of December 31, 2024 to RMB44.3 million as of June 30, 2025, primarily due to (i) an increase in work in progress by 43.3% from RMB24.7 million as of December 31, 2024 to RMB35.4 million as of June 30, 2025, mainly arising from the growth in knowledge graph business and in line with the seasonal delivery cycle typical in our industry customers generally settle payments in the second half of a year; and (ii) an increase in purchased goods from RMB3.2 million as of December 31, 2024 to RMB9.0 million as of June 30, 2025, primarily due to raw materials purchased to support the production and delivery of our digital classrooms over the period.

The following table sets out an aging analysis of our inventories based on date of revenue recognition as of the dates indicated:

	As of December 31, 2023			As of June 30,
	2022	2023	2024	2025
	(RMB'000)			
Within 6 months	6,174	10,340	16,153	27,453
6 months – 1 year	1,467	2,065	7,581	5,956
Above 1 year	1,928	2,740	4,139	10,918
Total	9,569	15,145	27,873	44,327

As of September 30, 2025, RMB26.7 million, or 60.3% of inventories as of June 30, 2025, had been used, consumed or sold.

We assess impairment to inventories from time to time during the Track Record Period and may make provision for inventories for the amount by which the carrying amount of the inventories exceeds the net recoverable amount, such as if inventories become expired or damage. We make assessments on provision for inventories considering factors including (i) our historical operational performance; (ii) the life cycle and delivery pace of services and products; and (iii) expectation of delivery efficiency for prudent reason. We believe there is no recoverability issue for unutilized inventories because the unconsumed inventories primarily consisted of work in progress representing labor costs relating to digital education content services and products, which had already been allocated to our ongoing projects and their consumption are only subject to the acceptance by the customers. As such, no provision for inventories were made for the unutilized inventories as of September 30, 2025.

FINANCIAL INFORMATION

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30, 2025
Inventory turnover days ⁽¹⁾	13.5	17.6	24.3	45.1

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year or period divided by cost of sales for the relevant year or period and multiplied by 365 days for 2022, 2023 and 2024 and by 180 days for the six months ended June 30, 2025.

Our inventory turnover days increased from 13.5 days in 2022 to 17.6 days in 2023, primarily attributed to the growth in the number of digital courses under production in our digital educational content services and products. Our inventories increased by 57.3% from RMB9.6 million as of December 31, 2022 to RMB15.1 million as of December 31, 2023, which was mainly attributable to the increased number of ongoing projects, as we expanded our customer base and project delivery volume. Meanwhile, our cost of sales increased by 14.8% from RMB223.6 million in 2022 to RMB256.6 million in 2023. The increase in the average balance of inventories was therefore higher than the increase in cost of sales, resulting in a higher inventory turnover days. Our inventory turnover days increased from 17.6 days in 2023 to 24.3 days in 2024 primarily attributed to the growth in the number of digital courses and knowledge graph under production in our digital educational content services and products. In particular, our inventories increased by 84.8% from RMB15.1 million as of December 31, 2023 to RMB27.9 million as of December 31, 2024, primarily due to an 82.3% increase in work in progress, which was mainly attributable to the rapid expansion of our knowledge graph business, leading to a greater accumulation of work in progress. Meanwhile, our cost of sales increased by 25.9% from RMB256.6 million in 2023 to RMB323.0 million in 2024. The increase in the average balance of inventories was therefore higher than the increase in cost of sales, resulting in a higher inventory turnover days. Our inventory turnover days increased from 24.3 days in 2024 to 45.1 days in the six months ended June 30, 2025 in line with the seasonal delivery cycle typical in our industry.

FINANCIAL INFORMATION

Trade Receivables and Retention Money Receivables

Our trade receivables primarily included (i) the trade receivables which represented the amounts due from our customers including purchased services and products and (ii) retention money receivables which represented the warranty money for our delivered services and products. The following table sets forth a breakdown of our trade receivables and retention money receivables as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Trade receivables	146,586	224,075	371,076	464,868
Retention money receivables	6,418	10,819	8,564	8,199
Less: provision for impairment	(12,251)	(20,260)	(34,112)	(54,994)
Total	140,753	214,634	345,528	418,073

During the Track Record Period, we have implemented effective credit management system for our trade receivables which are reviewed and updated regularly. Specifically, we have established a trade receivables collection team supervised by our financing department to manage our trade receivables efficiently. Additionally, we have implemented a collection management system to support our collection and management of trade receivables and retention money receivables, including (i) providing an overview of outstanding payments of our customers; (ii) allowing us to track the detailed collection process for each contract of our customers including sales personnel assigned to such contract and balances, aging and previous payments of such customers; and (iii) monitoring the achievements of collection of outstanding payments, which is one of the key performance indicators of our sales personnel. This system enhances our management of receivables and enables our employees to execute targeted collection strategies efficiently.

Our trade receivables and retention money receivables increased by 53.5% from RMB153.0 million as of December 31, 2022 to RMB234.9 million as of December 31, 2023, and further increased by 61.6% to RMB379.6 million as of December 31, 2024. Our trade receivables and retention money receivables increased by 24.6% from RMB379.6 million as of December 31, 2024 to RMB473.1 million as of June 30, 2025. Such increases were primarily due to the growth of our business.

FINANCIAL INFORMATION

The following table sets out an aging analysis of our trade receivables and retention money receivables based on date of revenue recognition as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Within 6 months	85,659	149,174	242,118	179,291
6 months – 1 year	28,041	34,084	43,073	174,581
1 – 2 years	30,160	35,136	61,619	72,769
2 – 3 years	6,553	10,964	20,820	28,713
Above 3 years	2,591	5,536	12,010	17,713
Total	153,004	234,894	379,640	473,067

Our trade receivables and retention money receivables were generally due within six months. It had continuously increased during the Track Record Period, mainly due to the increase of our trade receivables and retention money receivables within six months in line with our business expansion. Our trade receivables and retention money receivables aged more than six months had increased during the Track Record Period primarily because (i) the payment process of our customers are subject to the influence of various factors, including budget cycle and operating schedule of higher education institutions; and (ii) the payment process of our customers had been prolonged due to the pandemic. Our provision for impairment for trade receivables and retention money receivables amounted to RMB12.3 million, RMB20.3 million, RMB34.1 million and RMB55.0 million, as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. We will continuously and proactively contacting and following up with relevant customers to collect trade receivable and retention money receivables balances. For further information about our accounting for trade receivable and retention money receivables, see Note 19 to the Accountant's Report included in Appendix I to this Prospectus. We have assessed the recoverability of the relevant outstanding trade receivables and retention money receivables balances. Due to the fact that: (i) the good credit history of our customers which are primarily higher education institution from the public sector; (ii) our stable and long-term relationship with our customers; and (iii) our internal control measures implemented to manage risks arising from trade receivables, we believe that the credit risk inherent in our outstanding trade receivable and retention money receivables balances due from them is low. In light of the above, we believe that there is no recoverability issue of trade receivables and retention money receivables, and that sufficient provision has been made.

FINANCIAL INFORMATION

The following table sets forth our trade receivables and retention money receivables turnover days for the Track Record Period:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30, 2025
Trade receivables and retention money receivables turnover days ⁽¹⁾	130.8	108.4	116.8	282.5
– Trade receivables turnover days	126.1	103.6	128.1	277.0
– Retention money receivables turnover days	4.7	4.8	4.2	5.6

Note:

- (1) Trade receivables and retention money receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables and retention money receivables for a year or period divided by revenue for the relevant year or period and multiplied by 365 days for 2022, 2023 and 2024 and by 180 days for the six months ended June 30, 2025.

Our trade receivables and retention money receivables turnover days decreased from 130.8 days in 2022 to 108.4 days in 2023, primarily due to our enhanced management over trade receivables and retention money receivables and improved efficiency in communicating with customers. Our trade receivables and retention money receivables turnover days increased from 108.4 days in 2023 to 116.8 days in 2024, primarily due to our trade receivables and retention money receivables increased by 61.6% from RMB234.9 million as of December 31, 2023 to RMB379.6 million as of December 31, 2024, whereas our total revenue increased by 29.9% from RMB653.0 million in 2023 to RMB848.2 million in 2024. The increase in the average balance of trade receivables and retention money receivables was therefore higher than the increase in total revenue, resulting in a higher trade receivables and retention money receivables turnover days. This was mainly due to the higher volume of projects and customers, as well as the timing of revenue recognition and customer payment cycles, further driven by the project-based nature of our business and customers' batch payment practices, where settlements often group multiple projects together. As project volumes and deliveries increased during the Track Record Period, more projects were pending payment processing at period end, leading to a greater amount of receivables outstanding at period end. We typically grant our customers a credit period up to six months. In 2022, 2023 and 2024, the turnover days of our trade receivables were 126.1 days, 103.6 days and 128.1 days, respectively, all of which were within the credit period we typically granted to our customers. Our trade receivables and retention money receivables turnover days increased from 116.8 days in 2024 to 282.5 days in the six months ended June 30, 2025, primarily because our customers generally settle payments in the second half of a year in line with industry norm.

FINANCIAL INFORMATION

We have been making continual efforts to collect the trade receivables. As of September 30, 2025, RMB143.6 million, or 30.4% of our trade receivables and retention money receivables as of June 30, 2025, had been settled. We believe there is no recoverability issue in respect of the unsettled trade receivables and retention money receivables, and no further provision for impairment for trade receivables and retention money receivables was necessary, because (i) substantially all of our trade receivable and retention money receivables as of June 30, 2025 was due from higher education institutions primarily financed by government funds; (ii) with reference to our historical collection experience, there is no material uncollectible and non-recoverable trade receivables and retention money receivables which had been written-off; (iii) with reference to our historical collection experience, the trade receivables balances as of June 30, 2025 had similar level of settlement around six months after the respective period end; and (iv) we have internal control measures for unsettled trade receivables and retention money receivables, including monitoring, tracking and management of the detailed collection process for unsettled trade receivables, as well as active communication and follow-ups with respective customers by the trade receivables collection team.

Furthermore, we have assessed the recoverability of our trade receivables and retention money receivables in terms of our customers' subsequent settlement, further expected settlement plan, business relationship with our customers and their creditworthiness and concluded that, there is no material uncollectible and non-recoverable trade receivables and retention money receivables which had been written-off. We conduct impairment analysis based on ECL model on the recoverability of our trade receivables and retention money receivables. To ensure sufficient provision of ECL subjected to other receivables, we consider the historical loss rate and evaluate forward-looking macro-economic data used in ECL model of trade receivables and retention money receivables. See Note 3.1 to the Accountants' Report included in Appendix I to this prospectus for the information on ECL. As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded loss allowance of RMB12.3 million, RMB20.3 million, RMB34.1 million and RMB55.0 million, respectively, with the loss allowance for trade receivables and retention money receivables aged over one year amounted to RMB9.4 million, RMB14.8 million, RMB29.0 million and RMB42.9 million, respectively. The increase in loss allowance for the trade receivables and retention money receivables was primarily because our business scale grew rapidly and customers generally settle payments in the second half of the year, which we believe are sufficient in view of the subsequent settlement of our trade receivables and retention money receivables. In light of the above, we believe that there is no recoverability issue of trade receivables and retention money receivables, and that sufficient provision has been made.

Other Receivables and Prepayments

Our other receivables and prepayments primarily comprised of (i) deposits, (ii) advance to employees for business development expenses and (iii) others. Our deposits comprised of the deposits we paid to customers, rental deposits and other deposits. The deposits paid to customers include performance security deposits and deposits with respect to prepayment from customers.

FINANCIAL INFORMATION

We consider various factors for our performance security deposits, including customer requests, service and product types, engagement methods, project scale and our historical business practices with such customers. Such deposits were primarily paid to guarantee our performance obligation before the delivery of our services and products, which is in line with industry norm, according to Frost & Sullivan. The deposit amounts paid to customers were primarily determined by a certain percentage which typically ranges from 5%-10% of the total contract amount. We generally receive refunds for such deposits paid to customers upon their acceptance of our services and products.

Certain customers make prepayments to us before the delivery of services and products and request deposits with respect to the prepayment from us to hedge counterparty risks. We typically agree on the amount of prepayment from the customer, the amount of deposits paid by us and the conditions for refunds with such customers. Subject to the agreements, customers make prepayments to us, and we pay deposits with respect to the prepayments to such customers. The amount of deposits normally accounts for a percentage from 25% to the full amount of the prepayment, primarily influenced by contract fulfillment progress, as well as other factors including contract value and the significance of the projects. We typically receive refunds for deposits with respect to prepayment from customers upon acceptance of our services and products. We generally do not have any penalty or interest charged for late refunds from customers. According to Frost & Sullivan, the arrangement in relation to deposits paid to customers with respect to the prepayment is not uncommon in the industry.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had paid deposits to 233, 236, 242, 56 and 72 customers for performance security deposits and deposits with respect to prepayment from customers in total, respectively. In relation to the deposits with respect to prepayment from customers, we set out below the flowchart showing the fund flows.



Note:

- (1) The amount of deposits normally accounts for a percentage from 25% to the full amount of the prepayment, primarily influenced by contract fulfillment progress, as well as other factors including contract value and the significance of the projects.

FINANCIAL INFORMATION

The following table sets forth the breakdown other receivables as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Deposits	49,956	46,800	51,815	49,786
– Deposits paid to customers	41,680	37,758	40,493	34,355
– Rental deposits	5,061	5,687	6,332	5,953
– Other deposits	3,215	3,355	4,990	9,478
Advance to staff	6,649	7,336	9,650	8,684
Others	929	876	708	963
Total	57,534	55,012	62,173	59,433

Our other receivables and prepayments slightly decreased by 4.4% from RMB57.5 million as of December 31, 2022 to RMB55.0 million December 31, 2023, primarily due to the decrease by 6.3% in deposits from RMB50.0 million as of December 31, 2022 to RMB46.8 million as of December 31, 2023 attributed to the accelerated delivery of our services and products, partially offset by the increase by 10.3% in advance to employees from RMB6.6 million as of December 31, 2022 to RMB7.3 million as of December 31, 2023 attributed to the increased number of employees in line with business expansion.

Our other receivables and prepayments increased by 13.0% from RMB55.0 million as of December 31, 2023 to RMB62.2 million as of December 31, 2024, primarily due to (i) the increase by 10.7% in deposits from RMB46.8 million as of December 31, 2023 to RMB51.8 million as of December 31, 2024 in line with our business growth; and (ii) the increase by 31.5% in advance to staff from RMB7.3 million as of December 31, 2023 to RMB9.7 million as of December 31, 2024 attributed to the increased number of personnel to support our growing business.

Our other receivables and prepayments remained relatively stable, being RMB62.2 million as of December 31, 2024 and RMB59.4 million as of June 30, 2025.

As of September 30, 2025, RMB16.6 million, or 23.6% of our other receivables and prepayments as of June 30, 2025, had been settled.

As of September 30, 2025, 71.7%, 52.2%, 20.1% and 6.4% of the deposit paid to customers as of December 31, 2022, 2023, 2024 and June 30, 2025 had been settled.

FINANCIAL INFORMATION

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss comprised of investments in wealth management products issued by banks. Our financial assets at fair value through profit or loss increased from RMB70.1 million as of December 31, 2022, by 71.1% to RMB120.0 million as of December 31, 2023, primarily due to our purchase and redemption of wealth management products. Our financial assets at fair value through profit or loss decreased from RMB120.0 million as of December 31, 2023 to RMB48.0 million as of December 31, 2024, primarily because we reduced purchase of wealth management products and purchased structured deposits. Our financial assets at fair value through profit or loss decreased from RMB48.0 million as of December 31, 2024 to nil as of June 30, 2025, primarily because we had redeemed all of our wealth management products to fund our working capital.

With regards to the purchase and redemption of wealth management products, we have formulated the investment policy of diversifying risks and generating steady returns on the premise of ensuring the safety of fund. We mainly purchase and redeem short-term wealth management products from time to time for liquidity management purpose. We generally prefer bank-issued wealth management products with a relatively low risk level assigned to them by relevant banks and as stipulated in the purchase agreements for such products. In terms of investing in wealth management products, our investment strategy is to diversify risks and generate returns, while ensuring the safety of the funds. Our Chief Financial Officer and financial department are mainly responsible for making, implementing and supervising our investment strategies and decisions. We have implemented the following investment policies:

- Our Chief Financial Officer is responsible for the approval of our investments in wealth management products through a strict review and decision-making process;
- Our financial department is responsible for the analysis and research of investments in wealth management products, as well as the routine management of such investments; and
- Investments in wealth management products could be made when we have surplus cash that is not required for our short-term working capital purposes.

We have established internal control measures for investing in wealth management products, including: (i) evaluating working capital sufficiency for business needs prior to and after investment; (ii) adopting a prudent approach in selecting and approving financial assets to minimize financial risks; and (iii) making case-by-case investment decisions based on factors such as the macroeconomic environment, market conditions, risk control and expected investment outcomes.

FINANCIAL INFORMATION

In relation to the valuation of wealth management products, our Directors (i) reviewed the terms and conditions on the investment agreements, carefully considered all related information and agreed on the valuation approaches adopted and key assumptions; and (ii) approved the results if the procedures were deemed satisfactory and it was unnecessary to appoint external valuation expert to conduct the valuation. The Directors considered the carrying amounts of the wealth management products are not materially different from their fair values as of December 31, 2022, 2023, 2024 and June 30, 2025 due to the wealth management products' immediate or short term nature of maturity. Based on the above processes, our Directors are of the view that the valuation analysis is fair and reasonable, and the fair value measurements of wealth management products are properly prepared. The investments in wealth management products after Listing will be conducted subject to the compliance with Chapter 14 of the Listing Rules.

Trade Payables

Our trade payables comprised of payables for goods and services including materials, equipment and softwares procured to be used in developing our services and products. Our trade payables are normally settled within one year. Our trade payables decreased by 31.6% from RMB36.8 million as of December 31, 2022 to RMB25.2 million as of December 31, 2023, and decreased by 56.0% from RMB25.2 million as of December 31, 2023 to RMB11.1 million as of December 31, 2024 and further decreased by 37.5% to RMB6.9 million as of June 30, 2025, primarily due to the substantial settlement of historical payables as our business operations expanded. Such an approach was balanced and strategic, ensuring that while we settled overdue accounts, our payment was in a manner consistent with our overall financial management practices and commitments to our suppliers.

The following table sets forth an aging analysis of our trade payables based on the purchase date as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Within 1 year	28,371	21,763	8,978	4,150
Over 1 year	8,435	3,417	2,106	2,772
Total	36,806	25,180	11,084	6,922

As of September 30, 2025, RMB6.9 million, or 100.0% of our trade payables as of June 30, 2025, had been settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals comprised of (i) salaries and welfare payables, including our employees' salaries and welfare programs such as social insurance; (ii) VAT and other taxes payables; (iii) payable for listing expenses; and (iv) others. The following table sets forth the breakdown of other payables and accruals as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Salaries and welfare payables	57,474	33,556	49,532	41,695
VAT and other taxes payables	18,572	28,484	35,424	26,014
Payable for listing expenses	—	—	1,693	13,840
Others ⁽¹⁾	76	76	477	484
Total	76,122	62,116	87,126	82,033

Note:

(1) Others primarily include deposits from suppliers and payable for employee reimbursements.

Our other payables and accruals decreased by 18.4% to RMB62.1 million as of December 31, 2023, primarily due to (i) the decrease in salaries and welfare payables by 41.6% from RMB57.5 million as of December 31, 2022 to RMB33.6 million as of December 31, 2023, attributed to our settlement of such payables in 2023, partially offset by the increase in VAT and other taxes payables by 53.4% from RMB18.6 million as of December 31, 2022 to RMB28.5 million as of December 31, 2023, attributed to the increase in revenue in line with our business expansion in 2023.

Our other payables and accruals increased by 40.3% to RMB87.1 million as of December 31, 2024, primarily due to (i) the increase in salaries and welfare payables by 47.6% from RMB33.6 million in 2023 to RMB49.5 million due to our increased workforce, and (ii) the increase in VAT and other taxes payables by 24.4% from RMB28.5 million to RMB35.4 million as our business grew.

Our other payables and accruals decreased by 5.8% to RMB82.0 million as of June 30, 2025, primarily due to (i) the decrease in salaries and welfare payables by 15.8% from RMB49.5 million as of December 31, 2024 to RMB41.7 million as of June 30, 2025, primarily due to a lower accrual of salaries and wages at mid-year compared to year-end. Such decrease was partially offset by the increase in payable for listing expenses from RMB1.7 million as of December 31, 2024 to RMB13.8 million as of June 30, 2025.

As of September 30, 2025, RMB71.1 million, or 86.7% of our other payables and accruals as of June 30, 2025, had been settled.

FINANCIAL INFORMATION

Lease Liabilities

Lease liabilities represented the present value of outstanding lease payments under our lease agreements, which primarily relate to our office buildings.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB'000)			2025
Current lease liabilities	8,398	14,503	17,593	12,700
Non-current lease liabilities	10,294	11,598	8,157	5,598
Total	18,692	26,101	25,750	18,298

Our lease liabilities increased by 39.6% from RMB18.7 million as of December 31, 2022 to RMB26.1 million as of December 31, 2023, primarily because of the new leases we entered into for additional office premises serving our business expansion. Our lease liabilities remained relatively stable at RMB26.1 million as of December 31, 2023 and RMB25.8 million as of December 31, 2024. Our lease liabilities decreased by 28.9% from RMB25.8 million as of December 31, 2024 to RMB18.3 million as of June 30, 2025, primarily because we are in the process of renewing some expired lease contracts.

Contract Liabilities

Our contract liabilities primarily represented the advance payment from customers for our services and products. Our contract liabilities slightly decreased by 4.9% from RMB131.0 million as of December 31, 2022 to RMB124.5 million as of December 31, 2023, primarily due to the accelerated deployment and delivery of our services and products. Our contract liabilities decreased by 8.9% from RMB124.5 million as of December 31, 2023 to RMB113.4 million as of December 31, 2024, primarily due to our accelerated fulfillment of contracts. Our contract liabilities decreased by 39.0% from RMB113.4 million as of December 31, 2024 to RMB69.2 million as of June 30, 2025, primarily as a result of our accelerated delivery of products and services, as well as customer settlement patterns, with payments typically settled in the second half of the year in accordance with industry seasonality patterns.

As of September 30, 2025, RMB38.9 million, or 56.2% of our contract liabilities as of June 30, 2025, had been subsequently recognized as revenue subsequent to June 30, 2025.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements principally from cash generated from our business operations. After the Global Offering, we intend to finance our future capital requirements through proceeds from our business operations, bank borrowings and the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had cash and cash equivalents of RMB206.3 million, RMB141.7 million, RMB230.2 million and RMB53.1 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. We recorded net current assets as of December 31, 2022, 2023, 2024 and June 30, 2025. As of June 30, 2025, our unutilized banking facilities amounted to RMB70.1 million. Taking into account the net proceeds from the Global Offering and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Prospectus.

Cash Flow

The following table sets out a summary of our cash flow for the periods indicated:

	Year ended December 31,			Six months ended	
	2022	2023	2024	June 30,	2025
	(RMB'000)			(Unaudited)	
Cash and cash equivalents at the beginning of the year/period	97,432	206,270	141,742	141,742	230,172
Net cash generated from/(used in) operating activities	(48,135)	10,914	(9,526)	(206,292)	(258,014)
Net cash (used in)/generated from investing activities	171,831	(57,807)	62,817	114,660	46,794
Net cash (used in)/generated from financing activities	(14,858)	(17,635)	35,139	18,788	34,099
Cash and cash equivalents at the end of the year/period	206,270	141,742	230,172	68,898	53,051

FINANCIAL INFORMATION

Net Cash Generated From/(Used in) Operating Activities

We achieved negative operating cash flow of RMB48.1 million in 2022, positive operating cash flow of RMB10.9 million in 2023 and negative operating cash flow of RMB9.5 million in 2024, respectively. We achieved negative operating cash flow of RMB206.3 million and RMB258.0 million in the six months ended June 30, 2024 and 2025, respectively. Our net cash used in operating activities is calculated by adjusting our cash generated from or used in operations with interest received from cash at banks. In calculating our cash generated from or used in operations, we adjust our profit or loss for the year by non-cash, non-operating items and the working capital changes.

In the six months ended June 30, 2025, we had net cash used in our operating activities of RMB258.0 million. We adjusted our loss before income tax for the period of RMB127.8 million by (i) non-cash, non-operating items such as (a) impairment losses on financial assets of RMB20.8 million; (b) depreciation of right-of-use assets of RMB9.4 million; and (c) depreciation of property, plant and equipment of RMB5.0 million; (ii) changes in working capital such as (a) increase in trade receivables and retention money receivables of RMB93.4 million as a result of the growth of our business; (b) decrease in contract liabilities of RMB44.2 million primarily as a result of our accelerated delivery of products and services, as well as customer settlement patterns, with payments typically settled in the second half of the year in accordance with industry seasonality patterns; and (iii) finance costs of RMB1.2 million.

In 2024, we had net cash used in our operating activities of RMB9.5 million. We adjusted our profit before income tax for the period of RMB106.6 million by (i) non-cash, non-operating items such as (a) depreciation of right-of-use assets of RMB19.1 million; (b) impairment losses on financial assets of RMB14.0 million due to the increase in expected credit losses determined based on the balance of trade receivables and retention money receivables; and (c) depreciation of property, plant and equipment of RMB11.7 million; (ii) changes in working capital such as (a) increase in trade receivables and retention money receivables of RMB144.7 million as a result of the growth of our business; (b) increase in inventories of RMB12.7 million due to the increase in work in progress mainly arising from the growth in knowledge graph business and the increase in purchased goods attributed to raw materials purchased to support the production and delivery of our digital classrooms over the period; (c) increase in other receivables and prepayments of RMB9.6 million due to the increase in deposits in line with our business growth and the increase in advance to staff attributed to the increased number of personnel to support our growing business; and (d) increase in trade and other payables of RMB10.9 million due to the increase in salaries and welfare payables due to our increased workforce and the increase in VAT and other taxes payables as our business grew; and (iii) finance costs of RMB2.1 million.

In 2023, we had net cash generated from our operating activities of RMB10.9 million. We adjusted our profit before income tax for the year of RMB86.6 million by (i) non-cash, non-operating items such as (a) depreciation of property, plant and equipment of RMB13.2 million; (b) depreciation of right-of-use assets of RMB16.0 million; and (c) impairment losses on financial assets of RMB8.0 million due to the increase in our expected credit losses determined based on the balance of our trade receivables and retention money receivables; (ii) changes in working capital such as increase in (a) trade receivables and retention money receivables of RMB82.1 million as a result of the growth of our business; and (b) decrease in trade and other payables of RMB25.6 million due to the decrease in salaries and welfare payables attributed to our settlement such payables in 2023; and (iii) finance costs of RMB1.3 million.

FINANCIAL INFORMATION

In 2022, we had net cash used in operating activities of RMB48.1 million. We adjusted our loss before income tax for the year of RMB79.1 million by (i) non-cash, non-operating items such as (a) depreciation of property, plant and equipment of RMB13.7 million; (b) depreciation of right-of-use assets of RMB13.8 million; and (c) impairment losses on financial assets of RMB6.2 million due to the increase in our expected credit losses determined based on the balance of our trade receivables and retention money receivables; (ii) changes in working capital such as (a) increase in trade receivables and retention money receivables of RMB29.4 million due to prolonged settlement process due to the pandemic; and (b) increase in contract liabilities of RMB38.6 million due to the slower delivery of our services and products due to our impacted business operation due to the pandemic; and (iii) finance costs of RMB1.0 million.

We plan to improve our operating cash outflows position by following measures:

- Strengthening supply chain management. We plan to obtain preferential treatment from our suppliers, such as obtaining a more relaxed credit policy and more flexible payment methods, to reduce the cash expenditure on our daily operations. In addition, we will make better use of the credit terms extended to us by our suppliers;
- Strengthening trade receivables management. We will collect receivables and retention money receivables in a more efficient manner, implement sales and collection policies, adopt specific measures to collect payments from customers in a timely manner and strengthen the supervision of the progress of payment collection so as to replenish our working capital;
- Strengthening customer credit management. We will continue to negotiate more attractive terms with our customers and implement more rigorous credit period review and approval procedures. In addition, we plan to establish relationships with more reputable customers and continue to conduct credit evaluations on new and existing customers.

Net Cash Generated From/(Used in) Investing Activities

Our net cash (used in)/from investing activities represents (i) purchase of property, plant and equipment; (ii) proceeds from disposals of investment property; (iii) purchase of financial assets at fair value through profit or loss; and (iv) proceeds from disposals of financial assets at fair value through profit or loss.

In the six months ended June 30, 2025, our net cash generated from investing activities was RMB46.8 million, which was primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB198.4 million, partially offset by (i) purchase of financial assets at fair value through profit or loss of RMB150.0 million; and (ii) purchase of property, plant and equipment of RMB1.7 million.

FINANCIAL INFORMATION

In 2024, our net cash generated from investing activities was RMB62.8 million, which was primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB140.6 million, partially offset by (i) purchase of financial assets at fair value through profit or loss of RMB68.0 million; and (ii) purchase of property, plant and equipment of RMB9.7 million.

In 2023, our net cash used in investing activities was RMB57.8 million, which was primarily attributable to (i) purchase of financial assets at fair value through profit or loss of RMB415.0 million; and (ii) purchase of property, plant and equipment of RMB9.2 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB366.3 million.

In 2022, our net cash generated from investing activities was RMB171.8 million, primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB743.5 million, partially offset by (i) purchase of financial assets at fair value through profit or loss of RMB560.0 million and (ii) purchase of property, plant and equipment of RMB11.7 million.

Net Cash Flows Generated From/(Used in) Financing Activities

In the six months ended June 30, 2025, our net cash generated from financing activities was RMB34.1 million, primarily due to proceeds from borrowings of RMB91.6 million, partially offset by (i) repayments of borrowings of RMB45.0 million; and (ii) principal payments of lease liabilities of RMB10.1 million.

In 2024, our net cash generated from financing activities was RMB35.1 million, primarily due to proceeds from borrowings of RMB100.0 million, partially offset by (i) repayments of borrowings of RMB44.0 million; and (ii) principal payments of lease liabilities of RMB17.5 million.

In 2023, our net cash used in financing activities was RMB17.6 million, primarily due to (i) principal payments of lease liabilities of RMB16.3 million; and (ii) interests paid for lease liabilities of RMB1.3 million.

In 2022, our net cash used in financing activities was RMB14.9 million, primarily due to (i) principal payments of lease liabilities of RMB13.9 million; and (ii) and interests paid for lease liabilities of RMB1.0 million.

FINANCIAL INFORMATION

INDEBTEDNESS

During the Track Record Period, our indebtedness comprised of lease liabilities and borrowings. The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	June 30, 2025	September 30, 2025
	(RMB'000)			(Unaudited)	
Current					
Borrowings	–	–	56,240	102,677	169,792
Lease liabilities	8,398	14,503	17,593	12,700	10,960
Non-current					
Lease liabilities	10,294	11,598	8,157	5,598	5,800
Total	18,692	26,101	81,990	120,975	186,552

Borrowings

As of June 30, 2025, we had borrowings of RMB102.7 million, which were short-term, guaranteed bank borrowings obtained mainly to fund our working capital. As of September 30, 2025, we had borrowings of RMB169.8 million, which were short-term, guaranteed and unguaranteed bank borrowings obtained mainly to fund our working capital. The guaranteed bank borrowings were guaranteed by one of our subsidiaries.

Lease Liabilities

We recorded lease liabilities of RMB18.7 million, RMB26.1 million, RMB25.8 million and RMB18.3 million and RMB16.8 million, as of December 31, 2022, 2023, 2024 and June 30, 2025 and September 30, 2025, respectively. See “– Discussion of Certain Key Balance Sheet Items – Lease liabilities.”

Our Directors confirm that as of the Latest Practicable Date, there was no covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of September 30, 2025, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since September 30, 2025.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024 and June 30, 2025, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated:

	As of/For the year ended December 31,		As of/For the six months ended June 30,		
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Gross Profit Margin(%) ⁽¹⁾	44.1	60.7	61.9	46.1	46.9
Net Profit Margin (%) ⁽²⁾	N/A ⁽³⁾	12.5	12.4	N/A ⁽³⁾	N/A ⁽³⁾
Return on Equity (%) ⁽⁴⁾	N/A ⁽⁵⁾	23.5	23.5	N/A ⁽⁵⁾	N/A ⁽⁵⁾
Current Ratio (times) ⁽⁶⁾	1.9	2.4	2.5	2.0	2.1
Gearing Ratio (%) ⁽⁷⁾	6.2	6.7	16.4	20.6	30.2

Note:

- (1) Gross profit margin is calculated using gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin is calculated using net profit divided by revenue for the year and multiplied by 100%.
- (3) Net profit margin is not applicable for 2022 and the six months ended June 30, 2024 and 2025 as net loss was recorded during such year or period.
- (4) Return on equity is calculated using net profit divided by the average of the beginning and ending total equity for that year and multiplied by 100%.
- (5) Return on equity is not applicable for 2022 and the six months ended June 30, 2024 and 2025 as net loss was recorded during such year or period.
- (6) Current ratio is calculated by using current assets divided by current liabilities as of the same date.
- (7) Gearing ratio is calculated by using total debt (including lease liabilities) as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

FINANCIAL INFORMATION

See “– Period-to-period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective periods.

COMMITMENTS

As of December 31, 2022, 2023, 2024 and June 30, 2025, we did not have any material capital commitments.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consisted of purchase of property, plant and equipment. In 2022, 2023, 2024 and the six months ended June 30, 2025, the total amount of our capital expenditures amounted to RMB11.7 million, RMB9.2 million, RMB9.7 million and RMB1.7 million, respectively. The table below sets out the details of our capital expenditure as of the dates indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB'000)			(unaudited)	
Purchase of property, plant and equipment	11,704	9,154	9,744	5,901	1,655
Total	11,704	9,154	9,744	5,901	1,655

We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from operations. We intend to fund our future capital expenditures with a combination of operating cashflow, equity and debt financing and net proceeds received from the Global Offering.

RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 33 of Appendix I to this Prospectus.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 3 of Appendix I to this Prospectus.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our Company and our primary subsidiaries were incorporated in the PRC and considered RMB as the functional currency. As of December 31, 2022, 2023, 2024 and June 30, 2025, the majority of our assets and liabilities are denominated in RMB.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates, as we have no significant interest-bearing assets except for cash and cash equivalents.

Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash, trade receivables, retention money receivables and other receivables. The carrying amount of each class of the above financial assets represents our Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash and cash equivalents and restricted cash are mainly placed with state-owned or reputable financial institutions in China which are all high-credit-quality financial institutions.

FINANCIAL INFORMATION

To manage risk arising from trade receivables and retention money receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade receivables and retention money receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade receivables and retention money receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables and retention money receivables are presented as net impairment losses on financial assets within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing to meet its daily operation working capital.

DIVIDEND

No dividend has been paid or declared by our Company during the Track Record Period. We do not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our shareholders in a shareholders meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure, future development requirements, Shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable laws and regulations and approval of our Shareholders. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of our Directors.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had distributable reserves of RMB161.8 million.

FINANCIAL INFORMATION

LISTING EXPENSE

Assuming an Offer Price of HK\$69.18 per Share (being the mid-point of the indicative offer price range stated in this Prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us, are estimated to amount in aggregate to be approximately HK\$56.7 million, accounting for 12.3% of the gross proceeds from the Global Offering, of which approximately HK\$38.8 million is expected to be charged to profit and loss, and approximately HK\$17.9 million is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately HK\$13.8 million, and (ii) non-underwriting related expenses of approximately HK\$42.9 million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK\$27.4 million and other fees and expenses of approximately HK\$15.5 million.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II – Unaudited Pro Forma Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountant’s Report set out in Appendix I to this Prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$69.18 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), we estimate that we will receive net proceeds of approximately HK\$404.5 million from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 36.7% of the net proceeds, or approximately HK\$148.4 million, is expected to be used for our research and development. Specifically, we will focus on research and development of latest and advanced technologies including: (i) AI large language models and dialogue synthesis technologies, which enable multi-turn dialogue, intent recognition, knowledge Q&A and intelligent tutoring, leveraging natural language processing and computer vision to provide intelligent interaction, personalized teaching and automated content generation; (ii) text generation and intelligent writing, supporting intelligent reading, outline generation, text expansion and polishing for efficient content creation in educational and office scenarios; (iii) knowledge graph and intelligent retrieval, automatically structuring resources and generating knowledge graphs for smart resource retrieval and knowledge discovery; and (iv) digital human and multi-modal content generation, including algorithms for digital human modeling, lip-sync, voice synthesis and avatar generation, enabling the automatic creation of virtual personas for educational content, virtual assistants and personalized video production. All of these technologies have been duly registered and will continue to be iterated and upgraded, enriching our service and product portfolio and enhancing product quality and customer experience.
- (i) Approximately 29.0% of the net proceeds, or approximately HK\$117.2 million, is expected to be used to recruit and cultivate research and development personnel, and increase their employee remuneration and benefits particularly in positions such as AI data analysts, front-end development engineers, algorithm engineers, software architects and 3D modeling engineers. As robust services and products development capabilities are key drivers of our competitive advantage and revenue growth, expanding our R&D teams is essential to maintain and strengthen our market position. As the China’s higher education teaching and learning digitalization market is expected to grow, these investments are aligned with our anticipated revenue growth over the next five years and are necessary to capture new opportunities and

FUTURE PLANS AND USE OF PROCEEDS

support our long-term business expansion. We expect such recruitment and increased compensation to (a) comprehensively enhance our research and development capabilities, with a focus on utilizing advanced technologies to iterate our services and products; and (b) enrich our service and product offerings and improve the quality to bring better customer experience.

The monthly average number of research and development personnel during the Track Record Period was 219, 267, 297, 279 and 400 in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, and we plan to further recruit approximately 112 research and development personnel with expertise in AI technologies, data analysis, data modeling and software design that are qualified for their respective roles. For certain position requiring higher technical capabilities, we prefer candidates with doctoral degrees and research experience, such as R&D engineers. The following table sets forth the number, position and salary levels of our new recruitment for research and development personnel:

Position	No. of personnel	Estimated monthly salary (RMB'000)
Algorithm engineers	38	20,000 – 50,000
R&D engineers	26	20,000 – 30,000
AI data analysts	18	15,000 – 25,000
3D design and modeling engineers	16	20,000 – 30,000
Software architects	9	35,000 – 50,000
Software testing engineers	5	20,000 – 30,000
	<hr/>	
Total	112	
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- (ii) Approximately 7.7% of the net proceeds, or approximately HK\$31.2 million, is expected to be used to improve the infrastructure for our research and development activities, including procurement and upgrades of hardware such as computers and network services to improve our ability to provide services and products with better accessibility and stability.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 31.8% of the net proceeds or approximately HK\$128.7 million, is expected to be used for enhancing our customer service and support capabilities. Specifically, we intend to expand the coverage of the network of our customer service and support centers and improve the service quality of such centers. Our customer service and support centers are responsible for nationwide customer outreach, relationship management, and providing timely support and assistance to customers. We plan to establish 28 new customer service and support centers in cities where existing centers are situated, as well as in cities that are currently not within the coverage of the network of our customer service and support centers to enhance our current coverage and improve service qualities. We select such locations based on a number of factors including coverage area, customer base and the density of customers which are universities nominated under “Project 985”, “Project 211” and the “Double First-Class Initiative” and higher vocational colleges nominated under the “Double High Plan”. We aim to recruit employees and increase their employee remuneration and benefits to operate customer service and support centers, which primarily include sales personnel. As excellent customer service is one of the key drivers of our competitive advantage and revenue growth, expanding our sales teams is essential to maintain and strengthen our market position. As the China’s higher education teaching and learning digitalization market is expected to grow, these investments are aligned with our anticipated revenue growth over the next five years and are necessary to capture new opportunities and support our long-term business expansion. We will also purchase necessary equipment to meet operational requirements of such customer service and support centers in the covered areas.
- Approximately 26.0% of the net proceeds or approximately HK\$105.3 million, is expected to be used for employee recruitment and increasing their employee remuneration and benefits for our customer service and support centers, which mainly include sales personnel. Specifically, we intend to recruit sales personnel with extensive sales experience and are familiar with local relationships to provide better services for customers in the covered region.
- Approximately 5.8% of the net proceeds or approximately HK\$23.4 million, is expected to be used for the infrastructure of our customer service and support centers, which mainly comprises the design and decoration of customer service and support centers and purchase of office supplies.
- Approximately 21.5% of the net proceeds or approximately HK\$86.9 million, is expected to be used for establishing knowledge graph construction centers in selected cities. Our knowledge graph construction centers focus on the development, production and delivery of knowledge graphs. Specifically, we intend to establish one or two knowledge graph construction centers. We have strategically select the locations for these knowledge graph construction centers, taking into account factors such as the local income level, number of higher education institutions and enrolled students in the covered region.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 19.1% of the net proceeds or approximately HK\$77.1 million, is expected to be used for employee recruitment and increasing their employee remuneration and benefits for our knowledge graph construction centers. Specifically, we intend to recruit employees for these centers based on various factors including relevant experience and educational backgrounds. Specifically, we intend to focus on recruiting talents with backgrounds in science, engineering and medicine to maximize our abilities in knowledge graph construction.
- Approximately 2.4% of the net proceeds or approximately HK\$9.8 million, is expected to be used for the infrastructure of our knowledge graph construction centers, which mainly comprises the payment of leases for knowledge graph construction centers and purchase of equipment, such as computers, network services and other office supplies.
- Approximately 10.0% of the net proceeds or approximately HK\$40.5 million, is expected to be used for working capital and general corporate purposes.

We believe that there is no significant adverse operational and financial impact on us as a result of the use of proceeds mentioned above, because we primarily use the proceeds for the improvement of our current offering, efficiencies and capabilities to provide better products and services for our customers, which do not involve the expansion into new business segments.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$44.7 million, respectively. To the extent that the net proceeds from the Global Offering are either more or less than expected, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

IMPLEMENTATION PLAN

The following table sets forth the implementation plan for each purpose. In case the allocated amount of net proceeds is insufficient to cover the required capital expenditure, we will utilize a combination of operating cashflow, equity and debt financing as alternative sources of additional funding.

Purposes	Allocation proportion	Estimated investments for the year					Total amount of the net proceeds to be used
		ended December 31,					
		2026	2027	2028	2029	2030	
		(%)	(HK\$ in millions)				
Research and development	36.7	18.9	28.6	37.1	31.0	32.8	148.4
• recruitment and cultivation of R&D personnel	29.0	11.0	19.7	26.6	29.1	30.8	117.2
• Improvement of R&D infrastructure	7.7	7.9	8.9	10.4	1.9	2.0	31.2
Enhancement of our customer service and support capabilities	31.8	11.4	21.2	28.0	32.9	35.2	128.7
• Employee recruitment	26.0	9.3	17.4	22.9	26.9	28.8	105.3
• Infrastructure	5.8	2.1	3.9	5.1	5.9	6.4	23.4
Establishment of knowledge graph construction centers	21.4	7.8	14.1	18.2	22.0	24.7	86.9
• Employee recruitment	19.0	6.7	12.4	16.2	19.7	22.1	77.1
• Infrastructure	2.4	1.1	1.7	2.0	2.4	2.6	9.8
Working capital and general corporate purposes	10.0	8.1	8.1	8.1	8.1	8.1	40.5
Total	100	46.3	72.0	91.4	94.0	100.8	404.5

If any part of our future plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only place such proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

UNDERWRITING

HONG KONG UNDERWRITERS

ABCI Securities Company Limited
Livermore Holdings Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 666,700 Hong Kong Offer Shares and the International Offering of initially 6,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering”.

UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 666,700 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus and such approval not having been withdrawn; and (b) the conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and the Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by notice from the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters), at any time prior to 8:00 a.m. on the Listing Date if:

- (i) there develops, occurs, exists or comes into force:
 - (a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union, Japan, Singapore, or other jurisdictions relevant to the Group (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
 - (c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

UNDERWRITING

- (d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or
- (e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (f) except with the prior written consent of the Sole Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (g) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of the Group or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (h) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (i) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (j) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director or any Supervisor or any senior management members as named in this prospectus; or
- (k) any contravention by any member of the Group, any Director or any Supervisor of the Listing Rules or applicable laws; or

UNDERWRITING

- (l) any Director, any Supervisor or any member of senior management of the Company named in this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (m) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by the Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (n) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) has or will or may have a material adverse effect;
- (B) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
- (C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for the Global Offering to be performed or implemented as envisaged, or for the Global Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus, the formal notice, the disclosure package, the preliminary offering circular, the final offering circular and any other document, materials or information issued, given or used in connection with or in relation to the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including, without limitation, any investor presentation materials relating to the Offer Shares, as approved by the Company and, in each case, all amendments or supplements thereto (“**Offering Documents**”); or
- (D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

UNDERWRITING

- (ii) there has come to the notice of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:
- (a) any statement contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding the marketing name, legal name, logo, address and qualification of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the CMI, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters or any of them contained therein)) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or
 - (c) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or any material breach of any of the obligations or undertakings imposed upon the Company or any member of the Controlling Shareholders to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
 - (d) there is any change or development involving a prospective change, constituting or having a material adverse effect; or
 - (e) that the chairman of the Board, any Director, any Supervisor or any member of senior management of the Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or the Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
 - (f) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

UNDERWRITING

- (g) any of the experts named in this prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (h) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated,
- (i) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that within six months from the Listing Date, no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of H Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Global Offering or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and us that he/she/it shall not and shall procure that the relevant registered holder(s) of Shares shall not:

- (a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which he/she/it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “**Relevant Securities**”); and

UNDERWRITING

- (b) in the period of the following six months commencing from the expiry of the First Six-Month Period, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company and/or a group of controlling shareholders (as defined in the Listing Rules) of our Company, as the case may be.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (a) when he/she/it pledges or charges any Shares or other securities of our Company beneficially owned by him/she/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or other securities of our Company so pledged or charged; and
- (b) when he/she/it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Under Note 3 to Rule 10.07 (2) of the Listing Rules, our Company is required to inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholders and disclose such matters in accordance with the publication requirement under the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

The Company undertakes to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the CMI, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), it will not, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create

UNDERWRITING

an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in the share capital or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) offer to or agree to do any of the foregoing specified in (a), (b) or (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period).

The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for any H Shares or other securities of the Company.

The Controlling Shareholders undertake to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the CMI, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that it/he/she shall procure the Company to comply with the undertakings above.

UNDERWRITING

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholder undertakes to each of the Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the CMIs, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six Month Period:
 - (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or
 - (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

UNDERWRITING

- (b) it/he/she will not, during the Second Six Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder of the Company or a member of a group of the Controlling Shareholders of the Company or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” of the Company; and
- (c) until the expiry of the Second Six Month Period, in the event that it enters into any of the transactions specified in (i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of the Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company or the covenants of the Hong Kong Underwriting Agreement, as the case may be.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the Sole Overall Coordinator, the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “– Underwriting Arrangements – Undertakings pursuant to the Hong Kong Underwriting Agreement – Undertakings by our Controlling Shareholders” above.

UNDERWRITING

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 2.5% of the aggregate Offer Price payable for the Offer Shares (the “**Fixed Fees**”). Our Company may, at our sole discretion, pay to one or more Underwriters or Capital Market Intermediaries an incentive fee of up to 0.5% of the Offer Price payable for the Offer Shares (the “**Discretionary Fees**”). Assuming the Discretionary Fees are paid in full, the ratio of Fixed Fees and Discretionary Fees payable is therefore 83.3:16.7.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, AFRC transaction levy of 0.00015%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$56.7 million (assuming an Offer Price of HK\$69.18 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Overall Coordinator and other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in “– Underwriting Arrangements – Underwriting Commissions and Listing Expenses” above for further details. Save for the obligations under the Underwriting Agreements and as disclosed in this prospectus, none of the Sole Overall Coordinator or the Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group. Following the completion of the Global Offering, the Sole Overall Coordinator and the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters, the Capital Market Intermediaries (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting.

UNDERWRITING

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our Shares in most cases.

All such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 666,700 H Shares (subject to reallocation) in Hong Kong as described below in “– The Hong Kong Public Offering;” and
- (b) the International Offering of initially 6,000,000 H Shares (subject to reallocation) outside the United States in offshore transactions in reliance on Regulation S as described below in “– The International Offering”.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or, if qualified to do so, apply for or indicate an interest in the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 10.0% of the enlarged issued share capital of our Company immediately after completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed “– The Hong Kong Public Offering – Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 666,700 H Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of the Offer Shares between (1) the International Offering, and (2) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.0% of our Company’s issued share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set out in “– Conditions of the Global Offering” below.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided into two pools (with any odd board lots being allocated to pool A): pool A and pool B.

Pool A will initially comprise 333,400 Hong Kong Offer Shares and pool B will initially comprise 333,300 Hong Kong Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of HK\$5 million or below will fall into pool A. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of over HK\$5 million and up to the total value of pool B will fall into pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 333,300 Hong Kong Offer Shares (being approximately 50% of the 666,700 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator. Subject to the allocation cap described in the subsequent paragraph, the Sole Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sole Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Overall Coordinator deems appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 333,300 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 1,000,000 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK\$62.26 per Offer Share) in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Friday, December 5, 2025.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application under the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$76.10 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the maximum Offer Price of HK\$76.10 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

STRUCTURE OF THE GLOBAL OFFERING

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 6,000,000, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, and is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell the Offer Shares after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the other Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the reallocation arrangement described in “– The Hong Kong Public Offering – Reallocation” above and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be agreed on the Price Determination Date, which is expected to be on or about Thursday, December 4, 2025 and in any event no later than 12:00 noon on Thursday, December 4, 2025, by agreement between the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price under the Hong Kong Public Offering will be identical to the Offer Price under the International Offering based on the Hong Kong dollar price per Offer Share, as determined by the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company.

The Offer Price will not be more than HK\$76.10 per Offer Share and is expected to be not less than HK\$62.26 per Offer Share, unless otherwise announced by the Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, for any reason, our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price by 12:00 noon on Thursday, December 4, 2025, the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Sole Overall Coordinator (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of indications of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be announced on the website of the Company at www.able-elec.com and the website of the Stock Exchange at www.hkexnews.hk notices of the reduction of the Offer Shares and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so announced and any such supplemental or new prospectus so published, the number of Offer Shares and the indicative Offer Price range will not be reduced and/or the Offer Price, if agreed upon by the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares initially offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price falling outside the indicative Offer Price range as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and issue a supplemental or new prospectus and subsequently relaunched on FINI pursuant to the supplemental or new prospectus.

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Friday, December 5, 2025, through a variety of channels in the manner described in “How to apply for Hong Kong Offer Shares – B. Publication of results” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting.”

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the Global Offering, and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) by 12:00 noon on Thursday, December 4, 2025, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.able-elec.com on the next Business Day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Friday, December 5, 2025, but will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (1) the Global Offering has become unconditional in all respects, and (2) the right of termination as described in “Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Grounds for Termination” has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering and the 55,286,100 H Shares to be converted from Domestic Unlisted Shares.

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, December 8, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, December 8, 2025. The H Shares will be traded in board lots of 100 H Shares. The stock code of the H Shares will be 2687.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.able-elec.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (*for the **HK eIPO White Form** service only*);
- are outside the United States, and are not a U.S. person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural mainland China person (except qualified domestic institutional investors).

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, November 28, 2025 and end at 12:00 noon on Wednesday, December 3, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, November 28, 2025 to 11:30 a.m. on Wednesday, December 3, 2025, Hong Kong time The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, December 3, 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. Hong Kong identity card (“**HKID**”); or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. Legal entity identifier (“**LEI**”) registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Shares in a Hong Kong Public Offering. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. If the applicant is a trustee, the client identification data (“CID”) of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document’s issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 Offer Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$76.10 per Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment <i>HK\$</i>
100	7,686.75	2,000	153,734.94	10,000	768,674.69	140,000	10,761,445.59
200	15,373.49	2,500	192,168.68	20,000	1,537,349.36	160,000	12,298,794.95
300	23,060.24	3,000	230,602.40	30,000	2,306,024.05	180,000	13,836,144.34
400	30,746.99	3,500	269,036.14	40,000	3,074,698.75	200,000	15,373,493.70
500	38,433.74	4,000	307,469.88	50,000	3,843,373.43	240,000	18,448,192.45
600	46,120.48	4,500	345,903.61	60,000	4,612,048.11	280,000	21,522,891.18
700	53,807.23	5,000	384,337.34	70,000	5,380,722.80	333,300 ⁽¹⁾	25,619,927.25
800	61,493.97	6,000	461,204.81	80,000	6,149,397.48		
900	69,180.72	7,000	538,072.28	90,000	6,918,072.16		
1,000	76,867.46	8,000	614,939.75	100,000	7,686,746.86		
1,500	115,301.20	9,000	691,807.22	120,000	9,224,096.22		

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under “– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply.” If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple / Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Sole Overall Coordinator, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, supervisors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under "– G. Personal Data – 3. Purposes" and "– G. Personal Data – 4. Transfer of personal data";
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in "– B. Publication of Results;"
- (x) confirm that you are aware of the situations specified in "– C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares;"
- (xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, supervisors, chief executives, substantial Shareholders or existing shareholders of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholders or existing shareholders of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform

Date/Time

Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:

Website	from the “Allotment Results” page at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function.	24 hours, from 11:00 p.m. on Friday, December 5, 2025 to 12:00 midnight on Thursday, December 11, 2025 (Hong Kong time)
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The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.

The Stock Exchange’s website at www.hkexnews.hk and our website at www.able-elec.com which will provide links to the above mentioned websites of the H Share Registrar.

No later than 11:00 p.m. on Friday, December 5, 2025 (Hong Kong time)

Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Monday, December 8, 2025, to Thursday, December 11, 2025 (Hong Kong time) on a business day
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For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, December 4, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, December 4, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.able-elec.com by 11:00 p.m. on Friday, December 5, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sole Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to “– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” on what constitutes multiple applications;
- your application instruction is incomplete;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sole Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Monday, December 8, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of H Share certificate¹		
For application of 100,000 Hong Kong Offer Shares or more	<p>Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.</p> <p>Time: from 9:00 a.m. to 1:00 p.m. on Monday, December 8, 2025 (Hong Kong time).</p> <p>If you are an individual, you must not authorize any other person to collect for you.</p> <p>If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.</p> <p>Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.</p> <p><i>Note:</i> If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.</p>	<p>H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.</p> <p>No action by you is required.</p>
For application of less than 100,000 Hong Kong Offer Shares	<p>Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.</p> <p>Date: Friday, December 5, 2025</p>	

HOW TO APPLY FOR HONG KONG OFFER SHARES

Refund mechanism for surplus application monies paid by you

Date	Monday, December 8, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk.	

- 1 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an Extreme Conditions in the morning on Friday, December 5, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “– E. Bad Weather Arrangements” in this section.

E. BAD WEATHER ARRANGEMENTS

Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, December 3, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions (collectively, “**Bad Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 3, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Bad Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in “Expected Timetable”, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.able-elec.com of the revised timetable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Dispatch and Collection of H Share Certificates

If a **Bad** Weather Signal is hoisted on Friday, December 5, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Monday, December 8, 2025.

If a **Bad** Weather Signal is hoisted on Friday, December 5, 2025, for application of less than 100,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, December 5, 2025 or on Monday, December 8, 2025).

If a **Bad** Weather Signal is hoisted on Monday, December 8, 2025, for application of 100,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, December 8, 2025 or on Tuesday, December 9, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in "Corporate information" or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI ABLE DIGITAL SCIENCE&TECH CO., LTD. AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Able Digital Science&Tech Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-73, which comprises the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of comprehensive income or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2025, (the “**Prospectus**”) in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the consolidated financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 35 to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Track Record Period.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

28 November 2025

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing (“**ISAs**”) issued by the International Auditing and Assurance Standards Board (“**IAASB**”) (the “**Underlying Financial Statements**”).

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	<i>Note</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Revenue	5	400,111	652,964	848,198	240,982	275,421
Cost of sales	8	<u>(223,566)</u>	<u>(256,621)</u>	<u>(323,040)</u>	<u>(130,003)</u>	<u>(146,223)</u>
Gross profit		176,545	396,343	525,158	110,979	129,198
Distribution and selling expenses	8	(128,934)	(167,702)	(215,721)	(104,378)	(114,953)
General and administrative expenses	8	(39,400)	(44,393)	(68,622)	(38,193)	(40,499)
Research and development expenses	8	(98,136)	(101,075)	(126,923)	(54,194)	(81,300)
Net impairment losses on financial assets	11	(6,244)	(7,955)	(14,024)	(25,856)	(20,751)
Other income	6	13,322	10,795	8,619	2,544	1,410
Other gains – net	7	<u>3,460</u>	<u>1,080</u>	<u>241</u>	<u>527</u>	<u>239</u>
Operating (loss)/profit		<u>(79,387)</u>	<u>87,093</u>	<u>108,728</u>	<u>(108,571)</u>	<u>(126,656)</u>
Finance income	10	1,274	871	635	431	150
Finance costs	10	<u>(960)</u>	<u>(1,330)</u>	<u>(2,765)</u>	<u>(814)</u>	<u>(1,313)</u>
Finance income/(costs) – net		<u>314</u>	<u>(459)</u>	<u>(2,130)</u>	<u>(383)</u>	<u>(1,163)</u>
(Loss)/profit before income tax		(79,073)	86,634	106,598	(108,954)	(127,819)
Income tax credit/(expense)	12	<u>19,963</u>	<u>(5,213)</u>	<u>(1,527)</u>	<u>20,099</u>	<u>28,863</u>
(Loss)/profit and total comprehensive (loss)/income, attributable to owners of the Company		<u><u>(59,110)</u></u>	<u><u>81,421</u></u>	<u><u>105,071</u></u>	<u><u>(88,855)</u></u>	<u><u>(98,956)</u></u>
(Loss)/earnings per share attributable to the owners of the Company (in RMB)						
Basic and diluted (loss)/earnings per share	13	<u><u>(0.99)</u></u>	<u><u>1.36</u></u>	<u><u>1.75</u></u>	<u><u>(1.48)</u></u>	<u><u>(1.65)</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	21,035	16,943	15,024	11,723
Right-of-use assets	16	18,849	26,599	24,632	17,827
Deferred income tax assets	17	35,924	30,711	29,185	60,169
Retention money receivables	19	5,795	9,569	7,612	6,686
		<u>81,603</u>	<u>83,822</u>	<u>76,453</u>	<u>96,405</u>
Current assets					
Inventories	18	9,569	15,145	27,873	44,327
Trade receivables and retention money receivables	19	134,958	205,065	337,916	411,387
Other receivables and prepayments	20	57,701	57,097	67,345	68,597
Financial assets at fair value through profit or loss	21	70,142	120,014	48,028	–
Restricted cash	22	5,218	5,556	4,721	6,400
Cash and cash equivalents	22	206,270	141,742	230,172	53,051
		<u>483,858</u>	<u>544,619</u>	<u>716,055</u>	<u>583,762</u>
Total assets		<u><u>565,461</u></u>	<u><u>628,441</u></u>	<u><u>792,508</u></u>	<u><u>680,167</u></u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	60,000	60,000	60,000	60,000
Reserves	24	201,887	216,569	231,346	232,438
Retained earnings		<u>40,937</u>	<u>113,977</u>	<u>207,523</u>	<u>108,567</u>
Total equity		<u><u>302,824</u></u>	<u><u>390,546</u></u>	<u><u>498,869</u></u>	<u><u>401,005</u></u>

APPENDIX I**ACCOUNTANT'S REPORT**

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	10,294	11,598	8,157	5,598
Deferred income	28	66	—	—	—
		<u>10,360</u>	<u>11,598</u>	<u>8,157</u>	<u>5,598</u>
Current liabilities					
Trade payables	29	36,806	25,180	11,084	6,922
Other payables and accruals	30	76,122	62,116	87,126	82,033
Borrowings	27	—	—	56,240	102,677
Lease liabilities	16	8,398	14,503	17,593	12,700
Contract liabilities	5	130,951	124,498	113,439	69,232
		<u>252,277</u>	<u>226,297</u>	<u>285,482</u>	<u>273,564</u>
Net current assets		<u>231,581</u>	<u>318,322</u>	<u>430,573</u>	<u>310,198</u>
Total liabilities		<u>262,637</u>	<u>237,895</u>	<u>293,639</u>	<u>279,162</u>
Total equity and liabilities		<u>565,461</u>	<u>628,441</u>	<u>792,508</u>	<u>680,167</u>

THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	21,035	16,943	15,024	11,723
Right-of-use assets	16	18,849	26,599	24,632	17,827
Investments in subsidiaries	14	500	500	500	500
Deferred income tax assets	17	34,185	28,093	23,925	44,007
Retention money receivables	19	5,601	9,104	5,062	3,784
		<u>80,170</u>	<u>81,239</u>	<u>69,143</u>	<u>77,841</u>
Current assets					
Inventories	18	9,569	15,145	27,873	44,327
Trade receivables and retention money receivables	19	147,585	184,532	285,433	439,402
Other receivables and prepayments	20	56,632	46,944	66,663	75,662
Financial assets at fair value through profit or loss	21	70,142	120,014	48,028	—
Restricted cash	22	5,218	2,903	2,244	4,734
Cash and cash equivalents	22	194,352	111,151	203,383	23,502
		<u>483,498</u>	<u>480,689</u>	<u>633,624</u>	<u>587,627</u>
Total assets		<u><u>563,668</u></u>	<u><u>561,928</u></u>	<u><u>702,767</u></u>	<u><u>665,468</u></u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	60,000	60,000	60,000	60,000
Reserves	24	201,887	216,569	231,346	232,438
Retained earnings		<u>45,539</u>	<u>120,966</u>	<u>224,696</u>	<u>161,807</u>
Total equity		<u><u>307,426</u></u>	<u><u>397,535</u></u>	<u><u>516,042</u></u>	<u><u>454,245</u></u>

APPENDIX I**ACCOUNTANT'S REPORT**

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	10,294	11,598	8,157	5,598
Deferred income	28	66	—	—	—
		<u>10,360</u>	<u>11,598</u>	<u>8,157</u>	<u>5,598</u>
Current liabilities					
Trade payables	29	36,773	25,147	10,804	6,827
Other payables and accruals	30	75,242	56,427	62,538	61,337
Borrowings	27	—	—	56,240	102,677
Lease liabilities	16	8,398	14,503	17,593	12,700
Contract liabilities	5	125,469	56,718	31,393	22,084
		<u>245,882</u>	<u>152,795</u>	<u>178,568</u>	<u>205,625</u>
Net current assets		<u>237,616</u>	<u>327,894</u>	<u>455,056</u>	<u>382,002</u>
Total liabilities		<u>256,242</u>	<u>164,393</u>	<u>186,725</u>	<u>211,223</u>
Total equity and liabilities		<u>563,668</u>	<u>561,928</u>	<u>702,767</u>	<u>665,468</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	Reserves	Retained earnings	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2022	60,000	198,156	100,047	358,203
Comprehensive loss				
Loss for the year	—	—	(59,110)	(59,110)
Transactions with owners in their capacity as owner:				
Share-based payment	—	3,731	—	3,731
Balance at 31 December 2022	<u>60,000</u>	<u>201,887</u>	<u>40,937</u>	<u>302,824</u>
Balance at 1 January 2023	60,000	201,887	40,937	302,824
Comprehensive income				
Profit for the year	—	—	81,421	81,421
Transactions with owners in their capacity as owner:				
Share-based payment	—	6,301	—	6,301
Appropriation to statutory reserve	—	8,381	(8,381)	—
Balance at 31 December 2023	<u>60,000</u>	<u>216,569</u>	<u>113,977</u>	<u>390,546</u>

APPENDIX I

ACCOUNTANT'S REPORT

	Attributable to owners of the Company			
	Share capital	Reserves	Retained earnings	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2024	60,000	216,569	113,977	390,546
Comprehensive income				
Profit for the year	–	–	105,071	105,071
Transactions with owners in their capacity as owner:				
Share-based payment	–	3,252	–	3,252
Appropriation to statutory reserve	–	11,525	(11,525)	–
Balance at 31 December 2024	60,000	231,346	207,523	498,869
Balance at 1 January 2025	60,000	231,346	207,523	498,869
Comprehensive income				
Loss for the period	–	–	(98,956)	(98,956)
Transactions with owners in their capacity as owner:				
Share-based payment	–	1,092	–	1,092
Balance at 30 June 2025	60,000	232,438	108,567	401,005
<i>(Unaudited)</i>				
Balance at 1 January 2024	60,000	216,569	113,977	390,546
Comprehensive income				
Loss for the period	–	–	(88,855)	(88,855)
Transactions with owners in their capacity as owner:				
Share-based payment	–	2,703	–	2,703
Balance at 30 June 2024	60,000	219,272	25,122	304,394

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash (used in)/generated from operations	31(a)	(49,409)	10,043	(10,161)	(206,723)	(256,042)
Interest received from cash at banks	10	1,274	871	635	431	150
Income tax paid		—	—	—	—	(2,122)
Net cash (used in)/generated from operating activities		<u>(48,135)</u>	<u>10,914</u>	<u>(9,526)</u>	<u>(206,292)</u>	<u>(258,014)</u>
Cash flows from investing activities						
Purchase of property, plant and equipment		(11,704)	(9,154)	(9,744)	(5,901)	(1,655)
Purchase of financial assets at fair value through profit or loss	3.3(c)	(560,000)	(415,000)	(68,000)	(20,000)	(150,000)
Proceeds from disposals of financial assets at fair value through profit or loss	3.3(c)	<u>743,535</u>	<u>366,347</u>	<u>140,561</u>	<u>140,561</u>	<u>198,449</u>
Net cash generated from/(used in) investing activities		<u>171,831</u>	<u>(57,807)</u>	<u>62,817</u>	<u>114,660</u>	<u>46,794</u>
Cash flows from financing activities						
Proceeds from borrowings	31(b)	—	—	99,980	27,900	91,622
Repayments of borrowings	31(b)	—	—	(43,980)	—	(45,005)
Principal payments of lease liabilities	31(b)	(13,898)	(16,305)	(17,484)	(8,013)	(10,095)
Interests paid for lease liabilities	31(b)	(960)	(1,330)	(1,246)	(700)	(472)
Interest paid for borrowings	31(b)	—	—	(1,279)	(92)	(1,021)
Payment of listing expenses		—	—	(852)	(307)	(930)
Net cash (used in)/generated from financing activities		<u>(14,858)</u>	<u>(17,635)</u>	<u>35,139</u>	<u>18,788</u>	<u>34,099</u>
Net increase/(decrease) in cash and cash equivalents		<u>108,838</u>	<u>(64,528)</u>	<u>88,430</u>	<u>(72,844)</u>	<u>(177,121)</u>
Cash and cash equivalents at the beginning of the year/period		<u>97,432</u>	<u>206,270</u>	<u>141,742</u>	<u>141,742</u>	<u>230,172</u>
Cash and cash equivalents at the end of the year/period	22	<u>206,270</u>	<u>141,742</u>	<u>230,172</u>	<u>68,898</u>	<u>53,051</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shanghai Able Digital Science&Tech Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 7 April 2008 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is Room 901–904 Building 1, No. 1188 North Qinzhou Road, Xuhui District, Shanghai, PRC.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in the provision of services and products relating to: (i) digital educational content services and products; and (ii) digital teaching and learning environment services and products in the PRC.

Mr. Wang Hui and his wife, Ms. Ge Xin, are the ultimate controlling shareholders of the Company as at the date of this report.

2. BASIS OF PREPARATION

(i) Compliance with IFRS

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”).

(ii) Accounting policies

The accounting policies applied in the preparation of the financial information has been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this historical financial information, a summary of the other accounting policies information has been set out in Note 38 to this historical financial information.

(iii) Historical cost convention

The Historical Financial Information have been prepared on a historical cost basis, except for the certain financial assets that are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(iv) New standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

(v) **New and amended standards, improvements, interpretations and accounting guideline which are not yet effective and have not been early adopted by the Group**

New and amended standards, amendments and interpretations have been issued but are not effective for the Track Record Period and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective except as described below.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge certain risk exposures during the Track Record Period.

(a) *Market risk*

(i) *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Company and its primary subsidiaries were incorporated in the PRC and considered RMB as their functional currency.

The Group has no exposure to foreign exchange risk.

(ii) *Cash flow and fair value interest rate risk*

Except for cash and cash equivalents and restricted cash, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 27. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the Track Record Period.

As at 31 December 2022 and 30 June 2025, if our interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, loss before income tax for the year or period then ended would have been nil and RMB104,475 higher/lower respectively. As at 31 December 2023 and 2024, if our interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, profit before income tax for the year then ended would have been nil and RMB280,000 lower/higher respectively.

(iii) *Price risk*

The Group has no exposure to equity securities price risk.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, restricted cash, trade receivables, retention money receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

To manage this risk, cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss ("FVPL") are mainly placed with state-owned or reputable financial institutions in Mainland China which are all high-credit-quality financial institutions.

To manage risk arising from trade receivables and retention money receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade receivables and retention money receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents and restricted cash;
- trade receivables and retention money receivables; and
- other receivables.

(i) Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(ii) Trade receivables and retention money receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and retention money receivables. To measure the expected credit losses, trade receivables and retention money receivables have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales over a period of each Track Record Period and probability of default of counter parties on an ongoing basis throughout each Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2022, 2023 and 2024 and 30 June 2025 was determined as follows for trade receivables and retention money receivables:

The Group

As at 31 December 2022	Within	6 months				Above	Total
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years	3 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.94%	4.16%	12.97%	46.80%	94.33%		
Gross amount	85,659	28,041	30,160	6,553	2,591		153,004
Loss allowance	(1,663)	(1,166)	(3,911)	(3,067)	(2,444)		(12,251)

APPENDIX I

ACCOUNTANT'S REPORT

As at 31 December 2023	Within	6 months				Above	Total
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	2.40%	5.46%	14.71%	41.53%	92.11%		
Gross amount	149,174	34,084	35,136	10,964	5,536		234,894
Loss allowance	(3,580)	(1,860)	(5,168)	(4,553)	(5,099)		(20,260)
As at 31 December 2024	Within	6 months				Above	Total
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.35%	4.39%	14.51%	45.29%	88.14%		
Gross amount	242,118	43,073	61,619	20,820	12,010		379,640
Loss allowance	(3,264)	(1,889)	(8,943)	(9,430)	(10,586)		(34,112)
As at 30 June 2025	Within	6 months				Above	Total
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.63%	5.28%	18.19%	46.84%	91.31%		
Gross amount	179,291	174,581	72,769	28,713	17,713		473,067
Loss allowance	(2,918)	(9,218)	(13,236)	(13,448)	(16,174)		(54,994)

The loss allowances for trade receivables and retention money receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

Trade receivables and retention money receivables					
	Year ended 31 December			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening loss allowance as at 1 January		(6,162)	(12,251)	(20,260)	(34,112)
Impairment losses recognized – net (Note 11)		(6,089)	(8,009)	(25,487)	(20,882)
Closing loss allowance as at 31 December/30 June		(12,251)	(20,260)	(45,747)	(54,994)

The Company

As at 31 December 2022	Within	6 months			Above	
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.66%	4.19%	13.08%	46.80%	94.33%	
Gross amount	99,397	27,585	29,192	6,553	2,591	165,318
Loss allowance	(1,648)	(1,155)	(3,818)	(3,067)	(2,444)	(12,132)
As at 31 December 2023	Within	6 months			Above	
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	2.26%	5.58%	14.88%	43.04%	92.11%	
Gross amount	130,405	32,787	34,068	10,156	5,536	212,952
Loss allowance	(2,947)	(1,831)	(5,068)	(4,371)	(5,099)	(19,316)
As at 31 December 2024	Within	6 months			Above	
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.28%	4.39%	14.84%	45.28%	88.09%	
Gross amount	212,273	20,292	54,881	20,604	11,815	319,865
Loss allowance	(596)	(890)	(8,146)	(9,330)	(10,408)	(29,370)
As at 30 June 2025	Within	6 months			Above	
	6 months	– 1 year	1 – 2 years	2 – 3 years	3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.14%	5.28%	19.39%	46.81%	91.93%	
Gross amount	355,310	33,436	49,791	28,601	16,788	483,926
Loss allowance	(498)	(1,765)	(9,656)	(13,388)	(15,433)	(40,740)

The loss allowances for trade receivables and retention money receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

	Trade receivables and retention money receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Opening loss allowance as at 1 January	(6,095)	(12,132)	(19,316)	(19,316)	(29,370)
Impairment losses recognized – net	<u>(6,037)</u>	<u>(7,184)</u>	<u>(10,054)</u>	<u>(17,810)</u>	<u>(11,370)</u>
Closing loss allowance as at 31 December/30 June	<u>(12,132)</u>	<u>(19,316)</u>	<u>(29,370)</u>	<u>(37,126)</u>	<u>(40,740)</u>

Trade receivables and retention money receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Impairment losses on trade receivables and retention money receivables are presented as net impairment losses on financial assets within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Other receivables

Other receivables mainly include deposits, advance to staff and others. All of the Group's financial assets at amortized cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition as described in Note 38.7.

Other receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on other receivables are presented as net impairment losses on financial assets within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowances for other receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

The Group

	Other receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Opening loss allowance as at 1 January	(1,437)	(1,592)	(1,538)	(1,538)	(1,710)
Impairment (losses)/reversal recognized					
– net (<i>Note 11</i>)	(155)	54	(172)	(369)	131
Closing loss allowance as at					
31 December/30 June	(1,592)	(1,538)	(1,710)	(1,907)	(1,579)

The Company

	Other receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Opening loss allowance as at 1 January	(1,433)	(1,587)	(1,352)	(1,352)	(1,110)
Impairment (losses)/reversal recognized					
– net	(154)	235	242	(195)	13
Closing loss allowance as at					
31 December/30 June	(1,587)	(1,352)	(1,110)	(1,547)	(1,097)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2022				
Trade payables (<i>Note 29</i>)	36,806	–	–	36,806
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (<i>Note 30</i>)	76	–	–	76
Lease liabilities	9,011	7,388	3,256	19,655
Total	45,893	7,388	3,256	56,537
As at 31 December 2023				
Trade payables (<i>Note 29</i>)	25,180	–	–	25,180
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (<i>Note 30</i>)	76	–	–	76
Lease liabilities	15,303	11,198	657	27,158
Total	40,559	11,198	657	52,414
As at 31 December 2024				
Trade payables (<i>Note 29</i>)	11,084	–	–	11,084
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (<i>Note 30</i>)	2,170	–	–	2,170
Borrowings (<i>Note 27</i>)	57,721	–	–	57,721
Lease liabilities	18,270	6,753	2,478	27,501
Total	89,245	6,753	2,478	98,476

Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 30 June 2025				
Trade payables (<i>Note 29</i>)	6,922	–	–	6,922
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (<i>Note 30</i>)	14,324	–	–	14,324
Borrowings (<i>Note 27</i>)	103,538	–	–	103,538
Lease liabilities	13,090	4,624	1,252	18,966
Total	137,874	4,624	1,252	143,750

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratio of the Group as at 31 December 2022 and 2023 and 2024 and 30 June 2025 were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	262,637	237,895	293,639	279,162
Total assets	565,461	628,441	792,508	680,167
Gearing ratio	46.45%	37.85%	37.05%	41.04%

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the statements of financial position. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the Track Record Period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's assets that are measured at fair value as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Assets				
Financial assets at FVPL (<i>Note 21</i>)	–	–	70,142	70,142

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023				
Assets				
Financial assets at FVPL (<i>Note 21</i>)	–	–	120,014	120,014

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Assets				
Financial assets at FVPL (<i>Note 21</i>)	–	–	48,028	48,028

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2025				
Assets				
Financial assets at FVPL (<i>Note 21</i>)	–	–	–	–

(b) *Valuation process and technique used to determine fair value*

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow analysis, has been used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

The fair value of trade receivables and retention money receivables, other receivables, restricted cash and cash and cash equivalents approximated their carrying amounts.

The fair value of trade payables, other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables), borrowings and lease liabilities approximated their carrying amounts.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025:

	Financial assets at FVPL RMB'000
As at 1 January 2022	250,169
Acquisitions	560,000
Disposals	(743,535)
Fair value changes (Note 7)	3,508
As at 31 December 2022	70,142
As at 1 January 2023	70,142
Acquisitions	415,000
Disposals	(366,347)
Fair value changes (Note 7)	1,219
As at 31 December 2023	120,014
As at 1 January 2024	120,014
Acquisitions	68,000
Disposals	(140,561)
Fair value changes (Note 7)	575
As at 31 December 2024	48,028
As at 1 January 2025	48,028
Acquisitions	150,000
Disposals	(198,449)
Fair value changes (Note 7)	421
As at 30 June 2025	–

(d) There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

(e) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

As at 31 December 2022

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	70,142	Expected rate of return	1.30%-2.96%	The higher the expected rate of return, the higher the fair value

As at 31 December 2023

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	120,014	Expected rate of return	1.30%-2.80%	The higher the expected rate of return, the higher the fair value

As at 31 December 2024

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	48,028	Expected rate of return	0.85%-2.05%	The higher the expected rate of return, the higher the fair value

As at 31 December 2022 and 2023 and 2024, if expected rate of return higher/lower by 1%, fair value of financial assets at FVPL would have been approximately RMB701,420, RMB1,200,140 and RMB480,280 higher/lower respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.

(b) Income taxes and deferred taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgments are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

(c) **Recognition of share-based payment expenses**

As disclosed in Note 25, certain restricted share units (“RSUs”) were granted to the Group’s employees. These transactions resulted in the recognition of share-based payment expenses. The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant, which were valued by the third-party independent valuer using discounted cash flow method (“DCF method”). Significant estimate on assumptions, such as revenue growth rate, after-tax discount rate and terminal growth rate, are made based on management’s best estimates.

As the awards granted in equity-settled share-based payment plan are conditional on an Initial Public Offering (“IPO”), the Group has estimated the IPO’s probability and IPO date when they calculated share-based payment expenses at each reporting period end. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group assessed it is probable that the vesting condition (i.e., IPO) will be achieved in the future.

5. REVENUE AND SEGMENT INFORMATION(a) **Description of segments and principal activities**

During the Track Record Period, the Group is principally engaged in the provision of the following products and services: (i) digital educational content services and products; (ii) digital teaching and learning environment services and products in the PRC. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one business segment which is used to make strategic decisions.

Geographical information

The Group’s principal market, majority of revenue, operating (loss)/profit and non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

(b) **Revenue during the Track Record Period**

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Digital educational content services and products	335,554	538,433	709,964	209,790	251,339
Digital teaching and learning environment services and products	63,471	113,916	137,620	30,870	24,026
Others	1,086	615	614	322	56
	<u>400,111</u>	<u>652,964</u>	<u>848,198</u>	<u>240,982</u>	<u>275,421</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At a point in time	370,799	623,121	805,258	227,768	259,722
Over time	29,312	29,843	42,940	13,214	15,699
	<u>400,111</u>	<u>652,964</u>	<u>848,198</u>	<u>240,982</u>	<u>275,421</u>

(c) **Contract liabilities****The Group**

The Group recognized the following contract liabilities related to the contracts with customers:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Current contract liabilities	130,951	124,498	113,439	69,232

Revenue recognized in relation to contract liabilities

The following table shows how much of the Group's revenue recognized during the Track Record Periods relates to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	79,653	120,573	103,092	72,524	66,349

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be provided. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue next year.

The Company

The Company recognized the following contract liabilities related to the contracts with customers:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Current contract liabilities	125,469	56,718	31,393	22,084

The following table shows how much of the Company's revenue recognized during the Track Record Periods relates to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	78,299	115,694	40,411	23,866	9,865

(d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations of the Group as at 31 December 2022 and 2023 and 2024 and 30 June 2025:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of unsatisfied performance obligations	327,111	341,218	360,712	375,257

Management expects that 71.6%, 71.3%, 85.1% and 86.7% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 and 2023 and 2024 and 30 June 2025 will be recognized as revenue within one year. The remaining 28.4%, 28.7%, 14.9% and 13.3% will be recognized over one year.

The following table shows unsatisfied performance obligations of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of unsatisfied performance obligations	319,221	180,619	110,121	101,370

Management expects that 71.7%, 69.7%, 72.6% and 66.2% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 and 2023 and 2024 and 30 June 2025 will be recognized as revenue within one year. The remaining 28.3%, 30.3%, 27.4% and 33.8% will be recognized over one year.

(e) Information about major customers

During the Track Record Period, none of the customers contributed over 10% of the total revenue of the Group.

(f) Revenue recognition policy

Revenue is recognized when or as the control of the products or services is transferred to a customer. A customer is the party that contracts with the Group to purchase products or services which are the output of the Group's ordinary activities in exchange for consideration.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer, and it should be presented separately. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time. Warranty is provided to customers in conjunction with both (i) digital educational content services and products and (ii) digital teaching and learning environment services and products, which generally lasts no more than three years after the control of the services and products are transferred to the customers. Final portion of the contract price are recognised as retention money receivables, which would be paid after the warranty period expires.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed in the contract.

The accounting policies for the Group's principal revenue sources are as follows:

(i) **Digital educational content services and products**

The Group develops and produces course digitization services, knowledge graph construction and virtual simulation development services and products and generates revenue from sales of digital courses, knowledge graph products, virtual simulation products and other related products.

The revenue for sales of services and products mentioned above is recognized at a point in time when the control of the services and products mentioned above are transferred to the customer. Specifically, sales are recognized when the services and products have been transferred to the customers in accordance with the sales contract and the customers have inspected and accepted the services and products.

(ii) **Digital teaching and learning environment services and products**

The Group develops and produces learning environment services and products, including: (i) digital classroom environment services and products to assist higher education institutions with designing and building digital classrooms to offer more immersive and engaging learning experiences for their students; (ii) configurable, artificial intelligence ("AI") enabled, cloud-native and highly integrated Learning Management System ("LMS") for higher education institutions to assist them with managing and creating simpler and better connected teaching and learning processes.

- (i) The revenue is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.
- (ii) LMS services and products include standard LMS, allowing customers conveniently access to the system through both personal computers and mobile devices, and customized LMS with development of both management application system and teaching application system.

Revenue of standard LMS services and products is recognized ratably over the contract term. Revenue of customized LMS services and products is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.

6. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants	13,322	10,795	8,619	2,544	1,410

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, the government grants mainly include financial subsidies from local government authorities with certain specified conditions, as well as the amortization of deferred government grants. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

7. OTHER GAINS – NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net fair value gains on financial assets at FVPL (Note 21)	3,508	1,219	575	547	421
Others	(48)	(139)	(334)	(20)	(182)
	<u>3,460</u>	<u>1,080</u>	<u>241</u>	<u>527</u>	<u>239</u>

8. Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Changes in inventories of work in progress	(2,219)	(6,740)	(11,131)	(9,586)	(10,688)
Purchased goods used	14,407	31,267	23,769	4,200	4,282
Employee benefit expenses (Note 9)	337,975	383,180	534,504	237,649	284,995
Depreciation and amortization (Note 15)(Note 16)	27,487	29,209	30,764	15,936	14,403
Travel expenses	11,856	23,736	31,095	15,080	15,966
Digital content editing fees	18,610	22,546	21,432	9,059	11,035
Marketing expenses	12,659	16,443	19,663	8,793	11,502
Network service fees	29,212	20,746	18,744	9,322	12,271
Office expenses	9,244	11,955	16,229	7,158	7,107
Hospitality business expenses	9,660	13,271	15,845	8,424	9,022
Listing expenses	–	–	14,364	13,507	12,438
Legal, consulting and other service fees	10,353	8,227	8,449	4,373	3,428
Short-term leases (Note 16(b))	1,364	2,544	1,870	1,031	2,077
Auditor's remuneration					
– Audit services	390	348	8	–	–
– Non-audit services	34	14	–	–	–
Others	<u>9,004</u>	<u>13,045</u>	<u>8,701</u>	<u>1,822</u>	<u>5,137</u>
	<u>490,036</u>	<u>569,791</u>	<u>734,306</u>	<u>326,768</u>	<u>382,975</u>

9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	285,915	313,854	454,915	200,257	236,611
Pension obligations, housing funds, medical insurances and other social insurances (a)	43,348	55,080	66,583	29,264	40,965
Other employee benefits	4,981	7,945	9,754	5,425	6,327
Share-based payment expenses (Note 25)	3,731	6,301	3,252	2,703	1,092
	<u>337,975</u>	<u>383,180</u>	<u>534,504</u>	<u>237,649</u>	<u>284,995</u>

(a) Pension obligations, housing funds, medical insurances and other social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

No forfeited contributions were utilized during the Track Record Period to offset the Group's contribution to the abovementioned retirement benefit schemes.

(b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 include 2, 2, 1, 0, 1 director respectively. The aggregate amounts of emoluments for the remaining 3, 3, 4, 5, 4 highest paid individuals for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	3,241	2,927	6,914	3,587	2,290
Pension obligations, housing funds, medical insurances and other social insurances	272	388	388	162	213
Share-based payment expenses	3,000	3,275	1,805	1,701	592
	<u>6,513</u>	<u>6,590</u>	<u>9,107</u>	<u>5,450</u>	<u>3,095</u>

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Emolument bands (in HK dollar)					
Nil – 500,000	–	–	–	–	–
500,001 – 1,000,000	–	–	–	4	3
1,000,001 – 1,500,000	1	1	–	–	1
1,500,001 – 2,000,000	1	1	1	1	–
2,000,001 – 2,500,000	–	–	1	–	–
2,500,001 – 3,000,000	–	–	1	–	–
3,000,001 – 3,500,000	–	–	1	–	–
4,000,001 – 4,500,000	1	1	–	–	–
	<u>3</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>4</u>

10. FINANCE INCOME/(COSTS) – NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Finance income					
Interest income from cash at banks	<u>1,274</u>	<u>871</u>	<u>635</u>	<u>431</u>	<u>150</u>
Finance costs					
Interest expenses on lease liabilities <i>(Note 16)</i>	(960)	(1,330)	(1,246)	(700)	(472)
Interest expenses on borrowings	<u>–</u>	<u>–</u>	<u>(1,519)</u>	<u>(114)</u>	<u>(841)</u>
Finance income/(costs) – net:	<u>314</u>	<u>(459)</u>	<u>(2,130)</u>	<u>(383)</u>	<u>(1,163)</u>

11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Impairment losses – net:					
– trade receivables and retention money receivables	(6,089)	(8,009)	(13,852)	(25,487)	(20,882)
– other receivables	<u>(155)</u>	<u>54</u>	<u>(172)</u>	<u>(369)</u>	<u>131</u>
	<u>(6,244)</u>	<u>(7,955)</u>	<u>(14,024)</u>	<u>(25,856)</u>	<u>(20,751)</u>

12. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax expense	–	–	1	–	2,121
Deferred income tax (credit)/expense (Note 17)	(19,963)	5,213	1,526	(20,099)	(30,984)
	(19,963)	5,213	1,527	(20,099)	(28,863)

Income tax on profits assessable has been calculated at the rates of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC corporate income tax (“PRC CIT”)

The Company and its subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period, except for disclosed below.

The Company obtained its High and New Technology Enterprises (“HNTe”) status in year 2019 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2019. In 2022, the Company succeeded the qualification for HNTe and is therefore subject to a preferential income tax rate of 15% for another three-year period commencing 2022. In addition, the Group’s subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd. 上海智慧知到網絡科技有限公司 was qualified as HNTe in 2023. And in 2024 it was disqualified as a high-tech enterprise due to failure to meet the requirements. In 2024, the Group’s subsidiary, Shanghai Ruixin Network Technology Co., Ltd. 上海卓越睿新網絡科技有限公司 was qualified as HNTe for a three-year period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in research and development (“R&D”) activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year (“Super Deduction”). Starting from 1 October 2022, the additional deduction ratio increased to 100%.

The Group’s subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd. was qualified as “Small Low-Profit Enterprise” (SLE) during the year ended 31 December 2022.

The Group’s subsidiaries, Shanghai Ruixin Network Technology Co., Ltd. was qualified as “Small Low-Profit Enterprise” during the year ended 31 December 2022.

Shanghai Zhunshi Network Technology Co., Ltd. 上海諄實網絡科技有限公司 and Shanghai Wenjing Education Technology Co., Ltd. 上海文菁教育科技有限公司, were qualified as “Small Low-Profit Enterprise” during the year ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025. Xinjiang Zhihui Tongfu Technology Co., Ltd. 新疆智慧同富科技有限公司 and Shanghai Tingri Technology Co., Ltd. 上海霆日科技有限公司 was qualified as “Small Low-Profit Enterprise” during the year ended 31 December 2023, 2024 and the six months ended 30 June 2025. Pursuant to the ‘Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer’ (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE company’s annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

The difference between the actual income tax expense charged to the consolidated statements of comprehensive income or loss and the amounts which would result from applying the enacted tax rates to profit before income tax can be reconciled as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/profit before income tax	(79,073)	86,634	106,598	(108,954)	(127,819)
Income tax (credit)/expenses calculated at applicable tax rates	(19,768)	21,659	26,650	(27,239)	(31,955)
Tax effects of preferential tax rate	7,908	(8,419)	(9,239)	11,886	11,056
Super deduction of research and development expenses	(11,701)	(13,162)	(17,097)	(7,618)	(10,323)
Expenses not deductible for tax purposes	3,598	5,025	5,212	2,608	1,424
Tax filing differences	–	–	(2,744)	–	884
Previously unrecognized tax losses and deductible temporary differences recognized as deferred tax assets	–	–	(1,411)	–	–
Others	–	110	156	264	51
	(19,963)	5,213	1,527	(20,099)	(28,863)

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic loss per share for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are calculated by dividing the (loss)/profit attributable to the Company's shareholders by the weighted average number of ordinary shares in issue during the year.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
(Loss)/profit attributable to owners of the Company (RMB'000)	(59,110)	81,421	105,071	(88,855)	(98,956)
Weighted average number of ordinary shares in issue	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted (loss)/earnings per share (expressed in RMB per share)	(0.99)	1.36	1.75	(1.48)	(1.65)

14. SUBSIDIARIES

(a) Subsidiaries of the Company

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

				Effective interest held by the Group						
Name of entity	Date of incorporation	Place of incorporation/ operation	Registered share capital	As at 31 December			As at 30 June	As at the date of this report	Principal activities	Note
				2022	2023	2024	2025			
Directly held:										
Shanghai Zhihui Zhidao Network Technology Co., Ltd.	22 July 2020	Shanghai, China	RMB20,000,000	100%	100%	100%	100%	100%	Sales of products and services	(ii)
Shanghai Ruixin Network Technology Co., Ltd.	01 June 2021	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Shanghai Zhunshi Network Technology Co., Ltd.	03 June 2021	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Shanghai Wenjing Education Technology Co., Ltd.	28 October 2020	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Xinjiang Zhihui Tongfu Technology Co., Ltd. 新疆智慧同富科技有限公司	07 October 2023	Xinjiang, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Shanghai Tingri Technology Co., Ltd.	30 October 2023	Shanghai, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Zhihuishu Network (Shanghai) Digital Technology Co., Ltd. 智慧樹網(上海)數碼科技有限公司	08 December 2022	Shanghai, China	RMB10,000,000	100%	100%	100%	100%	100%	Sales of products and services	(i)
Hangzhou Daosheng Technology Co., Ltd. 杭州道昇科技有限公司	09 October 2023	Zhejiang, China	RMB1,000,000	–	100%	N/A	N/A	N/A	Sales of products and services	(iv)
Shandong Xiangjun Technology Services Co., Ltd. 山東祥鈞科技服務有限公司	27 September 2023	Shandong, China	RMB3,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Sichuan Zaxiang Technology Co., Ltd. 四川載庠科技有限公司	26 September 2023	Sichuan, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Yunnan Weiye Yihang technology Co., Ltd. 雲南維維翊行科技有限公司	19 September 2023	Yunnan, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Gansu Century Huaxin Information Technology Co., Ltd. 甘肅世紀華鑫信息科技有限公司	18 October 2023	Gansu, China	RMB1,000,000	–	100%	100%	N/A	N/A	Sales of products and services	(v)

- (i) No audit of statutory financial statements was performed for these subsidiaries as they are either newly incorporated and or not required to issue audited financial statements under local statutory requirements of their respective places of incorporation.
- (ii) The financial statements of this subsidiary were audited by Rongcheng Certified Public Accountants LLP 容誠會計師事務所(特殊普通合夥) for the years ended 31 December 2022, and by Hangzhou Deqing Certified Public Accountants LLP 杭州德磐會計師事務所 for the years ended 31 December 2023 and 2024.
- (iii) The financial statements of these subsidiaries for the year ended 31 December 2023 and 2024 were audited by Hangzhou Deqing Certified Public Accountants LLP, certified public accountants registered in the PRC.
- (iv) This subsidiary was deregistered on November 18, 2024.
- (v) This subsidiary was deregistered on April 18, 2025.

(b) Investments in subsidiaries – the Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	500	500	500	500

15. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Vehicles	Electronic equipment and others	Construction in progress (“CIP”)	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022					
Cost	643	33,394	208	25,384	59,629
Accumulated depreciation	(643)	(20,880)	–	(15,119)	(36,642)
Net book amount	–	12,514	208	10,265	22,987
Year ended 31 December 2022					
Opening net book amount	–	12,514	208	10,265	22,987
Additions	–	7,799	3,905	–	11,704
Transfers	–	–	(2,970)	2,970	–
Depreciation charge (Note 8)	–	(7,516)	–	(6,140)	(13,656)
Closing net book amount	–	12,797	1,143	7,095	21,035
As at 31 December 2022					
Cost	643	41,193	1,143	28,354	71,333
Accumulated depreciation	(643)	(28,396)	–	(21,259)	(50,298)
Net book amount	–	12,797	1,143	7,095	21,035

APPENDIX I

ACCOUNTANT'S REPORT

	Vehicles <i>RMB'000</i>	Electronic equipment and others <i>RMB'000</i>	Construction in progress ("CIP") <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Opening net book amount	–	12,797	1,143	7,095	21,035
Additions	–	5,704	2,971	479	9,154
Transfers	–	–	(3,599)	3,599	–
Depreciation charge (<i>Note 8</i>)	–	(7,742)	–	(5,504)	(13,246)
Closing net book amount	–	10,759	515	5,669	16,943
As at 31 December 2023					
Cost	643	46,891	515	32,432	80,481
Accumulated depreciation	(643)	(36,132)	–	(26,763)	(63,538)
Net book amount	–	10,759	515	5,669	16,943
Year ended 31 December 2024					
Opening net book amount	–	10,759	515	5,669	16,943
Additions	999	6,175	2,570	–	9,744
Transfers	–	–	(2,864)	2,864	–
Depreciation charge (<i>Note 8</i>)	(278)	(7,424)	–	(3,961)	(11,663)
Closing net book amount	721	9,510	221	4,572	15,024
As at 31 December 2024					
Cost	999	52,988	221	35,296	89,504
Accumulated depreciation	(278)	(43,478)	–	(30,724)	(74,480)
Net book amount	721	9,510	221	4,572	15,024
Six months ended 30 June 2025					
Opening net book amount	721	9,510	221	4,572	15,024
Additions	–	1,031	624	–	1,655
Transfers	–	–	(627)	627	–
Depreciation charge (<i>Note 8</i>)	(166)	(3,116)	–	(1,674)	(4,956)
Closing net book amount	555	7,425	218	3,525	11,723
As at 30 June 2025					
Cost	999	54,019	218	35,923	91,159
Accumulated depreciation	(444)	(46,594)	–	(32,398)	(79,436)
Net book amount	555	7,425	218	3,525	11,723

(a) Depreciation expenses

Depreciation expenses have been charged to the consolidated statements of comprehensive income or loss as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Cost of sales	9,057	6,847	3,427	2,968	1,646
Distribution and selling expenses	3,368	5,118	6,274	1,898	2,498
General and administrative expenses	738	715	1,248	783	333
Research and development expenses	493	566	714	336	479
	<u>13,656</u>	<u>13,246</u>	<u>11,663</u>	<u>5,985</u>	<u>4,956</u>

(b) Depreciation methods and useful lives

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

Vehicles	5 years
Electronic equipment and others	3 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized within "other gains – net" included in the consolidated statements of comprehensive income or loss.

16. LEASES

The Group and the Company

(a) Amounts recognized in the consolidated statements of financial position of the Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Buildings and warehouses	18,849	26,599	24,632	17,827
Lease liabilities				
Current lease liabilities	(8,398)	(14,503)	(17,593)	(12,700)
Non-current lease liabilities	(10,294)	(11,598)	(8,157)	(5,598)
	(18,692)	(26,101)	(25,750)	(18,298)

Additions to the right-of-use assets during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 were approximately RMB4,674,000, RMB23,714,000, RMB17,133,000 and RMB2,643,000 respectively.

(b) Amounts recognized in the consolidated statements of comprehensive income or loss

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Depreciation charge of right-of-use assets					
– Cost of sales	5,405	4,755	6,449	3,400	2,016
– Distribution and selling expenses	2,006	3,176	4,467	2,431	2,666
– General and administrative expenses	6,420	8,032	8,185	4,120	4,765
	13,831	15,963	19,101	9,951	9,447
Interest expense (Note 10)	960	1,330	1,246	700	472
Expense relating to short-term leases (included in cost of sales, sales and marketing expenses, general and administrative expenses, research and development expenses) (Note 8)	1,364	2,544	1,870	1,031	2,077
	16,155	19,837	22,217	11,682	11,996

The total cash outflows for leases payments for the years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2024 and 2025 were approximately RMB16,222,000, RMB20,179,000, RMB20,600,000, RMB9,744,000 and RMB12,644,000 respectively.

(c) *The Group's leasing activities and how they are accounted for*

The Group leases various buildings and warehouses. Rental contracts are typically made for fixed periods of one year to four years but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of building are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

See Note 38.18 for the other accounting policies relevant to leases.

(d) *Extension and termination options*

Extension and termination options are included in a number of leases of buildings across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

17. DEFERRED INCOME TAX

The Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total deferred income tax assets (a)	38,751	34,701	32,880	62,843
Net-off with deferred income tax liabilities (b)	(2,827)	(3,990)	(3,695)	(2,674)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net deferred income tax assets	<u>35,924</u>	<u>30,711</u>	<u>29,185</u>	<u>60,169</u>

The movement in net deferred income tax is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Net deferred income tax assets:					
As at 1 January	15,961	35,924	30,711	30,711	29,185
Credited/(charged) to income tax (<i>Note 12</i>)	19,963	(5,213)	(1,526)	20,099	30,984
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December/30 June	<u>35,924</u>	<u>30,711</u>	<u>29,185</u>	<u>50,810</u>	<u>60,169</u>

The analysis of deferred income tax assets is as follows:

(a) Deferred income tax assets

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Tax losses	33,861	27,516	23,674	50,672
Lease liabilities	2,804	3,915	3,863	2,745
Loss allowance for financial assets	2,076	3,270	5,343	9,426
Others	10	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred income tax assets	<u>38,751</u>	<u>34,701</u>	<u>32,880</u>	<u>62,843</u>

APPENDIX I

ACCOUNTANT'S REPORT

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Deductible tax losses RMB'000	Loss allowance for financial assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	14,786	1,140	4,187	49	20,162
Credited/(charged) to profit or loss	<u>19,075</u>	<u>936</u>	<u>(1,383)</u>	<u>(39)</u>	<u>18,589</u>
As at 31 December 2022 and 1 January 2023	33,861	2,076	2,804	10	38,751
(Charged)/credited to profit or loss	<u>(6,345)</u>	<u>1,194</u>	<u>1,111</u>	<u>(10)</u>	<u>(4,050)</u>
As at 31 December 2023 and 1 January 2024	27,516	3,270	3,915	–	34,701
(Charged)/credited to profit or loss	<u>(3,842)</u>	<u>2,073</u>	<u>(52)</u>	<u>–</u>	<u>(1,821)</u>
As at 31 December 2024 and 1 January 2025	23,674	5,343	3,863	–	32,880
Credited/(charged) to profit or loss	<u>26,998</u>	<u>4,083</u>	<u>(1,118)</u>	<u>–</u>	<u>29,963</u>
As at 30 June 2025	<u><u>50,672</u></u>	<u><u>9,426</u></u>	<u><u>2,745</u></u>	<u><u>–</u></u>	<u><u>62,843</u></u>

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable. Deferred income tax assets have not been recognized in respect of the following items:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	<u>3</u>	<u>3,929</u>	<u>6,298</u>	<u>8,377</u>

Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2027	3	–	–	–
2028	–	3,929	55	55
2029	–	–	6,243	5,694
2030	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,628</u>
	<u><u>3</u></u>	<u><u>3,929</u></u>	<u><u>6,298</u></u>	<u><u>8,377</u></u>

(b) Deferred income tax liabilities

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Right-of-use assets	(2,827)	(3,990)	(3,695)	(2,674)
Net-off with deferred income tax assets	2,827	3,990	3,695	2,674
Net deferred income tax liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The movement in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Right-of-use assets RMB'000
As at 1 January 2022	(4,201)
Credited to profit or loss	<u>1,374</u>
As at 31 December 2022 and 1 January 2023	(2,827)
Charged to profit or loss	<u>(1,163)</u>
As at 31 December 2023 and 1 January 2024	(3,990)
Credited to profit or loss	<u>295</u>
As at 31 December 2024 and 1 January 2025	(3,695)
Credited to profit or loss	<u>1,021</u>
As at 30 June 2025	<u><u>(2,674)</u></u>

The Company

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total deferred income tax assets (a)	37,012	32,083	27,620	46,681
Net-off with deferred income tax liabilities (b)	<u>(2,827)</u>	<u>(3,990)</u>	<u>(3,695)</u>	<u>(2,674)</u>
Net deferred income tax assets	<u><u>34,185</u></u>	<u><u>28,093</u></u>	<u><u>23,925</u></u>	<u><u>44,007</u></u>

The analysis of deferred income tax assets is as follows:

(a) *Deferred income tax assets*

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Tax losses	32,140	25,068	19,185	37,660
Lease liabilities	2,804	3,915	3,863	2,745
Loss allowance for financial assets	2,058	3,100	4,572	6,276
Others	10	–	–	–
Total deferred income tax assets	37,012	32,083	27,620	46,681

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Deductible tax losses RMB'000	Loss allowance for financial assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	14,427	1,129	4,187	49	19,792
Credited/(Charged) to profit or loss	17,713	929	(1,383)	(39)	17,220
As at 31 December 2022 and 1 January 2023	32,140	2,058	2,804	10	37,012
(Charged)/Credited to profit or loss	(7,072)	1,042	1,111	(10)	(4,929)
As at 31 December 2023 and 1 January 2024	25,068	3,100	3,915	–	32,083
(Charged)/Credited to profit or loss	(5,883)	1,472	(52)	–	(4,463)
As at 31 December 2024 and 1 January 2025	19,185	4,572	3,863	–	27,620
Credited/(Charged) to profit or loss	18,475	1,704	(1,118)	–	19,061
As at 30 June 2025	37,660	6,276	2,745	–	46,681

(b) *Deferred income tax liabilities*

The deferred income tax liabilities of the Company are the same as those of the Group.

18. INVENTORIES

The Group and the Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Purchased goods	2,777	1,613	3,210	8,976
Work in progress	6,792	13,532	24,663	35,351
	9,569	15,145	27,873	44,327
Less: allowance for impairment of inventories	—	—	—	—
	9,569	15,145	27,873	44,327

Purchased goods primarily consist of products that are ready for sale or in transit to fulfill customer orders.

Work-in-progress primarily consist of labor cost incurred mainly for the production of educational content digitalization product.

Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount, and is recorded in cost of sales in the consolidated statements of comprehensive income or loss. No provision for inventories is recognized for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 respectively.

The cost of inventories recognized as cost of sales for the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 amounted to RMB52,370,000, RMB89,162,000, RMB103,922,000, RMB26,217,000 and RMB30,108,000 respectively.

19. TRADE RECEIVABLES AND RETENTION MONEY RECEIVABLES

The Group

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	146,586	224,075	371,076	464,868
Retention money receivables	6,418	10,819	8,564	8,199
	153,004	234,894	379,640	473,067
Less: provision for impairment	(12,251)	(20,260)	(34,112)	(54,994)
	140,753	214,634	345,528	418,073

APPENDIX I

ACCOUNTANT'S REPORT

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aging analysis of the trade receivables and retention money receivables based on date of revenue recognition is as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	85,659	149,174	242,118	179,291
6 months – 1 year	28,041	34,084	43,073	174,581
1 – 2 years	30,160	35,136	61,619	72,769
2 – 3 years	6,553	10,964	20,820	28,713
Above 3 years	2,591	5,536	12,010	17,713
Total	153,004	234,894	379,640	473,067

Trade receivables and retention money receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 1 year and therefore classified as current except for non-current retention money which are due for settlement after one year. Trade receivables and retention money receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables and retention money receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

The Group applies the simplified approach under IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the assets. Information about the impairment of trade receivables and retention money receivables and the Group's exposure to credit risk is described in Note 3.1.

The Group's trade receivables and retention money receivables are denominated in RMB and their carrying amounts approximated their fair values as at the balance sheet dates.

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's trade receivables and retention money receivables were mainly denominated in RMB and the carrying amounts of trade receivables and retention money receivables approximated their fair values.

The Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	159,111	202,618	313,918	478,841
Retention money receivables	6,207	10,334	5,947	5,085
	165,318	212,952	319,865	483,926
Less: provision for impairment	(12,132)	(19,316)	(29,370)	(40,740)
	153,186	193,636	290,495	443,186

APPENDIX I

ACCOUNTANT'S REPORT

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aging analysis of the trade receivables and retention money receivables based on date of revenue recognition is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	99,397	130,405	212,273	355,310
6 months – 1 year	27,585	32,787	20,292	33,436
1 – 2 years	29,192	34,068	54,881	49,791
2 – 3 years	6,553	10,156	20,604	28,601
Above 3 years	2,591	5,536	11,815	16,788
Total	165,318	212,952	319,865	483,926

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's trade receivables and retention money receivables were mainly denominated in RMB and the carrying amounts of trade receivables and retention money receivables approximated their fair values.

20. OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Deposits	49,956	46,800	51,815	49,786
– Advance to staff	6,649	7,336	9,650	8,684
– Others	929	876	708	963
	57,534	55,012	62,173	59,433
Less: allowance for credit losses	(1,592)	(1,538)	(1,710)	(1,579)
	55,942	53,474	60,463	57,854
Prepayment				
– Prepaid expenses	1,159	959	5,973	4,076
– Value added tax recoverable	–	–	–	4,882
– Prepaid listing expenses	–	–	909	1,785
	600	2,664	–	–
Others				
Total other current assets	57,701	57,097	67,345	68,597

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's other receivables and prepayments were mainly denominated in RMB and the carrying amounts of other receivables and prepayments approximated their fair values.

The Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Deposits	49,210	37,951	35,364	28,160
– Loans to subsidiaries	320	822	15,286	33,679
– Advance to staff	6,649	7,307	9,561	8,516
– Others	919	1,409	707	960
	57,098	47,489	60,918	71,315
Less: allowance for credit losses	(1,587)	(1,352)	(1,110)	(1,097)
	55,511	46,137	59,808	70,218
Prepayments				
– Prepaid expenses	1,121	807	5,946	3,659
– Prepaid listing expenses	–	–	909	1,785
Total	56,632	46,944	66,663	75,662

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's other receivables and prepayments were mainly denominated in RMB and the carrying amounts of other receivables and prepayments approximated their fair values.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

(a) Classification of financial assets at FVPL

The Group classifies the following as financial assets at FVPL:

- *debt investments that do not qualify for measurement at either amortized cost or fair value through other comprehensive income (FVOCI).*

The Group's financial assets measured at FVPL include the following:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in wealth management products issued by banks	70,142	120,014	48,028	–

The principal and return of the wealth management products is not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products issued by banks are measured at FVPL.

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value of these financial assets at FVPL are set out in Note 3.3.

(b) Amounts recognized in profit or loss

During the year, the following net fair value gains were recognized in the consolidated statements of comprehensive income or loss:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net fair value gains on financial assets at FVPL					
recognized in other gains – net (Note 7)					
– realized	3,339	1,205	560	547	421
– unrealized	169	14	15	–	–
	<u>3,508</u>	<u>1,219</u>	<u>575</u>	<u>547</u>	<u>421</u>

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash (a)	5,218	5,556	4,721	6,400
Cash at bank and in hand	<u>206,270</u>	<u>141,742</u>	<u>230,172</u>	<u>53,051</u>
	<u>211,488</u>	<u>147,298</u>	<u>234,893</u>	<u>59,451</u>

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash mainly was deposits at bank for letters of guarantee.

(b) Cash and cash equivalents and restricted cash are denominated in RMB.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash (a)	5,218	2,903	2,244	4,734
Cash at bank and in hand	<u>194,352</u>	<u>111,151</u>	<u>203,383</u>	<u>23,502</u>
	<u>199,570</u>	<u>114,054</u>	<u>205,627</u>	<u>28,236</u>

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash mainly was deposits at bank for letters of guarantee.

(b) Cash and cash equivalents and restricted cash are denominated in RMB.

23. SHARE CAPITAL**The Group and the Company**

A summary of movements in the Company's issued and fully paid share capital is as follows:

	Number of shares	Share capital RMB'000
As at 1 January 2022 till 31 December 2022, 2023 and 2024 and 30 June 2025	60,000,000	60,000

In December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 60,000,000 ordinary shares at RMB1 each. The excess of the amount of net assets over the nominal value of the ordinary shares issued was credited to the Company's capital reserve.

24. RESERVES

The following table shows a breakdown of reserves and their movements during the respective years. A description of the nature and purpose of each reserve is provided below the table.

The Group and the Company

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2022	180,932	6,012	11,212	198,156
Share-based payment (Note 25)	–	3,731	–	3,731
As at 31 December 2022	180,932	9,743	11,212	201,887

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2023	180,932	9,743	11,212	201,887
Share-based payment (Note 25)	–	6,301	–	6,301
Appropriation to statutory reserves	–	–	8,381	8,381
As at 31 December 2023	180,932	16,044	19,593	216,569

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2024	180,932	16,044	19,593	216,569
Share-based payment (<i>Note 25</i>)	–	3,252	–	3,252
Appropriation to statutory reserves	–	–	11,525	11,525
As at 31 December 2024	180,932	19,296	31,118	231,346

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2025	180,932	19,296	31,118	231,346
Share-based payment (<i>Note 25</i>)	–	1,092	–	1,092
As at 30 June 2025	180,932	20,388	31,118	232,438

25. SHARE-BASED PAYMENT

Shanghai Xuru Enterprise Management Consulting Partnership L.P. 上海許如企業管理諮詢合夥企業(有限合夥) (“**Shanghai Xuru**”), Shanghai Baxuan Enterprise Management Consulting Partnership L.P. 上海灞軒企業管理諮詢合夥企業(有限合夥) (“**Shanghai Baxuan**”), Shanghai Womiao Enterprise Management Consulting Partnership L.P. 上海喔淼企業管理諮詢合夥企業(有限合夥) (“**Shanghai Womiao**”), Shanghai Shuhuai Enterprise Management Consulting Partnership L.P. 上海黍懷企業管理諮詢合夥企業(有限合夥) (“**Shanghai Shuhuai**”), Shanghai Suishang Enterprise Management Consulting Partnership L.P. 上海遂商企業管理諮詢合夥企業(有限合夥) (“**Shanghai Suishang**”), and Peixian Yingcui Enterprise Management Consulting Partnership L.P. 沛縣穎萃企業管理合夥企業(有限合夥) (“**Peixian Yingcui**”) were incorporated in the PRC under the Partnership Enterprise Law of the PRC as vehicles to hold the ordinary shares for the Company's employees under the share award (“**restricted shares**”) schemes of the Company.

From 2016 to 2020, 583,407 RSUs were granted to certain directors, managements and employees (“**Grantees**”) at a consideration of RMB5.24 to RMB96.60 per unit capital under the share award schemes as rewards for their services, full time devotion and professional expertise to the Group.

In December 2020, upon the conversion of the Company into a joint stock limited company, the 583,407 RSUs granted were increased to become 1,725,762 RSUs.

From 1 January 2022 to 30 June 2025, 396,362 RSUs were granted to the Grantees at a consideration of RMB15.19 to RMB32.66 per share as rewards for their services, full time devotion and professional expertise to the Group.

All the RSUs granted are vested upon IPO. If an employee ceased to be employed by the Group within this period, the awarded shares would be forfeited, and purchased back by Ms. Wang Xin (王欣) at the price of the consideration paid by the respective grantee plus interest thereon as set out in the contract.

(a) Share award schemes

Set out below are the movement in the number of awarded RSUs under the share award schemes:

	Number of restricted shares	Weighted average grant date fair value RMB
As at 1 January 2022	1,725,762	10.04
Granted	175,491	16.55
Forfeited	(175,491)	0.39
As at 31 December 2022	1,725,762	11.68
As at 1 January 2023	1,725,762	11.68
Granted	164,541	22.62
Forfeited	(164,541)	2.08
As at 31 December 2023	1,725,762	13.64
As at 1 January 2024	1,725,762	13.64
Granted	41,126	14.72
Forfeited	(41,126)	4.03
As at 31 December 2024	1,725,762	13.80
As at 1 January 2025	1,725,762	13.80
Granted	15,204	17.05
Forfeited	(15,204)	1.68
As at 30 June 2025	1,725,762	13.58

(b) Fair value of shares granted

The fair value of RSUs at the grant dates was determined by reference to the fair value of the underlying ordinary shares on the dates of grant, which were valued by the third-party independent valuer using discounted cash flow ("DCF") method. The DCF method involves applying appropriate discount rate, to discount the future cash flow forecast to present value. Key assumptions are set as below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
Fair value of underlying ordinary shares					
(RMB per share)	36.33	42.83	43.50	42.83	43.50
Revenue growth rate	24.88%	18.37%	12.83%	18.37%	12.83%
After-tax discount rate	11.40%	11.20%	10.90%	11.20%	10.90%
Terminal growth rate	2.00%	2.00%	2.00%	2.00%	2.00%

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the Track Record Period as part of employee benefit expense were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share-based payment expenses	3,731	6,301	3,252	2,703	1,092

26. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	Note	As at 31 December		As at 30 June	
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Financial assets at amortized cost:					
– Trade receivables and retention money receivables	19	140,753	214,634	345,528	418,073
– Other receivables	20	55,942	53,474	60,463	57,854
– Cash and cash equivalents	22	206,270	141,742	230,172	53,051
– Restricted cash	22	5,218	5,556	4,721	6,400
Financial assets at FVPL	21	70,142	120,014	48,028	–
		478,325	535,420	688,912	535,378
Financial liabilities					
Financial liabilities at amortized cost:					
– Trade payables	29	36,806	25,180	11,084	6,922
– Other payables and accruals (excluding salary and welfare payables, and VAT and tax payables)	30	76	76	2,170	14,324
– Borrowings	27	–	–	56,240	102,677
– Lease liabilities	16	18,692	26,101	25,750	18,298
		55,574	51,357	95,244	142,221

The Company

		As at 31 December		As at 30 June	
		2022	2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Financial assets at amortized cost:					
– Trade receivables and retention money receivables	19	153,186	193,636	290,495	443,186
– Other receivables	20	55,511	46,137	59,808	70,218
– Cash and cash equivalents	22	194,352	111,151	203,383	23,502
– Restricted cash	22	5,218	2,903	2,244	4,734
Financial assets at FVPL	21	70,142	120,014	48,028	–
		<u>478,409</u>	<u>473,841</u>	<u>603,958</u>	<u>541,640</u>
Financial liabilities					
Financial liabilities at amortized cost					
– Trade payables	29	36,773	25,147	10,804	6,827
– Other payables and accruals (excluding salary and welfare payables, tax payables and other non-financial liabilities)	30	76	76	2,169	14,322
– Borrowings	27	–	–	56,240	102,677
– Lease liabilities	16	18,692	26,101	25,750	18,298
		<u>55,541</u>	<u>51,324</u>	<u>94,963</u>	<u>142,124</u>

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at end of the Track Record Period is the carrying amount of each class of financial assets mentioned above.

27. BORROWINGS**The Group and the Company**

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
– Short-term bank borrowings, guaranteed (a)	<u>–</u>	<u>–</u>	<u>56,240</u>	<u>102,677</u>

- (a) For the year ended 31 December 2024 and the six months ended 30 June 2025, the Group's bank borrowings were denominated in RMB with an weighted average effective interest rates of 2.96% and 2.51% per annum. As at 31 December 2024 and 30 June 2025, the Group's borrowings were guaranteed by the Group's subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd.

28. DEFERRED INCOME**The Group and the Company**

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	66	–	–	–

The Group received government grants for subsidizing the Group's purchase of property, plant and equipment. The government grants were recorded as deferred income and credited to profit or loss on a straight-line basis over the useful life of the related property, plant and equipment.

29. TRADE PAYABLES**The Group**

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– payables for purchase of inventories and services	36,806	25,180	11,084	6,922

- (a) The carrying amounts of trade payables of the Group were denominated in RMB and approximated their fair values due to their short-term maturity in nature.
- (b) The aging analysis of the trade payables based on purchase date at the end of each Track Record Period is as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	28,371	21,763	8,978	4,150
Over 1 year	8,435	3,417	2,106	2,772
	36,806	25,180	11,084	6,922

The Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– payables for goods and services	36,773	25,147	10,804	6,827

- (a) The carrying amounts of trade payables of the Company were denominated in RMB and approximated their fair values due to their short-term maturity in nature.

- (b) The aging analysis of the trade payables based on purchase date at the end of each Track Record Period is as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	28,338	21,730	8,978	4,145
Over 1 year	8,435	3,417	1,826	2,682
	<u>36,773</u>	<u>25,147</u>	<u>10,804</u>	<u>6,827</u>

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and welfare payables	57,474	33,556	49,532	41,695
VAT and other taxes payables	18,572	28,484	35,424	26,014
Payable for listing expenses	–	–	1,693	13,840
Other	76	76	477	484
	<u>76,122</u>	<u>62,116</u>	<u>87,126</u>	<u>82,033</u>

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

The Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and welfare payables	56,944	31,851	39,995	29,244
VAT and other taxes payables	18,222	24,500	20,374	17,771
Payable for listing expenses	–	–	1,693	13,840
Other	76	76	476	482
	<u>75,242</u>	<u>56,427</u>	<u>62,538</u>	<u>61,337</u>

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

31. CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (Unaudited)	2025 RMB'000
(Loss)/profit before income tax	(79,073)	86,634	106,598	(108,954)	(127,819)
Adjustments for:					
Depreciation of property, plant and equipment (Note 15)	13,656	13,246	11,663	5,985	4,956
Depreciation of right-of-use assets (Note 16)	13,831	15,963	19,101	9,951	9,447
Impairment losses on financial assets (Note 11)	6,244	7,955	14,024	25,856	20,751
Finance (income)/costs (Note 10)	(314)	459	2,130	383	1,163
Share-based payment (Note 25)	3,731	6,301	3,252	2,703	1,092
Fair value change of financial assets and liabilities at fair value through loss (Note 7)	(3,508)	(1,219)	(575)	(547)	(421)
Decrease in deferred income	(263)	(66)	—	—	—
	(45,696)	129,273	156,193	(64,623)	(90,831)
Increase in trade receivables and retention money receivables	(17,292)	(81,890)	(144,746)	(79,829)	(93,427)
(Increase)/decrease in other receivables and prepayments	(10,796)	658	(9,570)	1,971	(189)
Increase in inventories	(2,640)	(5,576)	(12,728)	(15,647)	(16,454)
(Increase)/decrease in restricted cash	(3,404)	(338)	835	2,030	(1,679)
Increase/(decrease) in contract liabilities	38,611	(6,453)	(11,059)	(41,320)	(44,207)
(Decrease)/increase in trade and other payables	(8,192)	(25,631)	10,914	(9,305)	(9,255)
Cash (used in)/generated from operations	(49,409)	10,043	(10,161)	(206,723)	(256,042)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 December			As at 30 June
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Cash and cash equivalents	206,270	141,742	230,172	53,051
Restricted cash	5,218	5,556	4,721	6,400
Financial assets at fair value through profit or loss	70,142	120,014	48,028	—
Borrowings	—	—	(56,240)	(102,677)
Lease liabilities	(18,692)	(26,101)	(25,750)	(18,298)
Net cash/(debt)	262,938	241,211	200,931	(61,524)
Cash and financial assets at fair value through profit or loss	281,630	267,312	282,921	59,451
Gross debt – fixed interest rates	(18,692)	(26,101)	(81,990)	(120,975)
Net cash/(debt)	262,938	241,211	200,931	(61,524)

	Borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	–	27,916	27,916
Cash flows	–	(14,858)	(14,858)
New leases entered	–	4,674	4,674
Interest expenses (<i>Note 10</i>)	–	960	960
As at 31 December 2022	<u>–</u>	<u>18,692</u>	<u>18,692</u>
As at 1 January 2023	–	18,692	18,692
Cash flows	–	(17,635)	(17,635)
New leases entered	–	23,714	23,714
Interest expenses (<i>Note 10</i>)	–	1,330	1,330
As at 31 December 2023	<u>–</u>	<u>26,101</u>	<u>26,101</u>
As at 1 January 2024	–	26,101	26,101
Cash flows	54,721	(18,730)	35,991
New leases entered	–	17,133	17,133
Interest expenses (<i>Note 10</i>)	1,519	1,246	2,765
As at 31 December 2024	<u>56,240</u>	<u>25,750</u>	<u>81,990</u>
As at 1 January 2025	56,240	25,750	81,990
Cash flows	45,596	(10,567)	35,029
New leases entered	–	2,643	2,643
Interest expenses (<i>Note 10</i>)	841	472	1,313
As at 30 June 2025	<u>102,677</u>	<u>18,298</u>	<u>120,975</u>
<i>(Unaudited)</i>			
As at 1 January 2024	–	26,101	26,101
Cash flows	27,808	(8,713)	19,095
New leases entered	–	16,577	16,577
Interest expenses (<i>Note 10</i>)	114	700	814
As at 30 June 2024	<u>27,922</u>	<u>34,665</u>	<u>62,587</u>

(c) Major non-cash transactions

Major non-cash investing and financing activities were additions to right-of-use assets in respect of buildings and warehouses as disclosed Note 16.

32. CAPITAL COMMITMENTS

No significant capital expenditure contracted for at the end of the Track Record Period but not recognized as liabilities.

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or significant influence.

Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The Group has no transactions or balances with the companies that are related parties of the Group during the Track Record Period.

(b) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	4,257	4,417	6,373	2,380	2,459
Pension obligations, housing funds, medical insurances and other social insurances	664	685	696	471	357
Share-based payment expenses	3,113	3,198	1,853	1,661	519
	<u>8,034</u>	<u>8,300</u>	<u>8,922</u>	<u>4,512</u>	<u>3,335</u>

The wages and welfare disclosed above include RMB692,000 (six months ended 30 June 2024: RMB501,000, 2024: RMB541,000, 2023: RMB514,000, 2022:RMB347,000) to the key management personnel which were unpaid as at six months ended 30 June 2025 and are included in other payables (Note 30). The share-based payments provided to key management personnel are restricted shares (Note 25).

34. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors' emoluments

The remuneration paid or payable to the directors and supervisors of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to becoming the directors of the Company) during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 was as follows.

Name	Year ended 31 December 2022						Total RMB'000
	Wages, salaries RMB'000	Bonuses RMB'000	Social insurances RMB'000	Pension	Share-based payment expenses RMB'000	Other employee benefits RMB'000	
				obligations-			
				defined contribution plans RMB'000			
Name of chairman:							
Mr. Wang Hui	834	–	71	62	–	–	967
Name of directors							
Mr. Xi Puzhao	502	–	71	62	21	–	656
Ms. Wang Xin	634	–	71	62	180	–	947
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie	250	–	–	–	–	–	250
Ms. Cao Zhoutao	250	–	–	–	–	–	250
Mr. Wang Fanghua	250	–	–	–	–	–	250
	<u>2,720</u>	<u>–</u>	<u>213</u>	<u>186</u>	<u>201</u>	<u>–</u>	<u>3,320</u>
Name of supervisors:							
Mr. Wang Jian	517	–	71	62	83	–	733
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>517</u>	<u>–</u>	<u>71</u>	<u>62</u>	<u>83</u>	<u>–</u>	<u>733</u>

Year ended 31 December 2023							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	1,048	–	72	65	–	–	1,185
Name of directors							
Mr. Xi Puzhao	499	–	72	65	21	–	657
Ms. Wang Xin	604	–	72	65	160	–	901
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie	250	–	–	–	–	–	250
Ms. Cao Zhoutao	250	–	–	–	–	–	250
Mr. Wang Fanghua	250	–	–	–	–	–	250
	<u>2,901</u>	<u>–</u>	<u>216</u>	<u>195</u>	<u>181</u>	<u>–</u>	<u>3,493</u>
Name of supervisors:							
Mr. Wang Jian	517	–	72	65	188	–	842
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>517</u>	<u>–</u>	<u>72</u>	<u>65</u>	<u>188</u>	<u>–</u>	<u>842</u>

Year ended 31 December 2024							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	2,209	–	72	68	–	–	2,349
Name of directors							
Mr. Xi Puzhao	614	–	72	68	22	–	776
Ms. Wang Xin	729	–	72	68	49	–	918
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie (<i>i</i>)	–	–	–	–	–	–	–
Ms. Cao Zhoutao (<i>i</i>)	–	–	–	–	–	–	–
Mr. Wang Fanghua (<i>i</i>)	–	–	–	–	–	–	–
Mr. Ma Xufei (<i>i</i>)	278	–	–	–	–	–	278
Mr. Liu Ningrong (<i>i</i>)	278	–	–	–	–	–	278
Mr. Yau Ka Chi (<i>i</i>)	278	–	–	–	–	–	278
	<u>4,386</u>	<u>–</u>	<u>216</u>	<u>204</u>	<u>71</u>	<u>–</u>	<u>4,877</u>
Name of supervisors:							
Mr. Wang Jian	632	–	70	66	206	–	974
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>632</u>	<u>–</u>	<u>70</u>	<u>66</u>	<u>206</u>	<u>–</u>	<u>974</u>

Six months ended 30 June 2025							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	600	–	37	35	–	–	672
Name of executive directors							
Mr. Xi Puzhao	278	–	37	35	3	–	353
Ms. Wang Xin	332	–	37	35	27	–	431
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Ma Xufei	140	–	–	–	–	–	140
Mr. Liu Ningrong	140	–	–	–	–	–	140
Mr. Yau Ka Chi	140	–	–	–	–	–	140
	<u>1,630</u>	<u>–</u>	<u>111</u>	<u>105</u>	<u>30</u>	<u>–</u>	<u>1,876</u>
Name of supervisors:							
Mr. Wang Jian	289	–	35	34	30	–	388
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>289</u>	<u>–</u>	<u>35</u>	<u>34</u>	<u>30</u>	<u>–</u>	<u>388</u>

(Unaudited)

Six months ended 30 June 2024

Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	600	–	68	33	–	–	701
Name of executive directors							
Mr. Xi Puzhao	269	–	68	33	21	–	391
Ms. Wang Xin	322	–	68	33	40	–	463
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie (ii)	–	–	–	–	–	–	–
Ms. Cao Zhoutao (ii)	–	–	–	–	–	–	–
Mr. Wang Fanghua (ii)	–	–	–	–	–	–	–
Mr. Ma Xufei (i)	139	–	–	–	–	–	139
Mr. Liu Ningrong (i)	139	–	–	–	–	–	139
Mr. Yau Ka Chi (i)	139	–	–	–	–	–	139
	<u>1,608</u>	<u>–</u>	<u>204</u>	<u>99</u>	<u>61</u>	<u>–</u>	<u>1,972</u>
Name of supervisors:							
Mr. Wang Jian	279	–	68	33	189	–	569
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>279</u>	<u>–</u>	<u>68</u>	<u>33</u>	<u>189</u>	<u>–</u>	<u>569</u>

(i) Appointed on 26 April 2024

(ii) Retired on 26 April 2024

(b) Directors' and supervisors' retirement benefits

There were no retirement benefits paid to or receivable by any Directors/Supervisors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(c) Directors' and supervisors' termination benefits

There were no termination benefits paid to or receivable by any Directors/Supervisors during the Track Record Period.

(d) Consideration provided to third parties for making available directors' and supervisors' services

No payment was made to the former employer of Directors/Supervisors for making available the services of them as a Director of the Company during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors and supervisors

There were no loans, quasi-loans and other dealings entered into between the Group and the directors/supervisors and in favour of the directors/supervisors during the Track Record Period.

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

There are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

35. DIVIDENDS

No dividend has been paid or declared by the Company during each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

36. CONTINGENCIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, there were no significant contingencies for the Group and the Company.

37. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to 30 June 2025 and up to the date of this report.

38. SUMMARY OF OTHER POTENTIAL MATERIAL ACCOUNTING POLICIES**38.1 Principles of consolidation and equity accounting**

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

38.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company and its primary subsidiaries are incorporated in the PRC and consider RMB as their functional currency. The Group determined to present its Historical Financial Information in RMB.

38.4 Property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress represents unfinished construction and equipment under construction or pending for installation and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

38.5 Research and development ("R&D")

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for us;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

38.6 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable by considering whether any of the following impairment indicators were present: (i) greater than expected declines in asset values as a result of the passage of time or normal use; (ii) significant adverse changes in the technological, market, economic or legal environment impacting the entity or the market to which the asset is dedicated; (iii) changes in market interest rates or other market rates of return that are likely to significantly affect the discount rate used in the impairment assessment; (iv) carrying amount of net assets of the entity exceeding its market capitalization; (v) evidence of obsolescence or physical damage to an asset; (vi) significant adverse changes impacting the manner in which an asset is used or is expected to be used; (vii) internal reporting indicating the economic performance of an asset is, or will be, worse than expected; and (viii) actual or forecast net cash outflows or operating profits or losses may be significantly worse than expected. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each Track Record Period.

38.7 Financial assets**(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains – net". Impairment losses are presented as separate line item in the consolidated statements of comprehensive income or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains – net" in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents and restricted cash, the expected credit loss risk is considered immaterial.

For trade receivables and retention money receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and retention money receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

38.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the entity currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

38.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

38.10 Inventories

Work-in-progress and purchased goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

38.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the Track Record Period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

38.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

38.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

38.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Track Record Period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the Track Record Period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

38.16 Employee benefits**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Track Record Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the Track Record Period are discounted to present value.

38.17 Share-based payment

The Group operates an equity-settled share-based payment plan, under which the Group receives services from eligible employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the Historical Financial Information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each Track Record Period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

38.18 Leases*Lease as lessee*

Leases are initially recognized as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

38.19 Earnings/(Loss) per share**(a) Basic earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury stock.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 7.

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10. Any other interest income is included in other income.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to 30 June 2025. No dividend or distribution has been declared, made or paid by the Company or any of its subsidiaries now comprising the Group in respect of any period subsequent to 30 June 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this Prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountant's Report set out in Appendix I in this Prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 as if the Global Offering had taken place on 30 June 2025.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as 30 June 2025 or at any future dates following the Global Offering. It is prepared based on the consolidated net assets of the Group as at 30 June 2025 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 RMB'000 (Note 1)	Estimated net proceeds from the Global Offering RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets per Share RMB (Note 3)	HK\$
Based on an Offer Price of HK\$62.26 per Share	401,005	354,446	755,451	11.33	12.44
Based on an Offer Price of HK\$76.10 per Share	401,005	435,919	836,924	12.55	13.79

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2025 of RMB401,005,000 .
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$62.26 and HK\$76.10 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company (excluding those listing expenses of approximately RMB26,802,000 which have been accounted for in the consolidated statements of comprehensive income during Track Record Period) and takes no account of any Shares or any Shares which may be granted, issued or repurchased by our Company pursuant to the general mandates.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 66,666,700 Shares were in issue assuming that the Global Offering had taken place on 30 June 2025, without taking into account any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.
- (4) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.9106. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) Except as disclosed above, no adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2025.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Shanghai Able Digital Science&Tech Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shanghai Able Digital Science&Tech Co., Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2025, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 28 November 2025, in connection with the proposed initial public offering of the shares of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 30 June 2025 as if the proposed initial public offering had taken place at 30 June 2025. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the period ended 30 June 2025, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 November 2025

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which may subject to change from time to time.

This discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital tax, VAT, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發 [1993] 045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the State Taxation Administration (“**SAT**”) on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated by the MOF, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**EIT Law**”) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and latest amended on December 6, 2024, the rate of corporate income tax shall be 25%. A non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

Notice from the State Taxation Administration on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”) which was signed on August 21, 2006, the mainland government may levy taxes on the dividends paid by a PRC resident company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends paid by the PRC resident company unless such Hong Kong resident directly holds 25% or more of the equity interest in the PRC resident company, then such tax shall not exceed 5% of the total dividends paid by the PRC resident company. The Fifth Protocol of the Arrangement (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on December 6, 2019, adds the criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC resident companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the relevant PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the relevant PRC tax authorities.

*Taxation on Share Transfer**VAT and Local Additional Tax*

Pursuant to Notice of the MOF and the SAT on Full Launch of the Pilot Scheme on Levying VAT in Place of Business Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”) which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of MOF and SAT on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若乾免稅政策的通知》) coming effective on January 1, 2009 and Provisions on the Transitional Policies Concerning the Pilot Scheme on Levying Value-added Tax in Place of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》) promulgated by the MOF and SAT and came into effect on May 1, 2016. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any) in the PRC urban city.

*Income tax**Individual Investors*

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax.

On December 31, 2009, the MOF, SAT and CSRC jointly issued the Notice on Related Issues Concerning Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on the same day, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market in the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the aforesaid notice and the Supplementary Notice on Related Issues Concerning Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) which was jointly issued and implemented by MOF, SAT and CSRC on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in the PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or arrangements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Tax Law of the of the PRC (《中華人民共和國印花稅法》), which was issued on June 10, 2021, which came into effect on July 1, 2022, which stipulate that all entities and individuals who conclude taxable documents and engage in securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and shall pay stamp tax in accordance with the Stamp Tax Law of the of the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the transfer and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this Prospectus, no estate duty has been levied in the PRC under the PRC laws.

2. PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the chapter “Regulatory Overview” of this prospectus.

3. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi. The SAFE, with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange administrative regulations.

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administrative Regulations**”), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange administrative authorities. For capital items, overseas organizations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and administrative measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the repatriation and settlement of the proceeds raised from the overseas listing of the foreign shares into Renminbi domestic accounts.

According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be repatriated to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

In accordance with the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), which was promulgated on May 10, 2013 with effect from May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the SAFE on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資金結匯管理方式的通知》), promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in Renminbi (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment, unless otherwise provided by laws and regulations; (c) to provide entrusted RMB loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay Renminbi bank loans that have been on lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Notice of the SAFE of the PRC on Further Deepening Reform and Promoting the Facilitation of Cross border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated by the SAFE and implemented on December 4, 2023, the competent authorities have relaxed the restrictions on the scale of upfront expenses for overseas direct investment and lifted the limit on the cumulative amount of upfront expenses remitted by domestic enterprises for overseas direct investment not exceeding the equivalent of 3 million US dollars, but the cumulative amount of remitted expenses shall not exceed 15% of the total amount of investment proposed by the Chinese side. Moreover, the domestic equity transferor (including institutions and individuals) can directly remit the equity transfer consideration funds paid by domestic entities in foreign currency, as well as the foreign exchange funds raised by domestic enterprises going public overseas, to the settlement account under the capital account. The funds in the settlement account under the capital account can be used for independent foreign exchange settlement. The domestic equity transferor can directly transfer the equity transfer consideration funds paid by foreign-invested enterprises with RMB funds obtained through foreign exchange settlement (sourced from direct foreign exchange settlement or RMB funds in the accounts to be paid) to the domestic equity transferor's RMB account.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023修正)》) (the “**Legislation Law**”), the NPC and the SCNPC are empowered to exercise the legislative power of the State according to the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The NPC may authorize the SCNPC to formulate relevant laws, and the SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the Audit Administration and institutions required by law as well as organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization construction, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the “**Supreme People's Court**”) has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

The Civil Procedure Law of the PRC (2023 revision) (《中華人民共和國民事訴訟法(2023修正)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and latest amended in 2023, which came into effect on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

If a legally effective judgment or ruling made by a people's court is requested to be executed by a party whose property is not within the territory of the PRC, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement, or the people's court may request recognition and enforcement from a foreign court in accordance with the provisions of international treaties concluded or participated in by the PRC, or in accordance with the principle of reciprocity. The people's court shall recognize the legal effect of judgments or rulings made by foreign courts that have applied for or requested recognition and enforcement, in accordance with international treaties concluded or participated in by the

PRC, or in accordance with the principle of reciprocity, if it considers that they do not violate the basic principles of the laws of the PRC and do not harm national sovereignty, security, or social public interests; If it needs to be executed, an execution order shall be issued and executed in accordance with the relevant provisions of this Law.

THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest revision of which has been implemented on July 1, 2024;
- The Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and six relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies; and
- The Guidelines for Articles of Association of Listed Companies (s) (the “**Guidance for Articles of Association**”) which was latest amended on March 28, 2025 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled “Appendix V – Summary of the Articles of Association” in this Prospectus.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. For a joint stock limited company incorporated by the public subscription method, the promoters must convene an establishment meeting within 30 days from the date of full payment of the shares that should be issued when the joint stock limited company is established, and must give notice to all subscribers or make an announcement of the date of the establishment meeting 15 days before the meeting. The establishment meeting shall be formed by the subscribers holding more than half of the voting rights. Powers to be exercised at the establishment meeting of a company shall include but not limited to the adoption of articles of association and the election of directors and supervisors. The convening and voting procedures of the establishment meeting of a joint stock company established by way of promotion shall be stipulated in the articles of association of the company or in the agreement of the promoters. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the establishment meeting, the board of directors shall authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally; (ii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Issuing and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

Shares issued by the company shall be registered shares.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Overseas Listing Trial Measures, where a domestic enterprise directly issues and lists its domestic unlisted shares overseas, the shareholder who holds its domestic unlisted shares shall apply to convert its domestic unlisted shares into overseas listed shares and list and circulate them on overseas trading places, which shall comply with the relevant provisions of the CSRC, and entrust the domestic enterprise to file with the CSRC. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Company shall register the name and domicile of the transferee in the register of shareholders after such transfer.

Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Overseas Listing Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the type and number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval or filing of the securities regulatory authorities of the State Council, it shall publish the prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;

- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the Company Law, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, minutes of shareholder's meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to cancel resolutions passed by shareholder's meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' meeting exercises the following principal powers:

- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of the corporate form of the company;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;
- whenever the board of directors deems necessary;

- when the board of supervisors proposes; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, except for shareholders of non-ordinary shares. However, shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by

laws, administrative regulations or the Articles of Association, as well as other matters considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of three or more members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, resolutions of shareholders' meeting and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation of business license or shutdown order; or
- a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the PRC Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' meeting under this law;
- to initiate proposals for resolutions to shareholders' meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- embezzling company property, misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- using his or her position to bribe or receive other illegal income;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their fiduciary duty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used in accordance with relevant regulations. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' meeting or board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting or board of directors or board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

If a listed company has established an audit committee within the board of directors, before the board of directors adopts a resolution on any of the following matters, the resolution shall be adopted by a majority of all members of the audit committee:

- appointment or removal of the accounting firm providing audit services to the company;
- appointment or removal of the head of finance;
- disclosure of financial accounting reports; or
- any other matters as stipulated by the securities regulatory authority under the State Council.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association occurred; (ii) the shareholders' meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) or (ii) above, and has not distributed assets to its shareholders, it may carry on its existence by amending its articles of association or by resolution of the shareholders' meeting. The amendment of the articles of association or the resolution of shareholders' meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors, unless it is otherwise stipulated by the company's articles of association or appointed by resolution of the shareholders' meeting. If a liquidation group is not established within the stipulated period, any stakeholders may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and make a public announcement through a newspaper or the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to apply for deregistration, and a public notice of its termination shall be issued. Members of the liquidation group shall fulfill liquidation responsibilities with a duty of loyalty and diligence.

Any member of the liquidation group who neglects their liquidation responsibilities and causes losses to the company shall be liable for compensation; if losses are caused to any creditor due to intent or gross negligence, such member shall be liable for compensation.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the PRC (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2017 revision) (《中華人民共和國仲裁法(2017年修正)》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on November 26, 2020. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (the “SFC”) issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is expected to be implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as “**Shanghai-Hong Kong Stock Connect**”) by the Shanghai Stock Exchange (hereinafter referred to as “SSE”), the Stock Exchange, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as “CSDCC”) and Hong Kong Securities Clearing Company Limited (“HKSCC”). Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by SFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and SFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC amended the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

The Articles of Association, which is adopted by the shareholders in the general meeting held on April 26, 2024, will become effective on the date that the H shares of the Company are listed on the Stock Exchange and replace the Articles of Association at the original registration in Administration for Market Regulation.

DIRECTORS AND OTHER SENIOR MANAGEMENT

Power to allot and issue Shares

There is no provision in the Articles of Association empowering the directors to allot and issue shares.

To increase the registered capital of the Company, the proposal must be submitted for approval by a special resolution at a general meeting.

APPOINTMENT, REMOVAL AND RETIREMENT

A person may not serve as a director, supervisor or senior management member of the Company if any of the following circumstances apply:

- (a) a person without legal or with restricted legal capacity;
- (b) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of 5 years have elapsed since the sentence was served; or a person who has been deprived of his political rights, in each case where less than 5 years have elapsed since the sentence was served; or a person who has been suspended where less than a term of 2 years have elapsed since the date of the probation period;
- (c) a person who is a former director, factory manager or general manager of a company or enterprise which has been entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (d) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business licence;
- (e) a person who is listed as dishonest debtor by the people's court because of a relatively large amount of debts due and outstanding;
- (f) a person who has been investigated by judicial authorities for violating the Criminal Law which has not yet closed;

- (g) a person who is not a natural person;
- (h) a person who has been ruled by a relevant regulatory authority to violate securities regulations and has engaged in fraudulent or dishonest behavior where less than a term of 5 years have elapsed since the date of the ruling;
- (i) a person who is subject to a securities market entry ban by CSRC for an unexpired period;
- (j) other circumstances as required under laws, administrative regulations, departmental rules, regulatory documents, regulations of relevant regulatory authorities.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be null and void. The Company shall dismiss a director from office if the circumstances of this Article arise during his or her term of office.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Under any one of the following circumstances, the Company shall amend its Articles of Association:

- (a) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (b) the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- (c) the general meeting decides that the Articles of Association should be amended.

Amendments to the Articles of Association passed by resolutions at the general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval; where the amendments involve the registered particulars of the Company, procedures for change of registration shall be handled in accordance with the law.

RESOLUTIONS-MAJORITY REQUIRED

Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by more than one half of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution of a general meeting shall be passed by two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

VOTING RIGHTS

A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares held. Each share shall have one vote. No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of shares with voting rights present at a general meeting.

If the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed stipulate that any shareholder shall waive his/her voting right on a certain resolution or limit any shareholder to cast affirmative or negative vote on certain matter, and in case of any violation of such relevant stipulation or limitations, votes casted by such shareholders or proxies thereof shall not be adopted.

REQUIREMENT FOR GENERAL MEETINGS

General meetings shall be divided into annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within 6 months from the end of the preceding accounting year.

The Board shall convene an extraordinary general meeting within two months after the occurrence of any one of the following circumstances:

- (a) where the number of directors falls short of the minimum number required by the Company Law or is no more than two-thirds of the number required by the Articles of Association;
- (b) where the unrecovered losses of the Company amount to one-third of its total paid up share capital;
- (c) where shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (d) where the Board considers it necessary;
- (e) where the board of supervisors proposes to call for such a meeting;
- (f) other circumstances stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The venue of a general meetings of the Company shall be the place where the Company is located or the place specified in the notice of the general meeting.

ACCOUNTS AND AUDIT

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant regulatory departments of the PRC.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international amounting standards, or that of the overseas listing place. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

The Company shall produce a financial report at the end of each financial year, which shall be subject to review and validation in accordance with the law.

Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas listing place.

The Company's financial reports shall be made available for shareholders' inspection at the Company at least 21 days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this section.

NOTICE OF MEETING AND MATTERS TO BE CONSIDERED

The general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with laws:

- (a) to decide on operational policies, business plans and investment plans of the Company;
- (b) to elect, replace or recall the directors and supervisors who are shareholder representatives, and to decide on matters relevant to remuneration of directors and supervisors;
- (c) to consider and approve reports of the Board;
- (d) to consider and approve reports of the board of supervisors;
- (e) to consider and approve annual financial budget plans and final accounting plans of the Company;
- (f) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (g) to determine the increases or decrease of the registered capital of the Company;

- (h) to determine the issuance of corporate bonds or other securities by the Company and listing plan;
- (i) to make resolutions on the merger, division, dissolution, liquidation, suspension of business, early termination, bankruptcy, change of corporate form, or change of business scope of the company;
- (j) to amend the Articles of Association;
- (k) to determine the appointment of, removal of and non-reappointment of an auditor and determine their remuneration by the Company;
- (l) to consider and approve the provision of guarantees to third parties that shall be approved at a general meeting required by the Articles of Association;
- (m) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company (including its controlled subsidiaries), within one year;
- (n) to consider and approval of change of use of proceeds;
- (o) to consider and approval of share incentive scheme and employee share ownership Scheme;
- (p) to review other matters and transactions which, in accordance with laws, administrative regulations, departmental rules, the listing rules of the places where the shares of the Company are listed, or the provisions of the Articles of Association, shall be approved at a general meeting.

The general meeting can authorize or entrust the Board to handle the matters authorized or entrusted thereby, provided that the laws and regulations, and the mandatory laws and regulations of place where the shares of the Company are listed are not violated.

The following matters shall be approved by special resolution at a general meeting:

- (a) to increase or reduce the registered capital of the Company;
- (b) to make resolutions on the merger, division, dissolution, liquidation, suspension of business, early termination, bankruptcy, change of corporate form, or change of business scope of the company;
- (c) to make amendments to these Articles of Association;
- (d) to consider purchase or sale of material assets by the Company within one year, or a guarantee amount exceeding 30% of the total assets in the most recent audit period of the Company;

- (e) to formulate, revise and implement a share incentive scheme;
- (f) to decide on the company's business plan, operational policies, and investment plans;
- (g) to change the company's business scope, make significant changes in essence and/or business activities, terminate or suspend all or part of the business;
- (h) to increase or decrease the number of seats on the company's board of directors, supervisory board, or any board committee;
- (i) other matters as stipulated by the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed or these Articles of Association, and matters deemed by the general meeting by ordinary resolution to have material effect on the Company and necessary for passing by special resolution.

Where the Company convenes an annual general meeting, a public announcement shall be issued at least 21 days (excluding the date of meeting) prior to the annual general meeting and at least 15 days (excluding the date of meeting) prior to the extraordinary general meeting. If there are other provisions in the laws, regulations and by the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

The notice of the general meeting shall be given in writing and contain the following:

- (a) the date, venue and duration of the meeting;
- (b) matters and proposals submitted for consideration at the meeting;
- (c) an obvious statement that all shareholders are entitled to attend the general meeting in person, or appoint in writing proxies to attend and vote on his or her behalf and that such proxies need not be shareholders of the Company, if a shareholder has appointed a proxy to attend any meeting, it shall be deemed to be present in person;
- (d) share registration date for shareholders entitled to attend the meeting;
- (e) name and telephone number of the permanent contact person;
- (f) time and procedure for voting by internet or other means;
- (g) other requirements stipulated by laws, administrative regulations, departmental rules and regulations, the rules of securities regulation where the Company's shares are listed and this Prospectus.

The notice and supplementary notice of a general meeting shall adequately and completely disclose the specific contents of all proposals.

After the notice of a general meeting is issued, the general meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the general meeting shall not be cancelled. In the event of an adjournment or cancellation, the company or the convener shall announce and explain the reasons in accordance with the laws and regulations and the rules governing the securities of the place where the company's shares are listed.

TRANSFER OF SHARES

Unless otherwise specified in the laws and administrative and by the securities regulatory authorities in the place where the shares of the Company, the paid up shares of the Company can be freely transferred in accordance with laws and are not subject to any lien. Shares of the Company could be granted, inherited and pledged in accordance with relevant laws, administrative regulations and requirement of the Articles of Association.

The Company shall not accept its own shares as pledge subject.

Shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the Stock Exchange.

The directors, supervisors and senior executives shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

Where the relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed provide otherwise in respect of any transfer of any overseas listed foreign shares, such regulations shall apply.

POWER FOR THE COMPANY TO REPURCHASE ITS OWN SHARES

The Company may, in the following circumstances, buy back its outstanding shares in accordance with the law, administrative regulations, department rules, listing rules of the place where the shares of the Company are listed and requirement of this Articles of Associations:

- (a) When cancelling shares to decrease registered capital of the Company;
- (b) When merging with other companies holding shares of the Company;
- (c) When shares are being used in the employee stock ownership plan or as equity incentive;

- (d) When shareholders objecting to resolutions of the general meeting concerning merger or division of the Company require the Company to buy their shares;
- (e) When shares are being used to satisfy the conversion of corporate bonds convertible into shares issued by the Company;
- (f) When safeguarding corporate value and shareholders' equity as the Company deems necessary;
- (g) Other matters as stipulated by the laws, administrative regulations, listing rules of the place where the shares of the Company are listed.

Except for the abovementioned circumstances, the Company will not conduct any activities buying or selling its shares.

Where the Company repurchases its shares in the circumstances set out in items (a) and (b) above, it shall be subject to approval at the general meeting; where the Company repurchases its shares in the circumstances set out in items (c), (e) and (f) above, it may be resolved by more than two-thirds of directors present at a meeting of the Board in accordance with the authorization of the general meeting.

The acquisition of the Company's shares by the Company may be carried out by means of public centralised trading, or other means approved by laws, administrative regulations and the CSRC.

In the event that the Company repurchases its shares in accordance with the above provisions, such repurchase shall be conducted through public centralised trading upon such repurchase in the circumstance set out in item (c), (e) and (f).

For domestic unlisted shares, in the event that the Company repurchases its shares in accordance with the above provisions, such Shares shall be cancelled within 10 days upon such repurchase in the circumstance set out in item (a); shall be transferred or cancelled within 6 months in the circumstances set out in items (b) and (d); the aggregate number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years in the circumstances set out in items (c), (e) and (f).

RIGHT OF THE COMPANY'S SUBSIDIARIES TO OWN SHARES IN THE COMPANY

There are no provisions in the Articles of Association restricting a subsidiary of the Company from owning any of the shares of the Company.

DIVIDENDS AND OTHER METHODS OF PROFIT DISTRIBUTION

The Company may distribute profits in the form of cash, shares or a combination of cash and shares, with cash dividends taking precedence over share dividends where the conditions for cash dividends are met.

The Company shall appoint one or more collection agents in Hong Kong to receive dividends declared by the Company in respect of its securities listed on the Exchange and other moneys payable thereon and who shall hold such moneys in trust for the benefit of the holders of such securities pending payment to such holders.

SHAREHOLDERS' PROXY

Any shareholder who is entitled to attend the general meeting and vote thereat may attend the general meeting in person or appoint one proxy or more (who may not be a shareholder) to attend and vote on its behalf. A shareholder shall authorize his or her proxy in writing and the power of attorney shall be signed by the proxy or the agent authorized in writing by the proxy. Where the proxy is a corporate, the chop of the corporate should be affixed, or the director or the agent officially entrusted shall sign such power of attorney.

Minutes of the meeting shall be kept for a period of not less than 10 years together with the register of signatures of shareholders present on site and valid information on proxies, networks and other voting circumstances.

RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER OF MEMBERS)

Ordinary shareholders of the Company shall enjoy the following rights:

- (a) the rights to receive dividends and other forms of distribution in proportion to the number of shares held by them;
- (b) the rights to request, convene, chair, attend or appoint proxy to attend general meetings and exercise corresponding speaking rights and voting rights in accordance with laws;
- (c) the rights to supervise and manage the operation of the Company and to put forward proposals and raise inquiries;
- (d) the rights to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (e) inspection or copies of articles of association, register of shareholders, corporate bond stubs, minutes of shareholders' meetings, resolutions of board meetings, resolutions of supervisory board meetings, financial and accounting reports;

- (f) the rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (g) the rights to demand the Company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the Company;
- (h) other rights under the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

RIGHTS OF MINORITY SHAREHOLDERS

The controlling shareholder of the Company shall not use its affiliation to harm the interests of the Company. If they violate the regulations and cause losses to the company, they shall be liable for compensation.

The controlling shareholder of the Company shall have a good faith obligation to the Company and the shareholders of the Company's public shares. The controlling shareholders shall exercise their rights as capital contributors in strict accordance with the law. The controlling shareholders shall not use profit distribution, asset restructuring, foreign investment, capital appropriation, loan guarantee, etc. to harm the legitimate rights and interests of the Company and the shareholders of public shares, and shall not use their control position to harm the interests of the Company and the shareholders of public shares.

The term "controlling shareholder" referred to a shareholder whose voting rights based on his or her shareholding are sufficient to exercise significant influence on the resolution of the general meeting.

PROCEDURES FOR DISSOLUTION AND LIQUIDATION

The Company shall be dissolved upon the occurrence of the following events:

- (a) the term of its operations set out in the Articles of Association has expired;
- (b) a resolution for dissolution is passed by shareholders at a general meeting;
- (c) dissolution is necessary due to a merger or division of the Company;
- (d) the Company's business license is revoked or the Company is ordered to close down or de-registered according to laws;
- (e) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

If the company encounters the reasons for dissolution as stipulated in the preceding paragraph, the reasons for dissolution shall be publicly disclosed through the National Enterprise Credit Information Publicity System within 10 days.

The Company may continue to exist by amending the Articles of Association or resolution of shareholders meeting in the event of the circumstance as set forth in item (a) or item (b) of the preceding article if the property has not yet been distributed to shareholders.

The amendment to the Articles of Association or resolution of shareholders meeting according to the preceding article shall be passed by 2/3 of the voting rights held by shareholders present at the general meeting.

In the case of dissolution of the Company under items (a), (b), (d) and (e) of the preceding article, a liquidation committee shall be formed to commence liquidation; if the directors are liquidation obligors, a liquidation committee shall be formed to commence liquidation within 15 days from the date of occurrence of events giving rise to dissolution. The members of the liquidation committee shall be determined by the directors or the general meeting. If the liquidation obligor fails to fulfill the liquidation obligation in a timely manner and causes losses to the company or creditors, it shall bear the liability for compensation.

Where a liquidation committee is not established according to schedule, the creditors may apply to the People's Court to designate the relevant personnel to establish a liquidation committee to proceed with the liquidation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (a) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (b) to inform creditors by a notice or public announcement;
- (c) to dispose of and liquidate any unfinished businesses of the Company;
- (d) to pay all outstanding taxes and the taxes incurred from the process of liquidation;
- (e) to settle claims and debts;
- (f) to distribute the residual assets remaining after repayment by the Company of its debts;
- (g) to represent the Company in any civil proceedings.

The liquidation committee shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make a public announcement in the designated newspapers or through the National Enterprise Credit Information Publicity System and in the manner required by the stock exchange. Creditors shall, within 30 days of the receipt of the notice or within 45 days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation committee.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidentiary materials. The liquidation committee shall register the creditors' rights. The liquidation committee may not clear off any of the debts of any creditors during the period of filing creditors' rights.

After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

The remaining property of the company's property after the payment of liquidation expenses, wages, social insurance costs and statutory compensation of employees, payment of taxes owed and settlement of the company's debts, respectively, is distributed by the company in accordance with the type and proportion of the shares held by the shareholders.

During the liquidation period, the company survives, but cannot carry out business activities unrelated to the liquidation.

The property of the company will not be distributed to the shareholders until it has been paid off in accordance with the preceding paragraph.

If the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the People's Court immediately for a declaration of bankruptcy of the Company.

Upon the acceptance of bankruptcy of the Company by the People's Court, the liquidation committee shall hand over the liquidation matters to the designated bankruptcy administrator.

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report. The liquidation committee shall, within 30 days from the date of said confirmation made by the general meeting or relevant competent authorities, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS**General Provisions**

The Company is a joint stock limited company with perpetual existence.

Pursuant to the Articles of Association, the shareholders may pursue actions against other shareholders, the shareholders may pursue actions against the directors, supervisors, general manager and other senior management members of the Company, the shareholders may pursue actions against the Company and the Company may pursue actions against its shareholders, directors, supervisors, general manager and other senior management.

After adoption by special resolution on the general meeting of the Company, the Articles of Association shall take effect and put into force from the date on which the H Shares issued by the Company are listed on the Stock Exchange. Since the effective date of the Articles of Association, the original Articles of Association of the Company shall be automatically invalidated.

Increase of capital

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the general meeting, by way of the following:

- (a) public offering of shares;
- (b) non-public offering of shares;
- (c) placement and offer of new shares to existing shareholders;
- (d) conversion of reserve into share capital;
- (e) other means as stipulated by laws and administrative regulations and approved by the relevant regulatory authorities such as the securities regulatory authority under the State Council and the regulatory authority where the company's shares are listed.

Deduction of capital

The Company may decrease its registered capital. The Company shall decrease its registered capital pursuant to the Company Law, other relevant regulations and the Articles of Association.

Rights and obligations of shareholders

Shareholders shall enjoy rights and have obligations in accordance with the class and amount of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations. If at any time the shares of the company are divided into different classes, any variations to the rights attached to any class of shares must be approved by the shareholders holding the shares of the class with the relevant rights by a special resolution.

Ordinary shareholders of the Company shall enjoy the following rights, please refer to the paragraph headed “Rights of Shareholders (Including Inspection of Register of members)” above.

Ordinary shareholders of the Company shall have the following obligations:

- (a) to abide by laws, administrative regulations and the Articles of Association;
- (b) to pay for the shares based on the shares subscribed for and the manners in which they became shareholder;
- (c) not to withdraw their paid share capital except in circumstances allowed bylaws and regulations;
- (d) not to abuse shareholder’s rights and harm the legal interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to impair the legal interests of creditors of the Company;
- (e) other obligations imposed by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Where the shareholder’s abuse of its power causes damage to other shareholders, he shall be liable to compensation in accordance with the law. Where the shareholder has abused the Company’s independent legal person status and shareholder’s limited liability for debt evasion and caused serious damage to the creditor’s interests, it shall bear joint liability for the debts of the Company.

Where the shareholder uses two or more companies under his control to carry out the acts specified in the preceding paragraph, each company shall bear joint and several liability for the debts of either company.

General meeting

The general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with laws, please refer to the paragraph headed “Notice of meeting and matters to be considered” above. Where the Company convenes a general meeting, the Board, the board of supervisors and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may submit written provisional proposals to the Board of Directors 10 days before the general meeting. The provisional proposals should have clear topics and specific resolution matters. The convener shall serve a supplemental notice of the general meeting and make announcement of the provisional proposals within two days after receipt of the provisional proposals and notify the contents of the said provisional proposals, and submit the provisional proposals to the shareholders' meeting for review except for provisional proposals that violate laws, administrative regulations, or the provisions of the company's articles of association, or are not within the scope of the powers of the shareholders' meeting.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

Board

The Board shall be responsible to the general meeting and shall exercise the following functions and powers in accordance with law:

- (a) to convene general meetings and report to general meetings;
- (b) to implement resolutions of general meetings;
- (c) to resolve on the Company's business plans and investment plans;
- (d) to prepare the annual financial budgets and final accounting plans of the Company;
- (e) to prepare the profit distribution plan and loss makeup plan of the Company;
- (f) to prepare the plan in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (g) to formulate plans for material acquisitions and purchase of shares of the Company or formulate plans for merger, division, dissolution or transformation of the Company;
- (h) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external financing, etc.;
- (i) to decide on the establishment of internal management organizations of the Company;

- (j) to appoint or dismiss the general manager and secretary to the Board of the Company; to appoint or dismiss senior management officers including deputy general manager(s) and the chief finance officer of the Company in accordance with the nominations by general manager, and to determine their remunerations, rewards and penalties;
- (k) to set up the basic management system of the Company;
- (l) to formulate the proposals for any amendment to the Articles of Association;
- (m) to manage the information disclosure of the Company;
- (n) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (o) to listen to work reports of the general manager and review his/her work;
- (p) to consider and approve transactions (including but not limited to discloseable transactions and connected transactions) that are required to be decided by the board of directors in accordance with the regulatory rules of the place where the company's shares are listed;
- (q) to establish or close important branches or subsidiaries (referring to companies where any financial indicator such as business income, total profit, total assets, or net assets accounts for not less than 5% and is important to the company's business);
- (r) to formulate, approve, or revise the company's annual plan and budget;
- (s) to make changes to the company's financial rules or accounting policies;
- (t) to review transactions that require board approval as stipulated in Chapters 13, 14, and 14A of the Listing Rules;
- (u) to establish security interests, pledges, liens, or mortgages on assets, business, or rights;
- (v) to exercise other functions and powers as stipulated by laws, administrative regulations, department rules, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the directors save for the issues specified in (f), (g) and (l), for which approval of more than two-thirds of the directors is required.

Board of Supervisors

The Board of Supervisors shall be responsible to the general meeting and shall exercise the following functions and powers in accordance with law:

- (a) to review the periodic reports of the Company prepared by the Board and express its written opinion;
- (b) to check the financial condition of the Company;
- (c) to monitor the performance of duties in the Company by directors and senior management and propose dismissal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of general meetings;
- (d) to require directors and the senior management to make corrections if their conduct has damaged the interests of the Company;
- (e) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (f) to propose proposals to the general meetings;
- (g) to representing the company in dealings with or suing directors, or instituting proceedings against directors and officers in accordance with Article 189 of the Companies Act;
- (h) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practising auditors of the Company for the time being;
- (i) to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company; and
- (j) other functions and powers specified in the laws, administrative regulations, departmental rules of the government, listing rules of the stock exchange where the shares of the Company are listed Articles of Association.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was established as a limited liability company in the PRC on April 7, 2008 and was converted into a joint stock limited company on December 31, 2020 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB60 million.

Our Company has established a place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. YEUNG Siu Wai Kitty, one of our joint company secretaries, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Appendix V – Summary of the Articles of Association”. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Regulatory Overview” and “Appendix IV – Summary of Principal Legal and Regulatory Provisions”.

2. Changes in Share Capital

On April 7, 2008, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB2,000,000.

The share capital of our Company did not change during the two years immediately preceding the date of this prospectus.

For more details, see “History, Development and Corporate Structure – Corporate Development”.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries as of the Latest Practicable Date are set out in “Appendix I – Accountant’s Report – Note 14”.

Save as disclosed in the Accountant’s Report set out in Appendix I to this prospectus, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Resolutions of Our Shareholders

Pursuant to the extraordinary general meeting of our Company held on April 26, 2024, among other things, our Shareholders resolved that:

- (a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the main board of the Stock Exchange;
- (b) the number of H Shares to be issued shall be up to 8,181,900, representing approximately 12.00% of the total issued share capital of our Company as enlarged by the Global Offering;
- (c) subject to the filing with CSRS is completed, upon completion of the Global Offering, 55,286,100 Domestic Unlisted Shares will be converted into H Shares on a one-for-one basis;
- (d) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association for the purpose of the Company's Listing; and
- (e) authorization of the Board to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contract**


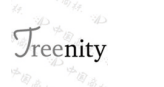
We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that is or may be material:

- (a) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
1.		PRC	Our Company	41	21310296	13/11/2027
2.		PRC	Our Company	35	20941642	06/10/2027
3.		PRC	Our Company	41	20932413	06/10/2027
4.		PRC	Our Company	42	3762603	27/03/2026

(b) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
1.	Zhuoyue panoramic teaching assistant software (卓越全景助教軟件)	PRC	Our Company	2024SR0267459	18/06/2023
2.	Zhuoyue panoramic smart blackboard software (卓越全景智能板書軟件)	PRC	Our Company	2024SR0266279	16/06/2023
3.	Zhihuishu AI classroom mini program knowledge graph learning platform (智慧樹AI課堂小程序知識圖譜學習平台)	PRC	Our Company	2023SR0914184	15/02/2023
4.	Zhihuishu course atlas construction platform (智慧樹課程圖譜構建平台)	PRC	Our Company	2023SR0914162	28/11/2022
5.	Zhihuishu AI classroom mini program AI course learning platform (智慧樹AI課堂小程序AI課程學習平台)	PRC	Our Company	2023SR0914195	08/04/2023
6.	Zhihuishu AI knowledge graph teacher teaching operation system (智慧樹AI知識圖譜教師教學運行系統)	PRC	Our Company	2023SR0914177	18/01/2023

No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
7.	Zhihuishu advanced mathematics AI course software (智慧樹高等數學AI課程軟件)	PRC	Our Company	2023SR0640902	28/02/2023
8.	Zhihuishu college physics AI course software (智慧樹大學物理AI課程軟件)	PRC	Our Company	2023SR0640903	28/02/2023
9.	Zhuoyue panoramic high-performance live interactive software (卓越全景高性能直播互動軟件)	PRC	Our Company	2023SR0534284	05/12/2022
10.	Zhuoyue AI knowledge graph collaborative construction platform software (卓越AI知識圖譜協同構建平台軟件)	PRC	Our Company	2023SR0435825	26/05/2022
11.	Zhuoyue AI knowledge graph editing control software (卓越AI知識圖譜編輯控制軟件)	PRC	Our Company	2023SR0431196	31/07/2022
12.	Zhuoyue panoramic real-time interactive software (卓越全景實時互動軟件)	PRC	Our Company	2022SR1582498	05/08/2022
13.	Zhuoyue bidirectional detailed list intelligent paper assembly software (卓越雙向細目表智能組卷軟件)	PRC	Our Company	2022SR0217504	20/03/2021
14.	Zhuoyue AI course intelligent test question bank software (卓越AI課程智能測試題庫軟件)	PRC	Our Company	2022SR0217771	15/03/2021
15.	Zhuoyue knowledge graph intelligent management software (卓越知識圖譜智能管理軟件)	PRC	Our Company	2022SR0214843	28/03/2021
16.	Zhuoyue smart teaching cognitive goal management software (卓越智能教學認知目標管理軟件)	PRC	Our Company	2022SR0214940	31/03/2021
17.	Zhuoyue smart knowledge mastery assessment software (卓越智能知識掌握評估軟件)	PRC	Our Company	2022SR0214842	15/10/2021
18.	Zhuoyue high-performance live interactive software (卓越高性能直播互動軟件)	PRC	Our Company	2022SR0153702	29/12/2021
19.	Zhuoyue dual-screen collaborative teaching software (卓越雙屏協同教學軟件)	PRC	Our Company	2021SR1343355	17/07/2021
20.	Zhuoyue panoramic real-time teaching assistant software (卓越全景實時助教軟件)	PRC	Our Company	2020SR0733815	17/05/2020

No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
21.	Zhuoyue panoramic central control (Android) software (卓越全景中控(Android)軟件)	PRC	Our Company	2019SR1252414	26/08/2019
22.	Zhuoyue two-dimensional panoramic restoration teaching software (卓越2D全景還原教學軟件)	PRC	Our Company	2019SR1245011	25/08/2019
23.	Zhuoyue interactive teaching quality monitoring and assurance software (卓越互動教學質量監控保障軟件)	PRC	Our Company	2019SR0568451	25/01/2019
24.	Zhuoyue classroom normalized recording software (卓越課堂常態化錄播軟件)	PRC	Our Company	2019SR0558198	26/01/2019
25.	Zhuoyue classroom multi-signal scheduling software (卓越課堂多路信號調度軟件)	PRC	Our Company	2019SR0524808	15/02/2019
26.	Zhuoyue high-performance live interactive software (卓越高性能直播互動軟件)	PRC	Our Company	2019SR0524812	19/01/2019
27.	Zhuoyue intelligent high definition streaming media playback terminal (Android) software (卓越智能高清流媒體播控終端(Android)軟件)	PRC	Our Company	2019SR0486748	15/01/2019
28.	Zhuoyue classroom central control (Android) software (卓越課堂中控(Android)軟件)	PRC	Our Company	2019SR0480242	26/02/2019
29.	Zhuoyue Zhihuishu Zhidao APP software (Harmony) (卓越智慧樹知到APP軟件(Harmony))	PRC	Our Company	2024SR1328353	09/09/2024
30.	Zhunshi panoramic classroom data meeting room software (諄實全景課堂數據會客廳軟件)	PRC	Shanghai Zhunshi	2024SR0565261	25/04/2024
31.	Zhunshi AI teaching supervisory rating platform software (諄實AI教學督導評課平台軟件)	PRC	Shanghai Zhunshi	2024SR0678815	20/05/2024

(c) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be or may be material to our business:

No.	Patent Name	Type	Place of Registration	Patentee	Patent Number	Application Date	Expiry Date
						(dd/mm/yyyy)	(dd/mm/yyyy)
1.	A method and system for smooth rotation control of panoramic courseware based on gesture operation (基於手勢操作的全景課件平滑旋轉操控的方法及系統)	Invention patent	PRC	Our Company	ZL202110919080.0	11/08/2021	11/08/2041
2.	An online editing method for dealing with slips of the tongue in videos (一種處理視頻中口誤的在線剪輯方法)	Invention patent	PRC	Our Company	ZL202110919101.9	11/08/2021	11/08/2041
3.	A method and system for synchronizing teaching information and teaching platform data (一種教學教務信息與教學平台數據同步方法及系統)	Invention patent	PRC	Our Company	ZL202010392544.2	11/05/2020	11/05/2040

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Expiry Date (dd/mm/yyyy)
1.	able-elec.com	Our Company	PRC	16/07/2026
2.	livecourse.com	Our Company	PRC	29/04/2026
3.	zhihuishu.com	Our Company	PRC	30/11/2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

1. Disclosure of Interests

Save as disclosed below, immediately following the completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Appendix C3 to the Listing Rules.

(a) *Interests and short positions of our Directors, Supervisors or chief executive in the share capital of our Company and its associated corporations following completion of the Global Offering*

Interests in Shares

Name of Director, Supervisor or chief executive	Position	Nature of Interest ⁽¹⁾	Number and description of Shares held	Approximate percentage of shareholding in the H Shares/ Domestic Unlisted Shares after the Global Offering ⁽⁷⁾ (%)	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering ⁽⁷⁾ (%)
Mr. Wang	Chairman of the Board and executive Director	Beneficial owner	14,353,020 H Shares	23.17%	21.53%
		Interest of spouse ⁽²⁾	8,713,800 H Shares	14.07%	13.07%
Ms. Ge	Non-executive Director	Beneficial owner	8,713,800 H Shares	14.07%	13.07%
		Interest of spouse ⁽²⁾	14,353,020 H Shares	23.17%	21.53%
Mr. XI Puzhao	Executive Director and general manager	Beneficial owner	1,281,060 H Shares	2.07%	1.92%
Ms. WANG Xin	Executive Director and deputy general manager	Beneficial owner	709,920 H Shares	1.15%	1.06%
		Interest of spouse ⁽³⁾	709,920 H Shares	1.15%	1.06%
		Interest in controlled corporation ⁽⁴⁾	282,420 H Shares	0.46%	0.42%

Name of Director, Supervisor or chief executive	Position	Nature of Interest ⁽¹⁾	Number and description of Shares held	Approximate percentage of shareholding in the H Shares/ Domestic Unlisted Shares after the Global Offering ⁽⁷⁾ (%)	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering ⁽⁷⁾ (%)
Mr. LI Quansheng	Supervisor	Interest in controlled corporation ⁽⁵⁾	2,042,580 H Shares	3.30%	3.06%
Mr. HAN Yuze	Supervisor	Interest in controlled corporation ⁽⁶⁾	1,317,120 H Shares	2.13%	1.98%

Notes:

- (1) All interests stated are long position.
- (2) Mr. Wang and Ms. Ge are spouses. As such, Mr. Wang and Ms. Ge were deemed to be interested in the Shares held by each other for the purpose of Part XV of the SFO.
- (3) Ms. WANG Xin and Mr. ZHANG Bocheng are spouses. Upon completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, Mr. ZHANG Bocheng will hold 709,920 H Shares of our Company. Ms. WANG Xin is deemed to be interested in the Shares held by Mr. ZHANG Bocheng for the purpose of Part XV of the SFO.
- (4) As of the Latest Practicable Date, Peixian Yingcui was controlled by Ms. WANG Xin as the general partner. Upon completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, Peixian Yingcui will hold 282,420 H Shares of our Company. Therefore, Ms. WANG Xin is deemed to be interested in the Shares held by Peixian Yingcui for the purpose of Part XV of the SFO.
- (5) As of the Latest Practicable Date, each of Datai Yueda and Yueda Taihe was managed and controlled by a corporate fund manager, which was directly and indirectly owned as to 85% by a company controlled by Mr. Li Quansheng. Therefore, Mr. LI Quansheng is deemed to be interested in the Shares held by each of Datai Yueda and Yueda Taihe for the purpose of Part XV of the SFO.
- (6) As of the Latest Practicable Date, each of Xinjiang Lianchuang and Shanghai Yongcang was managed and controlled by the respective corporate fund manager ultimately controlled by Mr. HAN Yuze. Therefore, Mr. HAN Yuze is deemed to be interested in the Shares held by each of Xinjiang Lianchuang and Shanghai Yongcang for the purpose of Part XV of the SFO.
- (7) The calculation is based on the total number of 4,713,900 Domestic Unlisted Shares in issue and 6,666,700 H Shares to be issued pursuant to the Global Offering (including 55,286,100 H Shares to be converted from Domestic Unlisted Shares) in issue upon Listing.

(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For the information on the persons who will, immediately following the completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see “Substantial Shareholders” in this prospectus.

So far as set out above, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

2. Service Contracts

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

3. Director’s and Supervisors’ Remuneration

Save as disclosed in “Directors, Supervisors and Senior Management” and “Appendix I – Accountant’s Report – Note 34” for the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, none of our Directors or Supervisors received other remunerations or benefits in kind from us.

4. Disclaimers

Saved as disclosed in this prospectus:

- (a) none of our Directors, Supervisors or any of the parties listed in “Qualification of Experts” of this Appendix is:
 - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in “Qualification of Experts” of this Appendix:
 - (i) is interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period; and
- (d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EMPLOYEE INCENTIVE SCHEME

Background

The Company has adopted the employee incentive scheme (the “**Employee Incentive Scheme**”) to incentivize our employees at the relevant time for their contribution or potential contribution to our Group. The Employee Incentive Scheme was adopted by our Company in February 2016 and amended by a resolution of our Shareholders on July 30, 2021 and March 1, 2024, respectively. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules, as the Employee Incentive Scheme does not involve the grant of new Shares or options over new Shares by our Company to subscribe for H Shares after the Listing. The following is a summary of the principal terms of the Employee Incentive Scheme.

As of the Latest Practicable Date, the incentive shares under the Employee Incentive Scheme were held through six platforms, namely Shanghai Xuru, Shanghai Shuhuai, Shanghai Suishang, Peixian Yingcui, Shanghai Womiao and Shanghai Baxuan. The participants under the Employee Incentive Scheme would be granted partnership interest of the platforms (the “**Award**”), and become limited partners thereof and hence be indirectly interested in the incentive shares held by the relevant platform(s) in our Company.

(i) *Shanghai Xuru*

Shanghai Xuru was established in the PRC as a limited partnership on September 9, 2016. It was controlled by Mr. ZHANG Weiguo, our employee and an Independent Third Party, as the general partner holding approximately 0.36% therein. As of the Latest Practicable Date, among the partnership interest of Shanghai Xuru, approximately 37.50% was held by our employees and employee shareholding platforms for share incentive purpose, including (a) 14.63% by Shanghai Baxuan, (b) 17.80% by Shanghai Womiao, (c) 0.54% by Ms. WANG Xin, our executive Director and (d) 4.54% by the remaining 11 employees of our Group, each an Independent Third Party holding less than one-third of interests therein.

(ii) *Shanghai Shuhuai*

Shanghai Shuhuai was established in the PRC as a limited partnership on October 13, 2016. As of the Latest Practicable Date, it was controlled by Mr. ZHANG Weiguo as the general partner holding approximately 1.77% therein. Among the partnership interest of Shanghai Shuhuai, approximately 53.89% was owned by our employees for share incentive purpose, including (a) 5.14% by Mr. ZHANG Bocheng, a supervisor of our subsidiary, Shanghai Zhidao, (b) 1.55% by Mr. XI Puzhao, our executive Director and general manager, (c) 5.16% by Mr. WANG Jian, our Supervisor, (d) 18.43% by Ms. CAO Rui, our chief financial officer and secretary of the Board, (e) 6.35% by Ms. WANG Xin, and (f) 17.25% by the remaining 15 employees of our Group, each an Independent Third Party holding less than one-third of interests therein.

(iii) *Shanghai Suishang*

Shanghai Suishang was established in the PRC as a limited partnership on September 23, 2016. As of the Latest Practicable Date, it was controlled by Mr. ZHANG Weiguo as the general partner holding approximately 0.15% therein, and the remaining interest of Shanghai Suishang was owned by 26 limited partners, including 4.61% by Mr. WANG Jian, our Supervisor, 6.14% by Ms. CAO Rui, 2.56% by Ms. WANG Xin, 2.07% by Mr. WANG Jun, the brother of Mr. Wang and 84.46% by the remaining 22 employees of our Group, each an Independent Third Party holding less than one-third of the interests therein.

(iv) *Peixian Yingcui*

Peixian Yingcui was established in the PRC as a limited partnership on August 14, 2020. As of the Latest Practicable Date, it was controlled by Ms. WANG Xin as the general partner holding approximately 0.50% therein, and the remaining interest of Peixian Yingcui was owned by Ms. CAO Rui as the limited partner holding approximately 99.50% therein.

(v) *Shanghai Womiao*

Shanghai Womiao was established in the PRC as a limited partnership on August 12, 2020. As of the Latest Practicable Date, it was controlled by Mr. ZHANG Weiguo as the general partner holding approximately 0.20% therein, and the remaining interest of Shanghai Womiao was owned by 48 limited partners, all of whom are employees of our Group, each an Independent Third Party holding less than one-third of the interests therein.

(vi) *Shanghai Baxuan*

Shanghai Baxuan was established in the PRC as a limited partnership on August 12, 2020. As of the Latest Practicable Date, it was controlled by Mr. ZHANG Weiguo as the general partner holding approximately 0.24% therein, and the remaining interest of Shanghai Baxuan was owned by 45 limited partners, all of whom are employees of our Group, each an Independent Third Party holding less than one-third of the interests therein.

Administration

The Shareholders are responsible for reviewing and approving the Employee Incentive Scheme together with its amendment and termination. The Remuneration Committee is responsible for formulating and executing the Employee Incentive Scheme.

Term and Lock-up

The Employee Incentive Scheme shall be valid and effective for a period commencing from the adoption date of the Employee Incentive Scheme, being February 2016, and until termination as resolved by the general meeting of the Shareholders.

The Awards granted under the Employee Incentive Scheme shall be subject to a lock-up period until listing of the Company, subject to applicable regulatory requirements. After the expiration of the lock-up period of the Employee Incentive Scheme, the participants are entitled to apply to the general partner for disposal of the incentive shares underlying the Awards.

Number of Shares

The number of Shares underlying the Awards granted the Employee Incentive Scheme is approximately 1,725,762, representing approximately 2.88% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and 2.53% of our total issued share capital immediately upon the completion of the Global Offering.

Withdrawal of the Awards

The participants may be required to withdraw from the Employee Incentive Scheme and transfer all of the partnership interests in the Employee Incentive Platform held by them to the eligible participants designated by the Remuneration Committee in accordance with the Employee Incentive Scheme, including but not limited to expiration or termination of the employment.

Details of the Awards Granted

As of the Latest Practicable Date, details of the Awards granted under the Employee Incentive Scheme are set out as below.

Name of the grantees	Relationship with our Group	Number of underlying Shares granted under the Employee Incentive Schemes (approximate)	Approximate percentage of effective shareholding immediately following completion of the Global Offering
<i>Connected Persons and senior management</i>			
Ms. WANG Xin	Executive Director	98,706	0.14%
Mr. WANG Jian	Supervisor	86,129	0.13%
Mr. XI Puzhao	Executive Director and general manager	19,974	0.03%
Mr. ZHANG Bocheng	Supervisor of Shanghai Zhidao	66,101	0.10%
Ms. CAO Rui	Chief financial officer and secretary of the Board	544,418	0.80%
Mr. WANG Jun	Brother of Mr. Wang	8,874	0.01%
<i>Others</i>			
116 employees of our Group		901,561	1.32%
Total	-	1,725,762	2.53%

There are no Shares underlying the Employee Incentive Platforms, which are reserved for grant of Awards to future grantees under the Employee Incentive Scheme. No further Awards are expected to be granted after Listing under the Employee Incentive Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

Saved as disclosed in this prospectus, to the knowledge of our Directors, there is no litigation or claims of material importance pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US\$900,000 for acting as a sponsor for the Listing.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Qualification of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
ABCI Capital Limited	Corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Jingtian & Gongcheng	Legal advisor to our Company as to PRC law
Commerce & Finance Law Offices	PRC data compliance consultant
King & Wood Mallesons	Legal advisor to our Company as to U.S. export controls, tariff and outbound investment

6. Consents of Experts

Each of the experts referred to in “Qualification of Experts” in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

None of the experts named above has any of shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Compliance Advisor

We have appointed Silver Nile Global Investments Limited as our compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

8. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. Hong Kong stamp duty will apply at the current standard rate of 0.1% on the higher of the consideration paid for, or the market value of the H Shares being sold, purchased or transferred, whether or not the sale or purchase is effected on or off the Stock Exchange.

9. No Material Adverse Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial position or prospects since June 30, 2025.

10. Binding Effect

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) save as disclosed in “– 2. Changes in Share Capital” and “– 3. Changes in Share Capital of Our Subsidiaries” above, no share or loan capital of the Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash; and
 - (ii) save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of the Group;
- (b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

- (f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (i) our Company has no outstanding convertible debt securities or debentures.

12. Restrictions on Share Buy-back

For details, see the sections headed “Appendix IV – Summary of Principal Legal and Regulatory Provisions” and “Appendix V – Summary of the Articles of Association” in this prospectus.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

14. Promoters

The promoters of our Company comprised all of the 28 then shareholders of our Company as at December 31, 2020 before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Appendix VI – Statutory and General Information – Other Information – Consents of Experts”; and
- (b) a copy of the material contract referred to in “Appendix VI – Statutory and General Information – Further Information about our Business – Summary of Material Contract”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.able-elec.com during a period of 14 days from the date of this prospectus:

- 1. the Articles of Association;
- 2. the Accountant’s Report prepared by PricewaterhouseCoopers in respect of the historical financial information of the Group for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the text of which is set forth in Appendix I to this prospectus;
- 3. the audited consolidated financial statements of our Company for the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;
- 4. the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;
- 5. the material contract in “Appendix VI – Statutory and General Information – Further Information about our Business – Summary of Material Contract”;
- 6. the written consents referred to in “Appendix VI – Statutory and General Information – Other Information – Consents of Experts”;
- 7. the service contracts referred to in “Appendix VI – Statutory and General Information – Further Information about our Directors and Supervisors – Service Contracts”;
- 8. the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

9. the PRC data compliance memorandum issued by Commerce & Finance Law Offices, our PRC Data Compliance Consultant, in respect of PRC data compliance;
10. the legal memorandum on U.S. export controls, tariff and outbound investment issued by King & Wood Mallesons, our legal advisors as to U.S. export controls, tariff and outbound investment;
11. the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this prospectus; and
12. the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures, together with their respective unofficial English translations.

