

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended June 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of event requiring this shell company report ____

For the transition period from ____ to ____

Commission file number: 001-41590

QuantaSing Group Limited
(Exact name of registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation)

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People's Republic of China
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered, pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol	Name of each exchange on which registered
American depositary shares, each representing three Class A ordinary shares, par value US\$0.0001 per share	QSG	The Nasdaq Global Market
Class A ordinary shares, par value US\$0.0001 per share*		

* Not for trading, but only in connection with the listing on the Nasdaq Global Market of American depositary shares

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of issued and outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report:

Class A ordinary shares, par value US\$0.0001 each, 114,114,919 shares outstanding as of June 30, 2025

Class B ordinary shares, par value US\$0.0001 each, 49,859,049 shares outstanding as of June 30, 2025

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Emerging growth company	☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (10 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International accounting Standards Board ☐	Other ☐

If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report on Form 20-F only:

- “ADRs” refers to the American depositary receipts which, if issued, evidence the ADSs;
- “ADSs” refers to American depositary shares, each of which represents three Class A ordinary shares;
- “affiliated entities” refers to Beijing Chuangyuqizhi, Beijing Feierlai, and their respective subsidiaries, and, in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, refers to the respective variable interest entity and its subsidiaries in connection with our business at such relevant time;
- “Beijing Chuangyuqizhi” refers to Beijing Chuangyuqizhi Technology Co., Ltd., a variable interest entity;
- “Beijing Feierlai” refers to Feierlai (Beijing) Technology Co., Ltd., a variable interest entity;
- “Beijing Liangzizhige” refers to Beijing Liangzizhige Technology Co., Ltd., one of our WFOEs;
- “CAC” refers to the Cyberspace Administration of China;
- “CSRC” refers to the China Securities Regulatory Commission;
- “CAGR” refers to compound annual growth rate;
- “China” or “PRC” refers to the People’s Republic of China, and only in the context of describing the PRC laws, rules, regulations, regulatory authorities, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this annual report, excludes Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region;
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 per share;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 per share;
- “established businesses” refers to all the business operations established prior to the acquisition of Shenzhen Letsvan, including the individual online learning services business, consumer businesses and other businesses aside from our pop toy business;
- “HFCAA” refers to Holding Foreign Companies Accountable Act, as amended;
- “introductory course learners” refers to learners who enroll in our introductory courses and receive the introductory course-related services of our tutors. We calculate introductory course learners for each category (1) on a cumulated basis and (2) without counting duplicate enrollments by the same cell phone number or social media account;
- “ordinary shares” or “shares” refer to our ordinary shares comprising Class A ordinary shares, par value US\$0.0001 per share and/or Class B ordinary shares, par value US\$0.0001 per share;
- “paying learners” refers to learners who enroll in our premium courses and receive such course-related services of our tutors. We calculate paying learners for each category without counting duplicate enrollments by the same cell phone number or social media account;

- “registered users” refers to users who register on our platforms. We calculate registered users for each category (1) on a cumulated basis and (2) without counting duplicate cellphone numbers or social media accounts;
- “RMB” or “Renminbi” refers to the legal currency of China;
- “SEC” refers to the United States Securities and Exchange Commission;
- “Shenzhen Letsvan” refers to Shenzhen Yiqi Culture Co., Ltd.;
- “US\$,” “U.S. dollars,” “\$” or “dollars” refers to the legal currency of the United States of America;
- “VIEs” refers to the variable interest entities, namely, Beijing Chuangyuqizhi and Beijing Feierlai (each, a “VIE”), and, in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, “VIE” refers to the respective variable interest entity in connection with our business at such relevant time;
- “we,” “us,” “our company,” “our,” “our group,” “QuantaSing,” or “QuantaSing Group” refers to QuantaSing Group Limited, together as a group with its subsidiaries. However, in the context of describing the operations and financial information relating to such operations of QuantaSing Group Limited prior to the termination of the VIE agreements among Beijing Liangzizhige, Beijing Feierlai or Beijing Chuangyuqizhi and their respective nominee shareholder, these terms refer to QuantaSing Group Limited and its subsidiaries and the affiliated entities. Where the context requires, in respect of the period prior to our company becoming the holding company of its present subsidiaries, these terms also refer to such subsidiaries as if they were subsidiaries of our company at the relevant time; and
- “WFOEs” refer to our wholly-owned PRC subsidiaries, and, (1) in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, “WFOE” refers to our respective wholly-owned PRC subsidiary in connection with our business at such relevant time; and (2) in the context of describing the VIE structure and its impacts, “WFOE” refers to our respective wholly-owned PRC subsidiary under the relevant contractual arrangements.

Names of certain companies provided in this annual report are translated or transliterated from their original Chinese legal names.

Discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

This annual report on Form 20-F includes our audited consolidated financial statements as of June 30, 2024 and 2025 and for the fiscal years ended June 30, 2023, 2024 and 2025.

This annual report contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise stated, the translation of Renminbi into U.S. dollars has been made at RMB7.1636 to US\$1.00, the noon buying rate in effect on June 30, 2025 as set forth in the H.10 Statistical Release of the Federal Reserve Board. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

The ADSs are listed on the Nasdaq Global Market under the symbol “QSG.”

FORWARD LOOKING STATEMENT

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements are made under the “safe harbor” provision under Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as defined in the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. All statements other than statements of historical fact in this annual report constitute forward-looking statements. We have used words or phrases such as “may,” “would,” “will,” “expect,” “anticipate,” “intend,” “seek,” “estimate,” “plan,” “believe,” “is/are likely to” or other similar expressions in this annual report to identify some of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, product development, revenues, profits, costs, capital expenditures, cash flows and working capital, are necessarily estimates reflecting the best judgment of directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this annual report.

These statements involve risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this annual report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements in this annual report include, but are not limited to, statements about:

- our future business development, financial condition and results of operations;
- the expected growth of the sectors that we operate in;
- our expectations regarding demand for and market acceptance of our products and services;
- competition in our industries;
- our mission, goals and strategies;
- our proposed use of proceeds; and
- relevant government policies and regulations relating to our industries.

You should read this annual report, including the risk factors disclosed in “Item 3. Key Information—D. Risk Factors” and the documents that we refer to in this annual report thoroughly and with the understanding that our actual future results may be materially different from and worse than what we expect. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Market data and certain industry forecasts used in this annual report were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and we make no representation as to the accuracy of such information.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and have filed as exhibits to the registration statement, of which this annual report is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

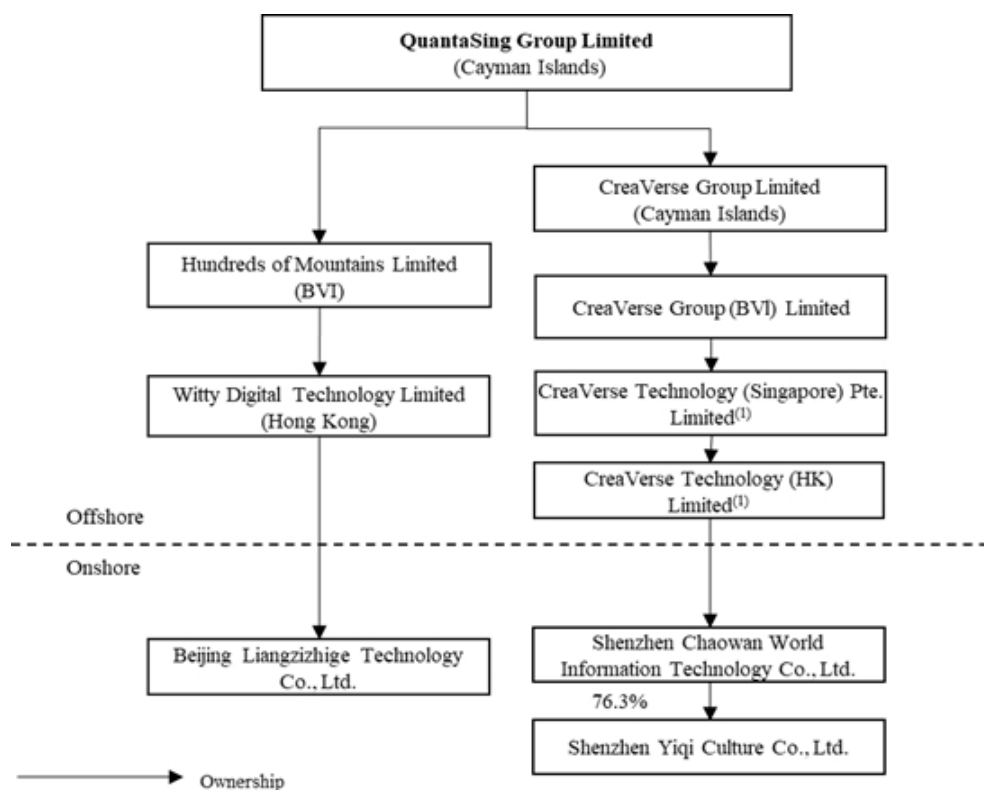
Our Company

QuantaSing Group Limited is a pop toy company. We create collectible pop toys, such as plush toys and figures, under our “HERE奇梦岛” brand. We operate an expanding IP portfolio that primarily include our proprietary IPs, including our flagship WAKUKU and ZIYULI, and, to a lesser extent, certain licensed IPs. Historically, before we terminated our contractual arrangements with the variable interest entities in 2025, we had primarily operated the individual online learning services under the brand of *Qiumiu*, *Jiangzhen* and *Qianchi*, including financial literacy courses and skills upgrading and recreation and leisure courses.

Our Holding Company Structure

QuantaSing Group Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands with no substantive operations. We carry out our current business in China through Shenzhen Chaowan World Information Technology Co., Ltd. (“Shenzhen Chaowan”) and Beijing Liangzizhige, our WFOEs, and their respective subsidiaries. Historically, we carried out our legacy individual learning services business in China through Beijing Liangzizhige, and its contractual arrangements, commonly known as the VIE structure, with Beijing Chuangyuqizhi and Beijing Feierlai, the variable interest entities based in China, and their respective nominee shareholder. For details, see “Item 4. Information on the Company—A. History and Development of the Company” and “Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements.” Such VIE structure is used to provide investors with exposure to foreign investment in China-based companies where the PRC law restricts direct foreign investment in certain operating companies, such as certain value-added telecommunication services and other internet related business. Neither QuantaSing Group Limited nor our WFOEs owned any equity interests in the affiliated entities. Our historical contractual arrangements with the VIEs and their nominee shareholder were not equivalent of an investment in the equity interest of the VIEs, and investors may never hold equity interests in the Chinese operating companies, including the affiliated entities. Instead, we were regarded as the primary beneficiary of the VIEs and consolidated the financial results of the affiliated entities under U.S. GAAP in light of the VIE structure at the relevant time. Investors in the ADSs are purchasing the equity securities of QuantaSing Group Limited, the Cayman Islands holding company, rather than the equity securities of our operating entities.

The following diagram illustrates our simplified corporate structure, including our principal subsidiaries, as of the date of this annual report:



(1) Creaverse Technology (Singapore) Pte. Limited and Creaverse Technology (HK) Limited had also established certain entities in Indonesia, Malaysia, Thailand and Vietnam, including wholly-owned subsidiaries, consolidated entities controlled through contractual arrangements and joint ventures.

Permissions and Licenses Required from the PRC Authorities for Our Operations and Overseas Securities Offerings

The operations of the businesses that we own and operate are subject to PRC laws and regulations. The laws and regulations are relatively new and quickly evolving, hence bringing uncertainties to their interpretation and enforcement. For example, our operations in China are subject to regulatory approvals and permit requirements, rules governing product quality and liability, oversight on cybersecurity and data privacy, and guidelines about blind boxes, with respect to which the applicable laws and regulations have evolved substantially in recent years. For details, see “Item 4. Information on the Company—B. Business Overview—Regulation” in this annual report.

We, through our WFOEs, conduct our current operations in China. Our operations in China are governed by PRC laws and regulations. We are required to obtain certain licenses, permits from or filing with relevant governmental authorities in China in order to operate our business and conduct overseas securities offerings and listings. As of June 30, 2025, as advised by our PRC counsel, CM Law Firm, our WFOEs and the affiliated entities had obtained the licenses, permits and registrations from the PRC government authorities necessary for our business operations in China, including, among others, the Value-added Telecommunications Business Operating License for internet information service, the Permit for Production and Operation of Radio and Television Programs, and the Publication Operation License, except for the License for Online Transmission of Audio-Visual Program for offering certain courses in live streaming or audio-visual contents. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, and the promulgation of new laws and regulations and amendment to the existing ones, we may be required to obtain additional licenses, permits, registrations, filings or approvals for our business operations in the future. We cannot assure you that we will be able to obtain, in a timely manner or at all, or maintain such licenses, permits or approvals, and we or the affiliated entities may also inadvertently conclude that such permissions or approvals are not required. Any lack of or failure to maintain requisite approvals, licenses or permits applicable to us or the affiliated entities may have a material adverse impact on our business, results of operations, financial condition and prospects and cause the value of any securities we offer to significantly decline or become worthless. For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations—We may face risks and uncertainties with respect to the licensing requirement for our business. Any lack of or failure to maintain requisite approvals, licenses or permits applicable to us may have a material adverse impact on our business, results of operations and financial condition.”

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (the “Cybersecurity Review Measures”), which became effective on February 15, 2022. As a network platform operator who possesses personal information of more than one million users for purposes of the Cybersecurity Review Measures, we had applied for and completed a cybersecurity review for the initial public offering and listing of the ADSs on the Nasdaq Stock Market pursuant to the Cybersecurity Review Measures. The review was completed in August 2022. We have not received any material adverse findings in such review. As of the date of this annual report, save as disclosed above, we have not received any notice that we are a critical information infrastructure operator from any government authority, nor have we received any request from the CAC, to undergo a cybersecurity review pursuant to any PRC laws or regulations. Moreover, none of us, our subsidiaries or the affiliated entities have received any notice from any PRC authority requiring us to obtain any permissions, in each case in connection with our previous issuance of securities to foreign investors.

On February 17, 2023, the CSRC, as approved by the State Council, released the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Enterprises and five interpretive guidelines (collectively, the “CSRC Filing Rules”), which came into effect on March 31, 2023. Under the CSRC Filing Rules, a filing-based regulatory system shall be applied to “indirect overseas offerings and listings” of PRC domestic enterprises, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a domestic enterprise that operates its main business domestically. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in the same overseas market where it has previously offered and listed securities, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering, and if the subsequent offering is conducted in other overseas markets, it shall be filed with the CSRC within three working days after the applications for such offerings are submitted. Therefore, any of our future offering and listing of our securities in an overseas market shall be subject to the filing requirements under the CSRC Filing Rules. In addition, we are required to submit a report to CSRC after the occurrence and public disclosure of the following material events: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment and (4) voluntary or mandatory delisting. If we fail to complete the filing or reporting procedures, under the CSRC Filing Rules or otherwise, for any future overseas securities offering or listing, we may face sanctions by the CSRC or other PRC regulatory authorities, which may include orders for correction, warnings and fines. Any adverse regulatory actions or sanctions could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs. For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The filing with and reporting to the CSRC will be required in connection with our capital raising activities and occurrences of other specific events, and we cannot assure you that we will be able to make such filing or reporting in a timely manner or at all, in which case we may face regulatory sanctions for failure to make such filing or reporting.”

Cash and Asset Flows through Our Organization

In light of our holding company structure, our ability to pay dividends to the shareholders, including the investors in the ADSs, and to service any debt we may incur may highly depend upon dividends paid by our subsidiaries (including our WFOEs) to us, despite that we may obtain financing at the holding company level through other methods. Under the VIE structure, such ability also relied on the service fees paid by the affiliated entities to our WFOEs. For instance, if any of our WFOEs incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to us and the investors in the ADS as well as the ability to settle amounts owed under the contractual arrangements. In June 2024 and April 2025, Beijing Liangzizhige made the cash distribution of US\$5.3 million and US\$10.0 million, respectively, to Witty Digital Technology Limited (“Witty Digital”), its holding company in Hong Kong. In October 2024, our board of directors declared a special cash dividend in the amount of US\$0.067 per ordinary share, or US\$0.201 per ADS. The cash dividend was paid in November 2024 to shareholders of record at the close of business on October 30, 2024. The aggregate amount of cash dividends paid was US\$10.9 million. As of the date of this annual report, save as disclosed above, none of QuantaSing Group Limited, our WFOEs and the VIEs have paid any dividends or made any distributions to their respective shareholder(s), including any U.S. investors. In the fiscal years ended June 30, 2023, 2024 and 2025, the total amount of the service fees that Beijing Feierlai, Beijing Chuangyuqizhi and their subsidiaries paid to Beijing Liangzizhige under the contractual arrangements was RMB415.7 million, RMB713.7 million and RMB612.7 million, respectively. Other than such payments, there were no service fee payments under the contractual arrangements within our group. For details, see “Financial Information Relating to the Affiliated Entities.” We expect to continue to distribute earnings at the request of our WFOEs and based on our business needs. We currently have not maintained any cash management policies that specifically dictate how funds shall be transferred among QuantaSing Group Limited, the subsidiaries of QuantaSing Group Limited (including our WFOEs) and investors. We will determine the payment of dividends and fund transfer based on our specific business needs in accordance with the applicable laws and regulations.

Under PRC laws and regulations, our WFOEs are permitted to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Furthermore, our WFOEs are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. Remittance of dividends by our WFOEs out of China is also subject to certain procedures with the banks designated by the PRC State Administration of Foreign Exchange (“SAFE”). These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our WFOEs. In addition, while there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between QuantaSing Group Limited and our Hong Kong subsidiaries, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiaries in the future, and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to interventions in or the imposition of restrictions and limitations on our ability to transfer funds or assets by the PRC government. Furthermore, we cannot assure you that the PRC government will not intervene or impose restrictions on QuantaSing Group Limited or its subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong. For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely on dividends and other distributions on equity paid by our WFOEs to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOEs to make payments to us could have a material adverse effect on our ability to conduct our business,” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.”

Under PRC laws and regulations, we, the Cayman Islands holding company, may fund our WFOEs only through capital contributions or loans, and fund the affiliated entities (if any) only through loans, subject to satisfaction of applicable government registration and approval requirements. For the fiscal years ended June 30, 2023, 2024 and 2025, (1) the aggregate amount of loans and by QuantaSing Group Limited to our subsidiaries in the BVI and Hong Kong was RMB114.3 million, nil and RMB26.8 million for the fiscal years ended June 30, 2023, 2024 and 2025, respectively. For the fiscal year ended June 30, 2024, the net amount of loans repaid by our subsidiaries to QuantaSing Group Limited was RMB118.2 million; (2) the net amount of loan by our subsidiaries to QuantaSing Group Limited was RMB61.8 million for fiscal year ended June 30, 2025; (3) the aggregate amount of dividend by our WFOEs to our subsidiary in Hong Kong was RMB35.5 million and RMB71.6 million for the fiscal year ended June 30, 2024 and 2025; (4) the aggregate of loans by our WFOEs to the VIEs and their subsidiaries was RMB17.0 million, RMB45.7 million and RMB131.0 million for the fiscal years ended June 30, 2023, 2024 and 2025, respectively; (5) the net amount of loans provided by the VIEs and their subsidiaries to our WFOEs was nil, nil and RMB174.8 million, respectively, in addition to the service fees paid under the contractual arrangements. For the fiscal year ended June 30, 2023, the net amount of loan repaid by our WFOE to the VIE was RMB156.0 million, in addition to the net cash of RMB17.0 million provided by our WFOE to the VIE; and (6) the net amount of loan provided by the VIEs and their subsidiaries to other subsidiaries was RMB142.0 million for the fiscal year ended June 30, 2024 and the net amount of loan repaid by other subsidiaries to the VIEs and their subsidiaries was RMB149.8 million for the fiscal year ended June 30, 2025; (7) the net amount of loan provided by our WFOE to our subsidiaries was RMB274.1 million for the fiscal year ended June 30, 2025; and (8) for the fiscal year ended June 30, 2025, the net amount of RMB4.9 million and RMB0.1 million transferred by the VIEs and their subsidiaries and WFOE, respectively, to other subsidiaries for the services and products provided. In the fiscal years ended June 30, 2023, 2024 and 2025, no assets other than cash were transferred within our organization. For details, see “—Financial Information Relating to the Affiliated Entities.”

In the fiscal years ended June 30, 2024 and 2025, Beijing Liangzizhige distributed a portion of its retained earnings of approximate US\$5.3 million and US\$10.0 million to its holding company in Hong Kong, Witty Digital Technology Limited, respectively. As of June 30, 2024, we had applied withholding tax rate of 5% based on the facts and circumstances of the offshore subsidiary and management’s interpretation of the HK DTA back then. During the year ended June 30, 2025, as there were new changes in relevant facts and circumstances, we accrued withholding tax on undistributed earnings as of June 30, 2025 using a 10% tax rate to reflect the management’s estimation accordingly.

Financial Information Relating to the Affiliated Entities

The following tables present the condensed consolidating schedules for QuantaSing Group Limited, our WFOE that is the primary beneficiary of the VIEs under the U.S. GAAP (the “primary beneficiary of the VIEs”), the VIEs and their subsidiaries, and our other subsidiaries that are not the primary beneficiaries of the VIEs (i.e., our subsidiaries in the BVI and Hong Kong) for the periods and as of the dates indicated.

Condensed consolidating statements of operations information

For the fiscal year ended June 30, 2025						
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiary of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
External revenues	—	78,531	559	2,646,502	—	2,725,592
Intra-group revenues ⁽¹⁾	—	5,165	578,114	3	(583,282)	—
Total revenues	—	83,696	578,673	2,646,505	(583,282)	2,725,592
External cost of revenues and operating expenses	(27,775)	(125,011)	(253,465)	(1,922,440)	—	(2,328,691)
Intra-group cost of revenues and operating expenses related to technical consulting and related service under VIE agreements	—	—	(466)	(582,816)	583,282	—
Total cost of revenues and operating expenses	(27,775)	(125,011)	(253,931)	(2,505,256)	583,282	(2,328,691)
Share of income from subsidiaries	254,246	299,176	—	—	(553,422)	—
Income of the VIE ⁽²⁾	124,212	124,212	124,212	—	(372,636)	—
Other income	5,885	115,183	11,361	12,133	(71,976)	72,586
Income before income tax	356,568	497,256	460,315	153,382	(998,034)	469,487
Income tax expenses	—	(46,822)	(36,927)	(29,170)	—	(112,919)
Net income	356,568	450,434	423,388	124,212	(998,034)	356,568
Net loss attributable to non-controlling interests	—	2,160	—	2	—	2,162
Net loss attributable to QuantaSing Group Limited	356,568	452,594	423,388	124,214	(998,034)	358,730

For the fiscal year ended June 30, 2024						
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiaries of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
External revenues	—	8,328	433	3,786,570	—	3,795,331
Intra-group revenues ⁽¹⁾	—	—	673,373	—	(673,373)	—
Total revenues	—	8,328	673,806	3,786,570	(673,373)	3,795,331
External cost of revenues and operating expenses	(41,591)	(26,617)	(297,369)	(3,052,384)	—	(3,417,961)
Intra-group cost of revenues and operating expenses related to technical consulting and related service under VIE agreements	—	—	—	(673,373)	673,373	—
Total cost of revenues and operating expenses	(41,591)	(26,617)	(297,369)	(3,725,757)	673,373	(3,417,961)
Share of income from subsidiaries	348,484	374,187	—	—	(722,671)	—
Income of the VIEs ⁽²⁾	69,773	69,773	69,773	—	(209,319)	—
Other income	8,861	43,400	10,220	14,367	(37,363)	39,485
Income before income tax	385,527	469,071	456,430	75,180	(969,353)	416,855
Income tax expenses	—	(13,451)	(12,470)	(5,407)	—	(31,328)
Net income	385,527	455,620	443,960	69,773	(969,353)	385,527

For the fiscal year ended June 30, 2023						
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiary of the VIE	The VIE and its subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
External revenues	—	—	47	3,081,334	—	3,081,381
Intra-group revenues ⁽¹⁾	—	—	392,174	—	(392,174)	—
Total revenues	—	—	392,221	3,081,334	(392,174)	3,081,381
External cost of revenues and operating expenses	(199,879)	(353)	(293,470)	(2,701,287)	—	(3,194,989)
Intra-group cost of revenues and operating expenses related to technical consulting and related service under VIE agreements	—	—	—	(392,174)	392,174	—
Total cost of revenues and operating expenses	(199,879)	(353)	(293,470)	(3,093,461)	392,174	(3,194,989)
Share of income from subsidiaries	105,565	102,322	—	—	(207,887)	—
Loss of the VIE ⁽²⁾	(14,977)	(14,977)	(14,977)	—	44,931	—
Other income	754	3,596	3,571	18,720	—	26,641
(Loss)/income before income tax	(108,537)	90,588	87,345	6,593	(162,956)	(86,967)
Income tax expenses	—	—	—	(21,685)	—	(21,685)
Net (loss)/income	(108,537)	90,588	87,345	(15,092)	(162,956)	(108,652)
Net loss attributable to non-controlling interests	—	—	—	115	—	115
Net loss/income attributable to QuantaSing Group Limited	(108,537)	90,588	87,345	(14,977)	(162,956)	(108,537)

Condensed consolidating balance sheets information

As of June 30, 2025						
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiary of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
Cash and cash equivalents	61,483	126,072	292,316	350,288	—	830,159
Restricted cash	—	67	20,757	241	—	21,065
Short-term investments	124	88,938	100,635	—	—	189,697
Accounts receivable, net	—	29,541	28	16,324	—	45,893
Amounts due from related parties	—	1,577	—	—	—	1,577
Amounts due from intra-group companies ⁽³⁾	89,638	65,195	467,827	174,849	(797,509)	—
Prepayments and other current assets	26,497	26,428	29,633	120,341	—	202,899
Inventory, net	—	18,251	—	3,210	—	21,461
Operating lease right-of-use assets	—	5,508	7,864	6,526	—	19,898
Property and equipment, net	—	9,312	1,232	748	—	11,292
Intangible assets, net	—	65,880	58	—	—	65,938
Long-term investments	—	35,906	23,160	—	—	59,066
Goodwill	—	187,598	—	—	—	187,598
Other non-current assets	—	1,298	177	3,501	—	4,976
Investment in subsidiaries	707,892	698,495	—	—	(1,406,387)	—
Total assets	885,634	1,360,066	943,687	676,028	(2,203,896)	1,661,519
Short-term borrowings	—	11,100	—	—	—	11,100
Accounts payables	—	19,304	—	29,390	—	48,694
Accrued expenses and other current liabilities	300	16,852	50,835	83,819	—	151,806
Amount due to related parties	—	3,321	—	—	—	3,321
Amounts due to intra-group companies ⁽³⁾	64,820	393,708	175,218	163,763	(797,509)	—
Income tax payable	—	8	9,440	21,992	—	31,440
Contract liabilities	—	2,714	—	270,861	—	273,575
Advance from customers	—	4,121	—	109,013	—	113,134
Operating lease liabilities	—	5,432	9,536	8,476	—	23,444
Deferred tax liabilities	—	71,850	163	29	—	72,042
Net liabilities of the VIEs ⁽²⁾	11,517	11,517	11,517	—	(34,551)	—
Total liabilities	76,637	539,927	256,709	687,343	(832,060)	728,556
MEZZANINE EQUITY	—	40,999	—	—	—	40,999
Total shareholders' equity/(deficit)	808,997	779,140	686,978	(11,315)	(1,371,836)	891,964

As of June 30, 2024

	QuantaSing Group Limited	Other subsidiaries	Primary beneficiaries of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
Cash and cash equivalents	64,689	198,748	205,423	311,071	—	779,931
Restricted cash	—	—	160	—	—	160
Short-term investments	—	14,261	231,934	—	—	246,195
Accounts receivable, net	—	106	487	16,083	—	16,676
Amounts due from related parties	—	—	—	4,488	—	4,488
Amounts due from intra-group companies ⁽³⁾	62,153	3,478	62,715	149,820	(278,166)	—
Prepayments and other current assets	75,760	13,638	5,333	180,818	—	275,549
Inventory, net	—	6,304	35	6	—	6,345
Operating lease right-of-use assets	—	6,261	25,780	26,848	—	58,889
Property and equipment, net	—	2,444	2,795	1,330	—	6,569
Long-term investments	—	6,008	3,002	—	—	9,010
Deferred tax assets	—	—	—	847	—	847
Other non-current assets	—	1,180	9,235	10,945	—	21,360
Investment in subsidiaries	453,384	472,413	—	—	(925,797)	—
Total assets	655,986	724,841	546,899	702,256	(1,203,963)	1,426,019
Accounts payables	—	178	—	61,888	—	62,066
Accrued expenses and other current liabilities	300	3,898	34,392	151,918	—	190,508
Amounts due to intra-group companies ⁽³⁾	3,478	241,974	—	32,714	(278,166)	—
Income tax payable	—	7	10,750	9,642	—	20,399
Contract liabilities	—	4,679	—	391,913	—	396,592
Advance from customers	—	2,451	—	159,806	—	162,257
Operating lease liabilities	—	6,645	29,344	30,099	—	66,088
Deferred tax liabilities	—	11,625	—	—	—	11,625
Net liabilities of the VIEs ⁽²⁾	135,724	135,724	135,724	—	(407,172)	—
Total liabilities	139,502	407,181	210,210	837,980	(685,338)	909,535
Total shareholders' equity/(deficit)	516,484	317,660	336,689	(135,724)	(518,625)	516,484

Condensed consolidating cash flows information

	For the fiscal year ended June 30, 2025					
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiaries of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
Cash flows from operating activities:						
Net cash provided by/(used in) transactions with external parties	104	(36,208)	(323,240)	543,230	—	183,886
Net cash provided by/(used in) transactions with intra-group companies related to technical consulting and related service under VIE agreements ⁽¹⁾	—	—	612,743	(612,743)	—	—
Net cash provided by/(used in) other transactions with intra-Group companies	—	5,032	(125)	(4,907)	—	—
Net cash provided by/(used in) operating activities	104	(31,176)	289,378	(74,420)	—	183,886
Cash flows from investing activities:						
Net cash (used in)/provided by transactions with intra-group companies ⁽⁴⁾	(26,754)	9,753	(405,055)	(25,029)	447,085	—
Net cash provided by/(used in) transactions with third parties	58,132	(190,946)	119,904	6,604	—	(6,306)
Net cash used in transactions with a related party	—	(113)	—	—	—	(113)
Net cash provided by/(used in) investing activities	31,378	(181,306)	(285,151)	(18,425)	447,085	(6,419)
Cash flows from financing activities:						
Net cash provided by transactions with intra-group companies ⁽⁴⁾	61,833	150,998	103,263	130,991	(447,085)	—
Net cash provided by transactions with related parties	—	(2,287)	—	—	—	(2,287)
Net cash (used in)/provided by transactions with third parties	(96,186)	(8,466)	—	1,312	—	(103,340)
Net cash (used in)/provided by financing activities	(34,353)	140,245	103,263	132,303	(447,085)	(105,627)
Effect of exchange rate changes	(335)	(372)	—	—	—	(707)
Net (decrease)/increase in cash and cash equivalents	(3,206)	(72,609)	107,490	39,458	—	71,133
Cash and cash equivalents at the beginning of the year	64,689	198,748	205,583	311,071	—	780,091
Cash and cash equivalents and restricted cash at the end of the year	61,483	126,139	313,073	350,529	—	851,224

For the fiscal year ended June 30, 2024					
QuantaSing Group Limited	Other subsidiaries	Primary beneficiaries of the VIEs	The VIEs and their subsidiaries	Elimination	Consolidated
(RMB in thousands)					

Cash flows from operating activities:

Net cash (used in)/provided by transactions with external parties	(8,427)	(5,810)	(348,027)	644,984	—	282,720
Net cash provided by/(used in) transactions with intra-group companies related to technical consulting and related service under VIE agreements ⁽¹⁾	—	—	713,732	(713,732)	—	—
Net cash (used in)/provided by operating activities	(8,427)	(5,810)	365,705	(68,748)	—	282,720

Cash flows from investing activities:

Net cash provided by/(used in) transactions with intra-group companies ⁽⁴⁾	118,207	35,537	(45,672)	(141,984)	33,912	—
Net cash provided by/(used in) transactions with third parties	59,520	(16,280)	(232,329)	56,305	—	(132,784)
Net cash provided by/(used in) investing activities	177,727	19,257	(278,001)	(85,679)	33,912	(132,784)

Cash flows from financing activities:

Net cash provided by/(used in) transactions with intra-group companies ⁽⁴⁾	—	23,777	(35,537)	45,672	(33,912)	—
Net cash used in transactions with third parties	(127,942)	—	—	(2,250)	—	(130,192)
Net cash (used in)/provided by financing activities	(127,942)	23,777	(35,537)	43,422	(33,912)	(130,192)
Effect of exchange rate changes	(138)	(3,796)	—	—	—	(3,934)
Net increase/(decrease) in cash and cash equivalents	41,220	33,428	52,167	(111,005)	—	15,810
Cash and cash equivalents at the beginning of the year	23,469	165,320	153,416	422,076	—	764,281
Cash and cash equivalents and restricted cash at the end of the year	64,689	198,748	205,583	311,071	—	780,091

For the fiscal year ended June 30, 2023						
	QuantaSing Group Limited	Other subsidiaries	Primary beneficiary of the VIE	The VIE and its subsidiaries	Elimination	Consolidated
	(RMB in thousands)					
Cash flows from operating activities:						
Net cash (used in)/provided by transactions with external parties	(13,082)	24	(300,049)	548,728	—	235,621
Net cash provided by/(used in) transactions with intra-group companies related to technical consulting and related service under VIE agreements ⁽¹⁾	—	—	415,703	(415,703)	—	—
Net cash (used in)/provided by operating activities	(13,082)	24	115,654	133,025	—	235,621
Cash flows from investing activities:						
Net cash (used in)/provided by transactions with intra-group companies ⁽⁴⁾	(114,340)	—	(17,000)	155,960	(24,620)	—
Net cash (used in)/provided by transactions with third parties	(109,352)	—	75,381	9,786	—	(24,185)
Net cash (used in)/provided by transactions with related parties	—	—	—	24,386	—	24,386
Net cash (used in)/provided by investing activities	(223,692)	—	58,381	190,132	(24,620)	201
Cash flows from financing activities:						
Net cash provided by/(used in) transactions with intra-group companies ⁽⁴⁾	—	114,340	(155,960)	17,000	24,620	—
Net cash (used in)/provided by transactions with third parties	256,764	—	(7,538)	(1,530)	—	247,696
Net cash provided by/(used in) financing activities	256,764	114,340	(163,498)	15,470	24,620	247,696
Effect of exchange rate changes	3,461	10,677	198	—	—	14,336
Net increase in cash and cash equivalents	23,451	125,041	10,735	338,627	—	497,854
Cash and cash equivalents at the beginning of the year	18	40,279	142,681	83,449	—	266,427
Cash and cash equivalents and restricted cash at the end of the year	23,469	165,320	153,416	422,076	—	764,281

Notes to the condensed consolidating financial information:

- (1) Represents the elimination of the intercompany revenue, primarily including the intercompany technical consulting and related service charges under the contractual arrangements at the consolidation level. In the fiscal years ended June 30, 2023, 2024 and 2025, the total amount of the service fees that charged to the VIEs and their subsidiaries by our WFOE under the contractual agreements was RMB392.2 million, RMB673.4 million and RMB578.1 million, respectively. In the fiscal years ended June 30, 2023, 2024 and 2025, the total amount of the service fees that the VIEs and their subsidiaries paid to our WFOE under the contractual agreements was RMB415.7 million, RMB713.7 million and RMB612.7 million, respectively.
- (2) Represents the elimination of the net consolidated balances among QuantaSing Group Limited, other subsidiaries, primary beneficiary of the VIEs, and the VIEs and their subsidiaries.
- (3) Represents the elimination of intercompany balances of interest-free loans within QuantaSing Group Limited, other subsidiaries, primary beneficiary of the VIEs, and the VIEs and their subsidiaries.
- (4) Represents the elimination of intra-group investment gains and loans related to cash activities among QuantaSing Group Limited, other subsidiaries, primary beneficiary of the VIEs, and the VIEs and their subsidiaries.

Holding Foreign Companies Accountable Act and PCAOB's Inspection over Financial Statements

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections,” and “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks related to our business, industry and general operations

- the shifts of our business model and offering mix, our limited experience with operating our current businesses, and the risk that our historical performance and growth rate may not be indicative of our future performance;
- uncertainties associated with our pop toy business and the integration and development of such business;
- the intense competition in the industries that we operate in;
- our ability to maintain and enhance our brand recognition and promote our IPs and products, and the risks associated with negative publicity;
- our ability to develop a robust sales channel and implement effective marketing strategies; and
- the complexity, uncertainties and changes in PRC regulations applicable to our businesses, including the licensing requirements for our business, product liability, data privacy and personal information protection.

Risks related to doing business in China

- Chinese government's significant authority to intervene or influence our operations at any time and to exert more control over offerings conducted overseas and/or foreign investment in China-based issuers;
- the ADSs being delisted and prohibited from being traded on a national securities exchange or in the over-the-counter trading market under the HFCAA if the PCAOB is unable to inspect auditors who are located in China;
- impact from PRC economic, political and social conditions, as well as changes in any government policies, laws and regulations;
- uncertainties with respect to the PRC legal system, including such relating to the enforcement of rules and regulations in China and the risk that rules and regulations can change quickly with little advance notice; and
- reliance on dividends and other distributions on equity paid by our WFOEs to fund any cash and financing requirements we may have, and limitation on the ability of our WFOEs to make payments to us.

Risks related to our corporate structure

- the agreements that established the structure of our legacy operations in China to be found not compliant with PRC regulations relating to the relevant industries;
- the historical contractual arrangements with the VIEs and their shareholder being less effective than direct ownership in providing operational control;
- uncertainty with respect to the enforceability of the historical contractual arrangements with the VIEs and their shareholder;
- shareholders of the VIEs having conflicts of interest with us;
- the risk that the historical contractual arrangements we had entered into with the VIEs may be subject to scrutiny by the PRC tax authorities; and
- uncertainties with respect to the interpretation and implementation, and any changes thereto, of the PRC Foreign Investment Law, and other PRC regulatory restrictions on foreign investment in the relevant industries.

Risks related to our corporate governance

- our status as an exempted company incorporated in the Cayman Islands;
- our status as a foreign private issuer; and
- our dual-class voting structure and the concentration of ownership which provide Class B ordinary shareholder considerable influence over corporate matters, including the election of board of directors.

Risks related to the ADSs

- volatility of the trading price of the ADSs;
- the sale or availability for sale of substantial amounts of the ADSs; and
- the voting rights of holders of ADSs being limited by the terms of the deposit agreement.

Risks Related to the Evolvement of Our Business Model

Our historical operating and financial performance as well as growth rate are not indicative of our future performance. If we fail to manage our growth or implement our future business strategies effectively, the success of our business and our future prospects may be compromised.

We have shifted our business model from the traffic-driven established businesses, which primarily comprise the legacy individual online learning services, to the product-driven pop toy business. We began to offer our financial literacy learning services in July 2019, which accounted for 60.8%, 34.4% and 32.3% of our total revenues in the fiscal years ended June 30, 2023, 2024 and 2025, respectively. From August 2021, we began to launch additional courses for other personal interests in skills upgrading and recreation and leisure, which in the aggregate accounted for 27.9%, 54.2% and 49.6% of our total revenues in the fiscal years ended June 30, 2023, 2024 and 2025, respectively. In addition, starting from early 2023, we entered into the consumer goods sector through e-commerce. For the fiscal years ended June 30, 2023, 2024 and 2025, revenue from consumer business accounted for 0.4%, 4.6% and 7.8% of our total revenue, respectively. Our historical performance, which is primarily reflective of the results of our established businesses, is not directly comparable with or indicative of the performance of our current business, mainly our pop toy business, which we began to operate in 2025 along with the acquisition of equity interests in Shenzhen Letsvan. We acquired equity interests in Shenzhen Letsvan from December 2024 and obtained control over Shenzhen Letsvan in March 2025 (the “Acquisition of Shenzhen Letsvan”) and began to consolidate its results of operations from April 2025. For the fiscal year ended June 30, 2025, we recorded revenue from our pop toy business of RMB65.8 million (US\$9.2 million). Subsequent to the Acquisition of Shenzhen Letsvan, we undertook further steps to acquire all of the remaining equity in Shenzhen Letsvan. As of the date of this annual report, we hold 76.3% of the equity interests in Shenzhen Letsvan, and we are still in the process of acquiring certain remaining equity interests in Shenzhen Letsvan, upon completion of which Shenzhen Letsvan will become our wholly-owned subsidiary. In September 2025, to restructure our established businesses, the following agreements were entered into by and among the relevant parties: (1) a termination agreement (the “VIE Termination Agreement”) by and among Beijing Liangzizhige, Beijing Feierlai, Beijing Chuangyuqizhi, and Shenzhen Erwan Education Technology Co., Ltd. (“Shenzhen Erwan”) to terminate the VIE agreements among these parties (the “VIE Agreements”); (2) an equity transfer agreement by and among Beijing Liangzizhige, Beijing Feierlai, Beijing Chuangyuqizhi, Shenzhen Erwan and the relevant buyer; and (3) an equity transfer agreement by and among the company, QuantaSing International Limited (“QS International”), Rare River Group Limited (“Rare River”) and the relevant buyer. Upon the effectiveness of the termination of the VIE Agreements (the “VIE Termination”), we no longer consolidate the financial results of Beijing Feierlai and Beijing Chuangyuqizhi, effective from September 30, 2025, and we began to operate as a pop toy company. For details of these transactions, see “Item 4. Information on the Company—A. History and Development of the Company.”

As such, our historical business model with our established businesses does not serve as an adequate basis for evaluating our prospects and future operating and financial results, including, among others, our overall revenue growth, margin level and operating cash flows. We cannot assure you that our new business will achieve the same level of success as that of our established businesses. In addition, the completion of the restructuring is subject to uncertainties, including the satisfaction of closing conditions, regulatory approvals (if any) and filings, and the ability of prospective parties to fulfill their obligations under the transaction agreements. We also cannot assure you that the restructuring will be successfully consummated on expected terms or within the anticipated timeframe. Moreover, we and the counterparties have made a number of representations and warranties and covenants in the agreements for consummating the restructuring, including the equity transfer agreements through which we spin off our individual online learning services. For instance, we are obligated to cause such business to be operated in the ordinary course before the closing. We cannot assure you that we could perform such covenants as stipulated in the agreements due to factors beyond our control, or that there would be no disputes arising from our or the counterparties regarding the accuracy and truthfulness of the respective representations or warranties and the performance of the respective covenants, which may subject us to liabilities (including indemnifications) if we are found to be in breach of such terms, or losses and other negative consequences if the counterparties are found to be in breach of such terms. All of these uncertainties may have a material adverse effect on our business, results of operations and financial condition, as well as our future prospects and the price of the ADSs.

We have undertaken several new business initiatives and monetization strategies in the past, and we may continue to experience shifts in business model in the future. We cannot assure you that such new business initiatives and monetization strategies and shifts in business model will be successful and achieve desired benefits to us.

Before we terminated the VIE Agreements and disposed of our interests in our legacy individual online learning service business and certain consumer and other businesses, we had diversified our individual online learning services beyond financial literacy, including upgrading our courses relating to other personal interests in skills upgrading and recreation and leisure. In early 2023, we entered into the consumer goods sector through e-commerce. We entered into the pop toy sector through the acquisition of equity interests in Shenzhen Letsvan in initially in December 2024.

We have a limited track record or experience in generating revenue from new business initiatives, which may adversely affect our prospects and ability to compete with the existing market players in the relevant fields. The endeavors to offer new products, which are usually costly and time-consuming, could disrupt our ongoing business, divert our management resources, and require us to make significant investments in establishing and maintaining cooperative relations, pursuing new projects, and furthering sales and marketing efforts, all of which may not be successful. We may also have to optimize our employee structure to adapt to the evolving market and business conditions, which may adversely affect our business, results of operations, financial condition and reputation. We cannot assure you that any of our new business initiatives will achieve market acceptance or generate sufficient revenues in a timely manner, or at all, to offset the costs and expenses incurred prior to their launch, which may have a negative impact on our profitability and return on relevant investments. We also cannot assure you that any such initiatives will attain the growth rate as we anticipate, which could affect our growth prospects. For instance, while we launched enterprise talent management services in June 2022, we had not recognized significant revenues from such services. In addition, we had suspended certain new consumer business before establishing a track record of relevant operations, such as the baijiu business.

Moreover, our pop toy business differs significantly from our established businesses and may fail to generate any synergistic effect with our existing resources or let us achieve any operating leverage. Our new business initiatives, whether successful or not, may also incur negative publicity, cause a negative impact to our reputation, and subject us to relevant legal and regulatory risks. If we are unsuccessful in the exploration of new businesses due to financial constraints, failure to attract qualified personnel, lack of relevant experience or other reasons, we may not be able to maintain or increase our revenue or recover any associated costs, expenses and expenditures, and we may have to adjust our operations and strategies accordingly, which could adversely affect our business, results of operations and financial condition.

To seize the rising demands in overseas markets, we are also exploring opportunities to expand our offerings into overseas markets. We have selectively explored overseas business opportunities with our pop toy business, primarily through the overseas operations of pop toy business after the acquisition of Shenzhen Letsvan. The investment and additional resources required to establish operations and manage growth in other regions and countries may not produce desired levels of revenue or profitability, or at all. We may also encounter challenges typically associated with overseas operations, which we have limited experience in dealing with, such as adaption to local market practices, compliance with local laws and regulations, cultivation and maintenance of local customer base and management of local presence. We cannot assure you that we can address these challenges in a satisfactory manner, or at all, which could affect our future prospects.

We may in the future introduce new services and products to further diversify our revenue streams, including services and products with which we have little or no prior operating experience. These activities may also require significant capital expenditures and investment of valuable management and financial resources, and our growth will continue to place significant demands on such resources. We cannot assure you that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all. If we do not effectively manage the growth of our new business and strategies, our business, results of operations and financial condition could be adversely affected.

Risks Related to Our Pop Toy Business and the Industry

We have limited experience with the operations and management of our new pop toy business, and the future development of our pop toy business is subject to uncertainties.

Since 2023, we have pursued business opportunities facing consumers with several new ventures, through both organic growth and external investments, including our business expansion into e-commerce and wellness products businesses. We began to operate in the pop toys industry with our investment in Shenzhen Letsvan since early 2025, and we have become a pop toy company after the VIE Termination. The pop toy business differs from our established businesses in many aspects, including business model, sales and marketing strategies, growth strategies, distribution channels, monetization methods, day-to-day operations, cash and income streams, cost management and IP management. The competitive landscape of the pop toys sector is also novel to us. We cannot assure you whether we can successfully leverage our existing operational expertise to manage and develop our pop toy business.

We cannot assure you that our pop toy business will attain the level of success of our online learning business in the near term or at all. Moreover, we are subject to a number of risks related to our pop toy business, many of which are different from our established businesses in which we have more experience, including:

- understand and capture the needs of targeted consumers in a timely and precise manner;
- ensure the safety, quality and standards of the products offered;
- construct and maintain an effective product portfolio;
- develop competitive pricing strategies and manage relevant costs;
- harnessing and protecting our IPs;
- maintain an efficient and high standard supply chain and manage our relationship with suppliers;
- resolve consumer complaints and claims; and
- comply with the rules and regulations applicable to our pop toy business, including those related to safety, e-commerce, product liability and consumer right protection, among others.

If we fail to effectively manage any of these risks, we may not be able to execute the growth strategies of our pop toy business as planned, and we may have to devote significant costs and management attention to resolving the relevant issues, which in turn imposes a negative impact on our business, reputation, results of operations and financial condition.

As a pop toy company, it is critical for us to adjust our product portfolio to keep pace with changing consumer preferences and industry trends. If we fail to design and develop products that will be popular with consumers, we may not be able to attract and retain our customers, which could have a material adverse effect on our business, financial condition and results of operation.

The development of the pop toy market is subject to uncertainties and may be impacted by changing social and economic circumstances and evolving consumer preferences. The pop toy market faces unpredictable challenges, driven by shifting social, economic and cultural dynamics. Consumers' discretionary spending patterns on toys are influenced by various factors, including economic conditions, demographic trends, social changes and volatile future economic prospects. The interests of consumers evolve extremely quickly and can change dramatically from time to time. These factors contribute to the unpredictability of consumer behavior and present significant risks to the pop toy market, which in turn could affect our business. The popularity and consumer appeal of various types of toys are also affected by evolving consumer preferences. Any decline in the pop toy market as a whole could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

To be successful, we must anticipate both the IPs and the products that will appeal to consumers and quickly develop and introduce products that can compete successfully for consumers' limited time, attention and spending. Evolving consumer tastes and shifting interests, coupled with an ever changing and expanding pipeline of consumer products and content that compete for consumers' interest and acceptance, create an environment in which some products and content can fail to achieve consumer acceptance, while others can be popular during a certain period of time but then be rapidly replaced. Consumer demand for pop culture products can and does shift rapidly and without warning. Even if our product offerings are initially successful, there can be no guarantee that we will be able to maintain their popularity with consumers. Accordingly, our success will depend, in part, on our ability to continually create and introduce new products that consumers find appealing. To the extent that we are unable to do so, our sales and profitability will be adversely affected. If we devote time and resources to developing and marketing products that consumers do not find appealing enough to meet our sales targets or at all, our sales and profits may decline and our business performance may be harmed.

The pop toy industry is competitive and fragmented, and we cannot ensure that we can acquire greater market share, retain existing market share, or otherwise compete effectively.

The pop toy industry is highly competitive and relatively fragmented. To thrive in the competitive environment and stand out among competitors, ongoing innovation and adaptability to consumer tastes and trends are paramount. We compete against competitors of varying brand and product portfolios in a number of areas that were different from the competitive landscape of the online learning industry, such as innovation capabilities, adaptability to consumer tastes and trends, IP-related abilities (e.g., the selection, development, commercialization and preservation of IPs), product quality and sales and marketing prowess. Failure as to any of these aspects can negatively affect our ability to sustain the popularity and market momentum of our product offering or continuously adjust our product offering in response to changing consumer preferences, which could have a material and adverse impact on our business, results of operations and financial condition.

The popularity of our existing IP portfolio may deteriorate, and we may not be able to successfully source, develop or commercialize new IPs.

The success of our pop toys is heavily reliant on the recognition and popularity of the IPs in our IP portfolio. However, whether such IPs will remain popular among the consumers is beyond our control, as consumer preferences may shift and unforeseen negative publicity surrounding these IPs may arise. Any decline in the recognition or popularity of our IPs could significantly affect our sales performance and reputation. In addition, we cannot assure you that we will always be successful in developing or identifying IPs that resonate with consumers. For proprietary IPs, success depends on our ability to interpret market trends, create engaging themes, develop compelling storylines and characters, and produce content that resonates with consumers. Misjudging market preferences could lead to a mismatch between expectations and actual market reception, while rapid changes in consumer tastes or market dynamics could result in newly launched IPs losing appeal or relevance.

The ability to successfully commercialize our IPs is also crucial to our business. Our efforts to commercialize IPs may not always yield the desired outcomes. The economic benefits derived from new IPs may fall short of expectations or fail to offset the research and development costs linked to proprietary IPs. Any failure to commercialize our IPs could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

Our success depends on the creation process of our design team. The loss of designers, or our inability to attract and retain such designers and maintain our design team, could adversely affect our business.

Our success depends to a significant extent on the continued service and performance of our in-house design team, whose creative process is vital to our operations. The loss of any member of our in-house design team could impair our ability to diversify, extend and enhance our IP and product portfolio. In addition, competition for talented designers is intense. We compete with other companies in recruiting, hiring and retaining our innovative designers. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operating costs. If we experience significant attrition of our design team, or if we incur significant cost increase to recruit and retain our designers, our business, results of operations, financial condition and prospects will be materially and adversely affected.

We may incur significant costs on marketing efforts, and some marketing campaigns may not achieve our expected results.

We operate in a competitive industry and engage in a variety of sales and marketing activities to enhance the exposure and popularity of our IPs and products. We incur substantial advertising and marketing expenditures and other resources to maintain and increase our market recognition. Our marketing activities may not be well received by the market and may not result in the level of sales that we anticipate. We also may not be able to retain or recruit a sufficient number of experienced sales and marketing personnel, or to train newly hired sales and marketing personnel, which we believe is critical to implementing our sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools in China's pop toy market are evolving rapidly. This requires us to continually enhance our sales and marketing approaches and experiment with new strategies to keep pace with industry developments and consumer preferences. Failure to engage in sales and marketing activities in a cost-effective manner and failure to achieve the anticipated results from our sales and marketing activities may reduce our market share, cause our revenues to decline, negatively impact our profitability, and materially harm our business, financial condition and results of operations.

Furthermore, a number of the PRC laws and regulations regulate advertisement of products, including the Advertising Law of the PRC and the Law of the PRC on the Protection of Customer Rights and Interests. Violation of these laws or regulations may result in penalties, such as fines, orders to cease dissemination of the advertisements, or orders to eliminate the influence of such advertisements, among others.

Our business depends significantly on market recognition of our brand, and any damage to our brand, trademarks or reputation, or failure to effectively promote our brand, could materially and adversely affect our business and results of operations.

Brand image is a key factor in consumer purchase decisions. We believe that market awareness of our brand has contributed, in part, to the success of our business to date. Historically, we had operated our legacy individual online learning services business under multiple brands, including *Qiniu*, *Jiangzhen* and *Qianchi*, and we have established new brands for our pop toy business. With our pivot to the pop toy sector, maintaining and enhancing our brand has become even more critical to our efforts to increase the market awareness of our products, which are in turn critical to our business growth. We believe that our future success depends substantially on the popularity of our *Here* and *Letsvan* brand and our reputation for popular and high-quality pop toy products.

Therefore, maintaining and enhancing the recognition and image of our brand is critical to our ability to differentiate our products and to compete effectively. Any actual or perceived contamination, spoilage or other product misbranding or tampering may lead to the erosion of our brand and damage to our brand value, regardless of its merits. We have invested significant resources in our high quality and popular products throughout our sales and distribution network. Our brand also depends on our ability to respond to competitive pressures. If we fail to do so, the value of our brand or reputation may be diminished and our business and results of operations may be materially and adversely affected. Furthermore, as we continue to grow in size, expand our product offerings and extend our geographic reach, maintaining product quality and consistency may be more difficult and we cannot assure you that we can maintain our customers' confidence in our brand name. If consumers perceive or experience a reduction in the quality of our products or service, or consider in any way that we fail to deliver a consistently high quality products, our brand value could suffer, which could have a material and adverse effect on our business.

We may be unable to expand and manage our sales and distribution network effectively.

We face risks associated with expanding and managing our sales and distribution network. There are a number of factors which could affect our ability to expand our sales network, and achieve satisfactory sales and profitability levels with our sales and distribution network, including: (1) our ability to suitable partners and locations, including whether our terms with these partners on terms will be commercially acceptable to us; (2) competition for popular sales channels; (3) our ability to maintain an efficient and cost-effective operation (including adequate management and financial resources) with these sales channels; (4) our ability to effectively compete with other stores selling pop toys; (5) our ability to attract and retain high caliber sales personnel; and (6) our ability to maintain suitable level of inventories with our sales channel. If we fail to expand our sales and distribution channels effectively, we may not achieve optimal sales performance and our IPs may not be promoted effectively, and our results of operations and future prospects might be affected.

We may encounter challenges in maintaining positive relationships with existing partners within our sales channels, experience disputes with them, or struggle to expand our sales network with new partners under favorable terms, our market presence across different channels or regions may be compromised. Failure to effectively execute our development and growth strategies, along with providing sufficient resources and operational support to our sales channels, could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

We also face various risks in relation to the distributorship model as part of our sales channels. We have limited control over our distributors, who may not always comply with relevant laws, regulations, government guidelines, or adhere to agreements with us. Some distributors may sell our products to sub-distributors without our involvement or oversight, making it difficult to control their sales activities. Some distributors may violate our guidelines and sales strategies, and we may have limited control over disorganized ordering and stockpiling by distributors, making it challenging to make sales forecast and manage inventory levels effectively. All of these activities could cause harm to the effective management of sales channels, harm our reputation, and affect our results of operations.

If we are unable to obtain, maintain and protect our intellectual property rights, in particular trademarks and copyrights, our ability to compete could be affected.

Our intellectual property is a valuable asset of our business. The market for our products depends to a significant extent upon the value associated with our product design and the intellectual properties we develop and license. Although certain of our intellectual property is registered, there can be no assurances with respect to the rights associated with such intellectual property in those jurisdictions, including our ability to register, use, maintain or defend key trademarks and copyrights. To the extent possible, we rely on trademark, trade dress, copyright, patent and trade secret laws, as well as confidentiality procedures or other contractual restrictions of same or similar nature, to establish and protect our intellectual property or other proprietary rights. However, these laws, procedures and restrictions may provide only limited and uncertain protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated, including by counterfeiters. In addition, our intellectual property portfolio in foreign countries is less extensive than our portfolio in the PRC, and the laws of foreign countries, including emerging markets in which our products are sold, may not protect our intellectual property rights to the same extent as the laws of the PRC. The costs required to protect our trademarks and copyrights may be substantial.

In addition, we may fail to apply for, or be unable to obtain, protection for certain aspects of the intellectual property used in or beneficial to our business. Further, we cannot provide assurance that our applications for trademarks, copyrights and other intellectual property rights will be granted, or, if granted, will provide sound and effective protection. Certain of our trademarks may have already been registered in the overseas markets that we are expanding or intend to expand to. In addition, third parties could bring infringement, invalidity or similar claims with respect to any of our current trademarks, copyrights and other intellectual properties, or any trademarks, copyrights or other intellectual properties we may seek to obtain in the future. Any such claims, whether or not successful, could be extremely costly to defend, divert management's attention and resources, damage our reputation and brands, and substantially harm our business and results of operations. Any lawsuits or proceedings that we initiate could be expensive, take significant time and divert management's attention from other business concerns. Litigation and other proceedings also put our intellectual property at risk of being invalidated, or if not invalidated, may result in the scope of our intellectual property rights being narrowed. In addition, our efforts to try to protect and defend our trademarks and copyrights and other intellectual properties may be ineffective. Additionally, we may provoke third parties to assert claims against us. We may not prevail in any lawsuits or other proceedings that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. The occurrence of any of these events may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, some of our products bear the trademarks and other intellectual property rights of our licensors, and the value of our products is affected by the value of those rights. Our licensors' ability to maintain and protect their trademarks and other intellectual property rights is subject to risks similar to those described above with respect to our intellectual properties. We do not control the protection of the trademarks and other intellectual property rights of our licensors and we cannot ensure that our licensors will be able to secure or protect their trademarks and other intellectual property rights. The loss of any of our significant owned or licensed trademarks, copyrights or other intellectual property could have a material adverse effect on our business, financial condition and results of operations. In addition, our licensors may engage in activities or otherwise be subject to negative publicity that could harm their reputation and impair the value of the intellectual property rights we license from them, which could reduce consumer demand for our products and adversely affect our business, financial condition and results of operations.

We have been, and expect to continue to be involved with litigation and other legal proceedings related to intellectual property rights. For instance, with respect to our legacy individual online learning services business, certain of our competitors are infringing certain copyrights of our financial literacy course contents and we have sued such companies and claimed for, among others, injunctive relief and monetary damages. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. Such litigation, however, may be costly and divert management's attention away from our business. An adverse determination in any such litigation would impair our intellectual property rights and may harm our business, prospects and reputation. Enforcement of judgments in China is uncertain, and even if we are successful in litigation, it may not provide us with an effective remedy. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could result in substantial costs and diversion of our resources, and have a material adverse effect on our business, results of operations and financial condition.

Our collaborations with third-party partner factories for our products presents risks to our business. Failure in product quality control may adversely affect our business.

We collaborate with specialized third-party partner factories to manufacture our products. As a result, the loss or unavailability of one of our major partner factories, even temporarily, could have a negative impact on our business, financial condition and results of operations. While we could replace our partner factories if necessary, any such move may be time-consuming and costly. We may also be required to seek out additional factories in response to increased demand for our products, as our current partner factories may not have the capacity to increase production. If we fail to receive a material portion of the products made by our partner factories, or if we fail to shift partner factories, our sales and profitability could be significantly reduced.

We may not have effective control over whether our third-party partner factories would strictly follow our specifications and instructions as to, for example, raw materials to be used in the production of our products. There are risks that one or more of our third-party partner factories will not comply with our requirements, and that we may not be able to discover such non-compliance immediately or at all. As such, the use of third-party partner factories may expose us to product liability claims, administration penalties, confiscation or destruction of certain products, the revocation of business license, or the imposition of other administrative or even criminal liabilities. If defective products are sold, it would result in damage to our reputation, product recall, consumer litigation and others that could materially and adversely affect our business.

We are exposed to inventory management risks and may face inventory excess, obsolescence, impairment or shortage.

As of June 30, 2025, we had inventories of RMB21.5 million (US\$3.0 million). We must maintain sufficient inventory levels to ensure our product demand can be met, while avoiding excess inventory. Failure to forecast consumer demand or respond to any unexpected event negatively affecting the sales of our products could expose us to inventory obsolescence or result in a decline in inventory value or inventory write-downs. Changes to our business focus or product portfolio may also cause our inventories to be irrelevant and render our capital outlays for inventories unnecessary. For instance, we have incurred purchase commitment loss of inventories for our baijiu business as we voluntarily suspended relevant operations. On the other hand, inaccurate sales forecast or insufficient production capacity at our partner factories may lead to inventory shortage and result in our inability to meet market demand for our products and satisfy orders from our sales partners. Failure in managing our inventory could have a material and adverse impact on our business, results of operations and financial condition.

We are exposed to risks relating to warehousing and third-party logistics service providers.

Significant disruption to the operation of our warehouses, whether as a result of natural disasters, public health incidents, labor shortages, fires or other causes, or any unexpected and adverse changes in the storage conditions of our warehouses, could disrupt our operations, which may cause delay in product deliveries or even destroy our products. Prolonged disruptions in warehousing could also result in a loss of sales. Furthermore, we may fail to secure the lease agreement of our warehouses on favorable terms, or at all. Any of these events could have a material and adverse impact on our business, results of operations and financial condition.

We engage third-party logistics service providers to transport our products from partner factories to our warehouses and/or customers. Our dependence on third-party logistics providers could expose us to potential service disruptions or inefficiencies. If these providers fail to meet their service obligations due to operational issues, financial difficulties, or other unforeseen circumstances, our ability to deliver products to customers in a timely and cost-effective manner may be impacted, which could cause a decline in product sales and loss of revenue. In addition, improper handling of our products by the logistics service providers could also result in product damage, which could lead to product liabilities or claims and negatively affect our brand image and reputation. Any of these events could have a material and adverse impact on our business, results of operations and financial condition.

The success of our operations depends on our ability to avoid infringing, misappropriating or otherwise violating the trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights of third parties.

We cannot assure you that our business practices do not and will not infringe, misappropriate or otherwise violate any trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights of third parties, given the uncertainties inherent in the scope of certain trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights. Intellectual property related litigation is usually complex and the results of such litigation are unpredictable. As we gain greater visibility and market exposure as a public company, we may also be at greater risk of being the subject of intellectual property-related litigation. Third parties may claim that our products or activities infringe, misappropriate or otherwise violate their trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights. Defending against these allegations and lawsuits could be costly, take a significant amount of time, distract management from our business operations and delay our product launch. In addition, if we are found to have infringed, misappropriated or otherwise violated a third party's trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights, we may be required to pay substantial damages or be subject to orders, judgments or administrative penalties that prohibit us from selling certain products or impose other liabilities on us. In addition, any allegation of infringement of the intellectual property rights of others, even if unfounded, could damage our reputation and tarnish our brand image. Furthermore, our use of the disputed intellectual properties may be restricted, which could disrupt our operations. Occurrence of any of these incidents could have a material and adverse impact on our business, results of operations and financial condition.

We have undertaken strategic collaborations with IP licensors. If we fail to expand or maintain our collaboration with IP licensors, or our existing collaboration with any of our IP licensors is terminated or curtailed, or if we are no longer able to benefit from such business collaborations, our business and results of operations may be adversely affected.

Strategic collaborations with IP licensors is part of our business expansion strategies. We collaborate with IP licensors to jointly develop products that attract consumers. If we are unable to expand or maintain our collaboration with them in the future, our business and operating results may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with any of these IP licensors, it might be difficult for us to identify alternative qualified IP licensors, which might adversely impact our daily operation and consumer experience. Our cooperation with IP licensors may also be adversely affected by negative publicities regarding our IP licensors, which could negatively affect our reputation, business and results of operations. In addition, the license agreements we entered into with IP licensors may contain extensive and detailed provisions setting forth scope of licenses, such as categories and sub-categories of products authorized to use licensed IPs, authorized sales channels, territories where sales of co-branded products are allowed, among others. We, our employees and our business partners may inadvertently breach such IP protection provisions and therefore subject us to liabilities under our agreements with IP licensors. Disputes may also arise due to reasons that we are unable to foresee. If we are unable to resolve disputes with IP licensors, we may not be able to continue our cooperation with our IP licensors, which could have a material and adverse effect on our business and operating results.

In addition, if we are unable to sell all of the co-branded products in our inventory within a reasonable period of time after the expiration of relevant agreements, we will not be able to continue to sell those products and may have to destroy our inventories. As a result, we may have to write down such inventories, which would result in negative impacts on our operating results and financial conditions.

Risks Related to Our Operations

We have a short history of profitability and may not maintain profitability in the future.

We had generally incurred net losses prior to the fiscal year ended June 30, 2024. We recorded net loss of RMB108.7 million in the fiscal year ended June 30, 2023, and we recorded net income of RMB385.5 million and RMB356.6 million (US\$49.8 million) in the fiscal years ended June 30, 2024 and 2025, respectively, which are primarily associated with our legacy individual online learning business. We cannot assure you that we will be able to continue to generate net income or positive cash flow from operating activities in the future. Our future ability to maintain profitability will depend in large part on our ability to successfully operate and monetize from our pop toy business, maintain or increase our operating margin, either by growing our revenues at a rate faster than our costs and operating expenses increase, or by reducing our costs and operating expenses as a percentage of our revenues. In particular, our ability to achieve and maintain profitability will depend on the success of our IPs and products, which may take time to win market awareness and popularity. As a result of the foregoing, we may not be able to maintain or improve our profitability in the future.

We may be adversely affected by negative publicity concerning us or our current and legacy business, brands, IPs, products and services, shareholders, affiliates, directors, officers, employees, the industries in which we operate regardless of its accuracy.

Negative publicity about us and our current and legacy business, brands, IPs, products and services, shareholders, affiliates, directors, officers, employees, the industries in which we operate can harm our brand recognition and reputation. For instance, with respect to our legacy individual online learning services, we had, from time to time, been subject to online complaints from alleged users or third parties claiming that our paid courses were overpriced and not useful, or claiming that the content on our platforms and the description about our services are invalid and misleading, or against our current or legacy brands. We were also exposed to negative publicity concerning refund disputes over course fees between us and the learners for our legacy individual online learning services or administrative penalties. We had also been subject to claims of fraudulent activities for the provision of our online learning services, which could harm consumer interests. Moreover, with our pop toy business, the reputation of our *HERE 奇梦岛* brand (previously known as *Letsvan*) plays a crucial role in consumer perception of us and the sales of our products. Addressing such adverse publicity may necessitate the launch of defensive media campaigns or legal actions, leading to increased marketing and legal expenses and diverting management's focus from core operations. Any counterfeit products or knockoffs may also infringe and undermine our brand reputation in general.

Negative publicity concerning the foregoing could be related to a wide variety of matters, including but not limited to:

- complaints about our sales and marketing activities;
- controversies over our product and IPs;
- breaches of confidentiality, in particular that of sensitive personal information;
- employment-related claims; and
- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

Our online marketing strategy relies on third-party social media platforms. In particular, our fans and the influencers we work with may post contents relating to our products from time to time. We may fail to detect and prevent illegal or inappropriate content from being posted, which may incur regulatory investigations, legal liability, or removal from social media platforms. In addition, unfavorable publicity or negative news regarding us, our fans, the influencers we work with, or our IP proprietors, or negative review on our brands and products could adversely affect our reputation.

If our senior management and other key personnel are unable to work together effectively or efficiently or if we lose their services, our business may be severely affected.

The continued services of our senior management and other key personnel are important to our continued success. If they cannot work together effectively or efficiently, our business may be severely disrupted. If, in the future, one or more of our senior management members were unable or unwilling to continue in their present positions, and we cannot find suitable replacement in a timely and efficient manner, or at all, our business, results of operations and financial condition may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we face the risk of losing other key personnel. Our senior management has entered into employment agreements with us which contain confidentiality clauses, as well as standalone confidentiality and non-compete agreements. While certain senior management members have departed from our company due to their personal development decisions, we have not experienced any material disruptions to our business or material disputes with them in connection with such departures. However, if any dispute arises between our senior management and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

We may face risks and uncertainties with respect to the licensing requirement for our business. Any lack of or failure to maintain requisite approvals, licenses or permits applicable to us may have a material adverse impact on our business, results of operations and financial condition.

We are subject to government regulations for our operations in China. With respect to the established businesses, as of June 30, 2025, as advised by our PRC counsel, CM Law Firm, our WFOE and the affiliated entities had obtained the licenses, permits and registrations from the PRC government authorities necessary for our business operations in China, including, among others, the Value-added Telecommunications Business Operating License for internet information service (the “ICP License”), the Permit for Production and Operation of Radio and Television Programs, and the Publication Operation License, except for the License for Online Transmission of Audio-Visual Program (the “Audio-Visual License”) for offering certain courses in live streaming or audio-visual contents. According to relevant PRC laws and regulations, no entities or individuals may provide internet audio-visual program services, which include making and editing of audio-visual programs concerning educational content and broadcasting such content to the general public online, without the Audio-Visual License, issued by the State Administration of Press, Publication, Radio, Film and Television (the “SAPPRFT”) (currently known as National Radio and Television Administration), or its local bureaus, and only state-owned or state-controlled entities are eligible to apply for an Audio-Visual License. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on online transmission of audio-visual programs.” With regards to our legacy individual online learning services business, we did not obtain the Audio-Visual License for offering certain courses in live streaming format and video recordings of live streaming courses and certain other audio-video contents such as short, pre-recorded videos and audio podcasts through our platforms to our users. We are, however, not eligible to apply for such license since we are not a state-owned or state-controlled entity. As of the date of this annual report, we have not been subject to any penalties imposed by, or any investigations initiated by, the relevant government authorities due to such provision of internet audio-visual contents through our platforms without any requisite license. In addition, with respect to our established businesses, due to the ambiguity of the definition of “online publishing service” under the PRC laws and regulations, the online distribution of content, including our audio-visual contents and other course materials, through our platforms, may be regarded as an “online publishing service” and, therefore, we or the affiliated entities may be required to obtain an Online Publishing Service License. Failure to obtain such licenses may lead to fines, confiscation of relevant gains, suspension of the operations of our online platforms and other liabilities. As of the date of this annual report, we have not been required by the relevant regulatory authorities to obtain such license, nor have we been subject to any penalties imposed by, or any investigations initiated by, the relevant government authorities for failure to obtain such license.

As we have transitioned to the pop toy sector, we are subject to laws, regulations and policies governing the pop toy sector. The regulatory regime for the industry has been evolving, with new laws, regulations and other regulatory measures being introduced from time to time, such as the Product Quality Law of the People's Republic of China (2018 Revision). Such laws and regulations may become more comprehensive and stringent in the future. While we closely monitor changes in the relevant laws and regulations and have implemented measures to ensure our ongoing compliance, changes in the regulatory regime may materially and adversely affect our business. For example: (1) we may incur higher compliance costs on our business and face challenges in launching new products; (2) we may encounter greater difficulties in obtaining relevant regulatory approvals; and (3) our sales and marketing activities may be restricted in scope, content, format and other aspects. Any non-compliance with applicable laws and regulations may expose us to liabilities. In case of any non-compliance, we may incur significant expenses and divert management's attention and substantial resources to resolving deficiencies. More specifically, on June 8, 2023, the SAMR promulgated the Blind Boxes Guidelines. The interpretation and enforcement of such newly promulgated guidelines can be uncertain.

We cannot assure you that local PRC authorities will not adopt different enforcement practice or will not issue more explicit interpretation and rules or promulgate new laws and regulations from time to time to further regulate the pop toy industry, which may subject us to additional licensing requirements. We may also be required to apply for and obtain additional licenses or permits for our operations in China as the interpretation and implementation of current PRC laws and regulations continue to evolve. If government authorities determine that our operations fall within the scope of business operations that require additional licenses, permits or approvals, we may not be able to obtain such licenses, permits or approvals in a timely manner or on commercially reasonable terms or at all, and failure to obtain such licenses, permits or approvals may subject us to fines, legal sanctions or an order to suspend our related operations. Moreover, we may fail to renew or update any of our existing licenses and permits in a timely manner and on commercially reasonable terms, or at all, which could materially and adversely affect our business, results of operations and financial condition. Government authorities may also from time to time issue new laws, rules and regulations and enhance enforcement of existing laws, rules and regulations, which could require us to obtain new and additional licenses, permits or approvals. If we are not able to comply with the applicable legal requirements, we may be subject to fines, confiscation of the gains derived from non-compliant operations, or suspension of non-compliant operations, any of which may materially and adversely affect our business, results of operations and financial condition.

We have been and may continue to be subject to litigations, allegations, complaints, investigations and penalties from time to time, which may adversely affect our business, results of operations and financial condition.

We have been and may continue to be involved in legal and other disputes, including labor disputes, customer complaints, advertisements, unfair competition and other dissatisfactions, contractual disputes, product liability claims and administrative penalties in the ordinary course of our business operations. We have encountered and may also, in the future, encounter, disputes from time to time over rights and obligations concerning intellectual property rights and allegations against us for potential infringement of third party's intellectual property rights, and we may not prevail in those disputes. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate, divert our management's attention and resources, or harm our brand equity. If a legal or administrative proceeding against us is successful, we may be required to pay substantial damages or fines and/or enter into agreements that may not be based upon commercially reasonable terms, or we may be unable to enter into such agreements at all. We may also lose, or be limited in, the rights to offer some of our products or be required to make changes to our product offerings or business model. As a result, the scope of our offerings could be reduced, which could adversely affect our ability to attract consumers, harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Our investments, acquisitions and alliances may require significant management attention and adversely affect our business operations, results of operations and financial condition.

We continually evaluate and consider strategic investments, combinations, acquisitions or alliances. For instance, in September 2023, we entered into an agreement relating to the acquisition of KELLY'S EDUCATION LIMITED ("Kelly's Education"), a personalized online language education service provider in Hong Kong, pursuant to which we acquired all of the issued share capital of Kelly's Education for a total consideration of HK\$2.0 million. In addition, through a series of transactions during the fiscal year ended June 30, 2025, we acquired controlling interests in Shenzhen Letsvan, a company specializing in IP incubation, copyright commercialization, and the promotion and sales of pop toys, through which we began to engage in our primary business currently, namely pop toy business.

We may not be able to identify suitable strategic alliances or acquisition opportunities, complete such transactions on commercially favorable terms, or successfully integrate business operations, infrastructure and management philosophies of acquired businesses and companies. Furthermore, these transactions could be material to our business if consummated. We may not have the financial resources necessary to consummate any acquisitions in the future or the ability to obtain the necessary funds on satisfactory terms. There may be particular complexities, regulatory or otherwise, associated with further expansion into new markets, and our strategies may not succeed beyond our current markets. Any future acquisitions may also result in significant transaction expenses in addition to integration and consolidation risks. Because acquisitions historically were not a core part of our growth strategy in the past, we have no material experience in successfully utilizing acquisitions. We may not have sufficient management, financial and other resources to integrate any such future acquisitions or to successfully operate new businesses, and we may be unable to profitably operate our expanded company. If we are unable to effectively address these challenges, our ability to execute acquisitions will be impaired, which could have an adverse effect on our growth.

We are subject to a variety of evolving laws and regulations regarding cybersecurity, data security and personal information protection. If the data security measures adopted by us underperform, or if we otherwise fail to protect data security and personal information as required by relevant laws and regulations or by our users, consumers may lose trust in us, and we may be subject to liabilities and other negative consequences.

Maintaining data security and protecting personal information are critical to our business. For our legacy individual online learning services, we processed a large amount of data and information in various aspects of our business, in particular certain personally identifiable information relating to our users. For instance, users generally provide their mobile phone number and/or social media account information used for user registration and mailing address for receipt of our delivery. Such information is potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. In addition, we are also subject to a variety of laws and regulations regarding cybersecurity, data security and personal information protection, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal data from being divulged, stolen or tampered with.

A party may nevertheless circumvent our data security measures and disseminate or misappropriate proprietary and confidential information and jeopardize the confidential nature of such information. Any unauthorized or otherwise inappropriate disclosure or leakage of data, whether willful or accidental, may give rise to wrongful access, misuse or loss of our proprietary and confidential information or other records, which could disrupt our business and expose us to potential liabilities, costly litigations and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with users and/or customers and business partners could be severely damaged, we could incur significant liabilities and our business and operations could be adversely affected. Furthermore, we have expanded our business to the pop toy sector. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause consumers to lose trust in us and could expose us to legal claims. A security breach that leads to leakage of data and information of our users and/or customers could subject us to legal liabilities, regulatory sanctions, reputational damage and loss of confidence. In addition, data breaches or any misconduct during the process of collection, analysis, and storage of data, could result in a violation of applicable PRC data privacy and protection laws and regulations, and subject us to regulatory actions, investigations or litigations. As of the date of this annual report, we have not incurred any material actions, investigations or litigations relating to cybersecurity and personal information protection. However, we cannot guarantee that we will not encounter such incidents in the future. If any of such events occurs, we could incur significant costs in investigating and defending against them, and could be subject to negative publicity about our privacy and data protection practices, which may affect our reputation in the marketplace. Any potential risks related to our processing of data could require us to implement measures to reduce our exposure to liability, which may require us to expend substantial resources and limit the attractiveness of our products to consumers. As a result, our business, results of operations and financial condition could be materially and adversely affected. Any of these issues could harm our reputation, adversely affect our ability to attract consumers, reduce their willingness to pay, or subject us to third-party lawsuits, regulatory fines or other action or liability. Any reputational damage resulting from breach of our security measures could create distrust of our company by consumers or investors. We may be required to spend significant additional resources to protect us against the threat of security measures breaches or to alleviate problems caused by such disruptions or breaches. Any concerns or claims about our practices and compliance with regard to the processing of personal information or other privacy-related matters, even if ungrounded, could damage our reputation and results of operations.

The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with the heightened regulatory scrutiny.

The PRC regulatory framework for data security and personal information protection is rapidly evolving and is likely to remain uncertain for the foreseeable future. For instance, on June 10, 2021, the Standing Committee of the National People's Congress ("SCNPC") promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law, among other things, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data security, data processing activities must be conducted based on data classification and hierarchical protection system. Furthermore, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer on July 7, 2022 (effective from September 1, 2022) and the Provisions on Promoting and Regulating Cross-Border Data Flows on March 22, 2024 (effective on the date of promulgation), respectively, to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. In addition, on December 8, 2022, the Ministry of Industry and Information Technology of the PRC (the "MIIT") released the Administrative Measures for Data Security in Industry and Information Technology Sectors (Trial), effective from January 1, 2023, which, among other things, impose specific data security management requirements and certain filing and reporting obligations on processors of important data and core data in industry and information technology sectors. Since the categories of important data and core data still remain unclear, it is uncertain how the measures will be interpreted and implemented.

On August 20, 2021, the SCNPC passed the PRC Personal Information Protection Law (the "PIPL"), which took effect on November 1, 2021. The PIPL accentuates the importance of processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border transfer of personal information. Pursuant to the PIPL, a personal information processor is allowed to process (including to collect, store, use, transmit, provide, disclose and delete) personal information only under certain circumstances, such as processing with consent from such individual, or for necessity of performance of a contract to which such individual is a contracting party or statutory duties, management of human resource under the labor rules and regulations developed in accordance with the law or a collective contract signed in accordance with the law, protection of public interest, or reasonable usage of legally disclosed information. Processing of sensitive personal information, such as the personal information that is likely to result in damage to personal dignity, personal or property safety once illegally disclosed, as well as the personal information of minors under the age of 14, is subject to higher regulatory requirements including specific purpose, sufficient necessity, duty of explanation to such individuals and consent from a parent or a guardian of such minors. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Privacy Protection" for details. We do not foresee any material impediments for us to comply with the PIPL and other existing PRC laws and regulations on cybersecurity, data security and personal data protection in all material respects, based on the following reasons: as of the date of this annual report, (1) we have implemented comprehensive cybersecurity and data protection policies, procedures and measures to safeguard personal information rights and ensure secured storage and transmission of data and prevent unauthorized access or use of data; (2) there has been no material leakage of data or personal information or violation of cybersecurity and data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations; (3) we have not been subject to any material fines or administrative penalties, or other sanctions by any competent regulatory authorities in relation to the infringement of cybersecurity and data protection laws and regulations; (4) there has been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of our company, threatened against or relating to our company; and (5) we have not been involved in any investigations on cybersecurity review initiated by the CAC on such basis and have not received any inquiry, notice, warning or sanctions in this respect.

However, we cannot assure you that our existing data security and personal information protection system and technical measures will always be considered sufficient under applicable laws, regulations and other privacy standards, or that we will comply with the applicable laws and regulation in all respects. If relevant government authorities interpret or implement these and other laws or regulations in ways that may negatively affect us, our current practice of collecting and processing data and personal information may be ordered to be rectified or terminated by regulatory authorities, and we may also become subject to fines and other penalties. We could be adversely affected if PRC legislation or regulations require changes in business practices or privacy policies, or if the relevant PRC government authorities interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations and financial condition.

We are subject to risks associated with our international expansion.

Overseas expansion is a crucial part of our long-term business strategy, especially with our venture into the pop toy sector. We have selectively engaged in certain international expansion initiatives, initially through the establishment of Kelly's Education for learnings services overseas, and the overseas operations of the pop toy business. While overseas operations currently have not contributed a significant portion of our revenue, as our overseas operations grow and deepen, we could be faced with increased risks, including, among others:

- political instability and general economic or political conditions in particular countries or regions;
- import or export licensing requirements and tariffs imposed by various foreign countries;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties and regulations;
- different regulatory structures and unexpected changes in regulatory environments;
- increased costs to protect intellectual property and personal data security;
- inability to recruit international talent and challenges in replicating or adapting our company policies and procedures to operating environments different from that of China;
- exchange rate fluctuations; and
- fluctuations in selling prices and margins of our overseas sales.

In addition, overseas operations generally could involve higher costs, such as costs for maintaining an operational framework and structure compliant with local regimes, recruiting and retaining local staff and coordination of local operations. All of these risks above will also intensify with the scale of our overseas operations and may have a negative impact on our business, results of operations, financial condition and prospects.

A material weakness in our internal control over financial reporting has been identified, and if we fail to implement and maintain an effective system of internal control over financial reporting, we could be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected.

In the course of preparing and auditing our consolidated financial statements for the fiscal years ended June 30, 2023, 2024 and 2025, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of June 30, 2025. As defined in the standards established by the PCAOB, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and reporting requirements set forth by the SEC to properly address complex U.S. GAAP technical accounting issues, and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC. The material weakness, if not remediated timely, may lead to material misstatements in our consolidated financial statements in the future.

To remedy our identified material weakness, we have begun to, and will continue to, improve our internal control over financial reporting. For details, see “Item 15. Controls and Procedures—Internal Control over Financial Reporting.” The implementation of these measures, however, may not fully address the material weakness identified in our internal control over financial reporting, and we cannot conclude that it has been fully remedied. Our failure to correct the material weakness or our failure to discover and address any other material weaknesses or deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act (the “Section 404”) requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ended June 30, 2024. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. If we fail to remedy the material weakness that has been identified and continues to exist or other material weaknesses that may be identified in the future, our management may again conclude that our internal control over financial reporting is not effective. In addition, as a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

We may identify other weaknesses and deficiencies in our internal control over financial reporting in the future. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, results of operations, financial condition and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

Any change, disruption, discontinuity in the features and functions of major social media in China could materially and adversely affect our business, results of operations and financial condition.

We leverage social media in China as a tool for customer acquisition and engagement. To the extent that we fail to leverage such platforms, our ability to attract consumers and maintain and enhance the recognition of our IPs and products may be severely harmed. If any of these platforms experiences downtime or other disruptions, or if we are unable to utilize these platforms, we may not be able to locate alternative platforms of similar scale to provide similar functions or support on commercially reasonable terms in a timely manner, or at all. Any interruption to or discontinuation of our relationships with major social network operators in China may affect our marketing campaigns, reduce our brand visibility among consumers, and cause a decline in the popularity of our IPs and products, which in turn may have a material adverse effect on our business, results of operations and financial condition.

We currently have limited business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. We rarely maintain liability insurance or property insurance policies, equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in China, we rarely maintain any business interruption insurance or key-man life insurance. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

We face uncertainties with respect to our leased properties.

We lease real properties from third parties primarily for our offices and storage of goods in China, and the lease agreements for most of these leased properties have not been registered with the PRC government authorities as required by PRC law. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for those of our lease agreements that have not been registered with the relevant PRC government authorities. As of the date of this annual report, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of such leased properties. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

Failure to make adequate contributions to social insurance and housing fund as required by PRC regulations may subject us to penalties.

In accordance with the PRC Social Insurance Law and the Administrative Measures on Housing Fund and other relevant laws and regulations, an employer is required to pay basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund (the “Employee Benefits”), for its employees in accordance with the rates provided under relevant regulations and withhold the Employee Benefits that should be assumed by the employees. Historically, we had not made sufficient contribution of the Employee Benefits for some employees. For our individual online learning business, we started to make sufficient contribution of Employee Benefits for all employees from July 2023 in accordance with relevant regulations in China. Meanwhile, for our pop toy business, we started to make sufficient contribution of Employee Benefits for all employees from July 2025 in accordance with relevant regulations in China. We have made adequate provision in relation to the insufficient contribution of the Employee Benefits in our financial statements. However, we cannot assure you that the relevant government authorities will not, in the future, require us to pay the outstanding amount and impose late fees or fines on us, in which case our business, results of operations and financial condition may be adversely affected.

Increases in labor costs, inflation and implementation of stricter labor laws in the PRC may adversely affect our business and results of operations.

Under the PRC Labor Contract Law, employees have the right, among others, to have written employment contracts, to enter into employment contracts with no fixed term under certain circumstances, to receive overtime wages and to terminate or alter terms in labor contracts. Because the PRC government authorities have introduced various new labor-related regulations since the PRC Labor Contract Law took effect, and the interpretation and implementation of these regulations are still evolving, our employment practice could violate the PRC Labor Contract Law and related regulations and could be subject to related penalties, fines or legal fees. We have been, and may in the future be, subject to certain employment related disputes from time to time. We cannot assure you that we will not be subject to any material labor disputes or penalties from regulatory authorities in the future. If we are subject to severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, results of operations and financial condition may be adversely affected.

China's overall economy and the average salary have increased in recent years and are expected to continue to grow. The average salary level for our employees has also increased in recent years. If the inflation intensifies in China, we may have to increase the price level of our products while our costs and operating expenses may also increase in the mean time. In that case, our profit margin will depend on our ability to pass on the additional costs and operating expenses to our customers. In addition, a rising inflation level may also have a negative impact on consumers' discretionary purchases, which will in turn reduce the demand of our offerings and negatively affect our results of operations and financial condition. Unless we are able to pass on these increased labor costs to consumers or reduce other costs, our business, results of operations and financial condition would be materially and adversely affected.

We rely on certain key operating metrics to evaluate the performance of our business, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics to evaluate the performance of our business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in methodology and assumptions. We calculate these operating metrics using internal company data and certain external data. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, our reputation may be harmed and our evaluation methods and results may be impaired, which could negatively affect our business. If investors make investment decisions based on operating metrics we disclose that are inaccurate, we may also face potential lawsuits or disputes.

We have granted and will continue to grant share-based awards under our share incentive plans, which may result in increasing share-based compensation expenses.

In connection with our restructuring and spin-off, we adopted our 2018 share incentive plan (the "2018 Plan") and 2021 global share plan (the "2021 Plan") in May 2022 to reflect the respective interests of grantees prior to the restructuring and spin-off and to provide for future incentive grants to our employees, directors and consultants. Under the 2018 Plan and the 2021 Plan, the maximum aggregate number of shares which may be issued pursuant to all awards is 38,240,745 Class A ordinary shares. As of October 21, 2025, options to purchase a total of 18,898,545 Class A ordinary shares under the 2021 Plan had been granted and outstanding, and 13,353,996 of such options had been exercised. As of October 21, 2025, there had been no options granted under the 2018 Plan. We recorded share-based compensation of RMB191.6 million, RMB27.8 million and RMB20.5 million (US\$2.9 million) for the fiscal years ended June 30, 2023, 2024 and 2025, respectively. We may continue to record significant share-based compensation expenses in relation to such share option grants. We expect to grant awards under such plans, which we believe is of significant importance to our ability to attract and retain key personnel and employees and may therefore record additional amount of share-based compensation expenses. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans" for details. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations and financial condition.

We may need additional capital in the future to pursue our business objectives.

We may need to raise additional capital to respond to business challenges or opportunities, enhance our marketing efforts, accelerate our growth and design and develop new products. Due to the unpredictable nature of the capital markets and our industries, we cannot assure you that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing results of operations. If adequate capital is not available to us as required, our ability to fund operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders.

Natural disasters and unusual weather conditions, power outages, pandemic outbreaks, terrorist acts, global political events and other extraordinary events could materially and adversely affect our results of operations, financial condition and growth prospects.

During the peak of the COVID-19 pandemic, various nations imposed various measures to keep COVID-19 in check, including travel restrictions from time to time. Such measures have adversely affected our operation, as it has caused inconvenience to our day-to-day operating activities. Our results of operations and financial performance have been and may continue to be adversely affected, to the extent that COVID-19 exerts long-term negative impact on the Chinese economy. Historically, the COVID-19 pandemic contributed to the growth of China's online adult learning market, and in turn, our business growth. To the extent that future waves of COVID-19 pandemic disrupt normal business operations, we may face operational challenges with our services, and decline in the individual disposable income and discretionary spending.

In addition to the impact of COVID-19, natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, power outages, other pandemic outbreaks, terrorist acts or disruptive global political events, or similar disruptions could materially and adversely affect our business operations and financial performance. These events could result in server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software, hardware, storage and network. Any interruptions to our live streaming capabilities due to extraordinary event can materially affect our ability to grow our consumer base and impair our consumer experience, disrupt normal business operations, and be detrimental to our reputation and growth prospects. In addition, in recent years, there have been other breakouts of epidemics in China and globally. Normal business operations could be disrupted if one of our employees is suspected of having H1N1 flu, avian flu, or another epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. Our results of operations could be also adversely affected to the extent that any of the extraordinary events harms the PRC economy in general.

Risks Related to Our Corporate Structure

For the risk factors under this subsection, the shareholder of the VIEs refer to the shareholder of the VIEs before the VIE Termination.

If the PRC government deems that our historical contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the price of the ADSs may be adversely affected.

In June 2018, MOFCOM and the National Development and Reform Commission (the “NDRC”) promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (the “Negative List”), which became effective on July 28, 2018, in order to amend the Guidance Catalog of Industries for Foreign Investment. The Negative List was latest amended on September 6, 2024. Pursuant to the latest Negative List, foreign ownership in entities that provide internet and other related businesses, including but not limited to, certain value-added telecommunication services, internet audio-visual program services and radio and television program production and operation, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available. Specifically, the operation of certain value-added telecommunications services is considered as “restricted,” while the provision of radio and television program production and operation and the internet audio-visual program services are considered as “prohibited.”

QuantaSing Group Limited is a Cayman Islands holding company with no substantive operations. Our WFOEs are foreign-invested enterprises under PRC laws and, accordingly, they are not eligible to engage in businesses that are subject to foreign ownership restriction under the PRC laws. Our legacy individual online learning services business and certain consumer and other businesses was carried through the historical contractual arrangements entered into by Beijing Liangzizhige with Beijing Chuangyuqizhi and Beijing Feierlai. For details, see “Item 4. Information on the Company—A. History and Development of the Company.” Investors in the ADSs are purchasing the equity securities of QuantaSing Group Limited, the Cayman Islands holding company, rather than the equity securities of any of our subsidiaries or the VIEs. Before the VIE Termination, the contractual arrangements with the respective VIE and its shareholder had enabled us to (1) be considered as the primary beneficiary of the VIEs for accounting purposes and consolidate the financial results of the affiliated entities, (2) receive substantially all of the economic benefits of the affiliated entities, (3) have the pledge right over the equity interests in the VIEs as the pledgee, and (4) have an exclusive option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law. See “Corporate History and Structure” for details.

In the opinion of our PRC counsel, CM Law Firm, (1) the ownership structures of our WFOE and the VIEs in China under the historical contractual arrangements were not in any violation of the applicable PRC laws or regulations then in effect; and (2) prior to the termination thereof, the agreements under the historical contractual arrangements among each of our WFOE, the VIEs and their shareholder governed by PRC law were valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations. However, we have been further advised by our PRC counsel that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The PRC government may ultimately take a view contrary to or otherwise different from the opinion of our PRC counsel. The agreements under the historical contractual arrangements among our WFOE, the VIEs and their shareholder have not been tested in a court of law. If the PRC government otherwise find that we have been in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our legacy individual online learning services business, the relevant government authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the relevant business and/or operating licenses;
- discontinuing or restricting any related-party transactions between our company and the VIEs (if any);
- imposing fines and penalties, confiscating the income that they deem to be obtained through illegal operations, or imposing additional operational requirements which we or the VIEs may not be able to comply with;
- restricting or prohibiting our use of the proceeds of our initial public offering in January 2023 to finance the business and operations of our WFOE in China, particularly the expansion of our business through strategic acquisitions;
- restricting the use of financing sources by us or the VIEs or otherwise restricting our or their ability to conduct business; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruptions to us and materially and adversely affect our reputation, business, results of operations and financial condition. If the PRC government determines that the historical contractual arrangements and/or the VIE structure do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, the historical treatment of consolidating the financial results of the affiliated entities in our financial statements could be challenged or deemed invalid under the U.S. GAAP, and the ADSs may decline in value or become worthless.

The historical contractual arrangements with the VIEs and their shareholder may be less effective than direct ownership in providing operational control.

Before the VIE Termination, we had relied on the historical contractual arrangements between Beijing Liangzizhige, and Beijing Chuangyuqizhi and Beijing Feierlai and their respective nominee shareholder to operate our legacy individual online learning services business in China. The historical contractual arrangements, however, may be less effective than direct ownership in providing us with operational control over the VIEs. For instance, the VIEs and their shareholder could breach their contractual arrangements with us by, among other things, failing to conduct the operations of the VIEs in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of the VIEs in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the historical contractual arrangements, we rely on the performance by the VIEs and their shareholder of their obligations under the contracts to direct the VIEs' activities. The shareholder of the VIEs may not act in the best interests of our company or may not perform its obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these historical contracts (if any) through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Risks Related to Our Corporate Structure—We face uncertainty with respect to the enforceability of the historical contractual arrangements with the VIEs and their shareholder, and any failure by the VIEs or their shareholder to perform their obligations under our historical contractual arrangements with them would have a material adverse effect on our business.”

We face uncertainty with respect to the enforceability of the historical contractual arrangements with the VIEs and their shareholder, and any failure by the VIEs or their shareholder to perform their obligations under our historical contractual arrangements with them would have a material adverse effect on us.

If the VIEs or their shareholder fail to perform their respective obligations under the historical contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law.

All the agreements under our historical contractual arrangements with the VIEs are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. However, uncertainties in the PRC legal system could limit the ability to enforce these historical contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event to these historical contractual arrangements are unenforceable, or if there is any significant delay or other obstacles in such process, our control over the VIEs under the historical contractual arrangements may be deemed ineffective, which could have a material adverse impact on us and the price of the ADSs. See “—Risks Related to Doing Business in China—Uncertainties with respect to the enforcement of and changes in laws and regulations in China could have a material adverse effect on our business, results of operations, financial condition and growth prospects, and cause the ADSs to significantly decline in value or become worthless.”

The shareholder of the VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business, results of operations and financial condition.

The shareholder of the VIEs may have actual or potential conflicts of interest with us. The shareholder may breach, or cause the VIEs to breach, the historical contractual arrangements, which would have a material adverse effect on our ability to consolidate the financial results of the affiliated entities and receive economic benefits from them. For instance, the shareholder may be able to cause our agreements with the VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise the shareholder will act in the best interests of our company or such conflicts will be resolved in our favor.

Under the historical contractual arrangements, we did not have any arrangements to address any conflicts of interest between the shareholder of the VIEs and our company, except that we had the right to exercise the purchase option under the exclusive option agreement with the shareholder to request it to transfer all of its equity interests in the VIEs to a PRC entity or individual designated by us, to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. If we cannot resolve any conflict of interest or dispute between us and the shareholder of the VIEs under the historical contractual arrangements, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. The shareholder of the VIEs may be involved in disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the VIEs and the validity or enforceability of our contractual arrangements with the VIEs and their shareholder. Although under our historical contractual arrangements, it is expressly provided that the VIEs and their shareholder shall not assign any of their respective rights or obligations to any third party without the prior written consent of our respective WFOE, we cannot assure you that these arrangements will be complied with or effectively enforced. In the case any of them is breached or becomes unenforceable and leads to legal proceedings, it could distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

Contractual arrangements we had entered into with the VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owe additional taxes, which could materially and adversely affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material adverse tax consequences if the PRC tax authorities determine that the historical contractual arrangements in relation to the VIEs were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of the VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIEs for PRC tax purposes, which could in turn increase their tax liabilities without reducing our WFOEs' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if they are required to pay late fees and other penalties.

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our historical corporate structure with the VIEs.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which came into effect on January 1, 2020. Since it is relatively new, uncertainties exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors in China through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our historical contractual arrangements with the VIEs will be deemed to be in violation of the market access requirements for foreign investment in China and if yes, how our historical contractual arrangements with the VIEs should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Negative List. The Foreign Investment Law provides that (1) foreign-invested entities operating in “restricted” industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (2) foreign investors shall not invest in any industries that are “prohibited” under the Negative List. If our contractual control over the VIEs through our historical contractual arrangements are deemed as foreign investment in the future, and any business of the VIEs is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to have violated the Foreign Investment Law, the historical contractual arrangements that allow us to have contractual control over the VIEs may be deemed as invalid and illegal, which may have a material adverse effect on us.

Risks Related to Doing Business in China

The filing with and reporting to the CSRC will be required in connection with our capital raising activities and occurrences of other specific events, and we cannot assure you that we will be able to make such filing or reporting in a timely manner or at all, in which case we may face regulatory sanctions for failure to make such filing or reporting.

Under the current Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (the “M&A Rules”), as jointly adopted by six PRC regulatory agencies in 2006 and amended in 2009, an offshore special purpose vehicle that is controlled by PRC domestic companies or individuals and that has been formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic companies or assets is required to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. It remains uncertain as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, regulations and rules or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, might, from time to time, further clarify or interpret the M&A Rules in writing or orally and require their approvals to be obtained for an offering. If we fail to obtain required CSRC approval under the M&A Rules in a timely manner, we may face sanctions by the CSRC or other PRC regulatory agencies, which may include fines and penalties on the operations in China, delays in or restrictions on the repatriation of the proceeds from the relevant offering into China, restrictions on or prohibition of the payments or remittance of dividends by our WFOEs in China, or other actions that could have a material adverse effect on our business, results of operations, financial condition, reputation and prospects, as well as the trading price of the ADSs.

On July 6, 2021, the General Office of the State Council of the PRC, together with another regulatory authority, jointly promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, which calls for enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

Moreover, on February 17, 2023, the CSRC, as approved by the State Council, released a new filing-based regime to regulate overseas offerings and listings by domestic companies. The new filing rules consist of the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies (the “Trial Measures”) and five interpretive guidelines (collectively, the “CSRC Filing Rules”), which came into effect on March 31, 2023. Under the CSRC Filing Rules, a filing-based regulatory system shall be applied to “indirect overseas offerings and listings” of PRC domestic companies. Pursuant to the CSRC Filing Rules, if the issuer meets either of the following conditions, its securities offerings and listing will be deemed as an “indirect overseas offering and listing by a PRC domestic company” and is therefore subject to the filing requirements: (1) any of the revenues, profits, total assets or net assets of the issuer’s Chinese operating entities in the most recent financial year accounts for more than 50% of the corresponding data in the issuer’s audited consolidated financial statements for the same period; and (2) the key link of its business operations are conducted in mainland China or its principal place of business is located in the mainland China, or the majority of senior management in charge of business operations are Chinese citizens or have domicile in the PRC. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an the same overseas market where it has previously offered and listed securities, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering, and if the subsequent offering is conducted in other overseas markets, it shall be filed with the CSRC within three working days after the applications for such offerings are submitted. Therefore, any of our future offering and listing of our securities in an overseas market will be subject to the filing requirements under the CSRC Filing Rules. In addition, we are required to submit a report to CSRC after the occurrence and public disclosure of the following material events: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment and (4) voluntary or mandatory delisting. If we fail to complete the filing or reporting procedures with the CSRC as required, we may face sanctions by the CSRC, which may include orders for correction, warnings and fines. Any adverse regulatory actions or sanctions could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs.

On February 24, 2023, the CSRC, together with other relevant government authorities, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the “Archives Rules”), which became effective on March 31, 2023. According to the Archives Rules, domestic mainland China companies, whether offering and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities companies, securities services providers such as accounting firms, or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, the Archives Rules also provides that securities companies and securities service providers shall also fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest. For more details of the laws and regulations, see “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on M&A and overseas listings.”

We believe, to the best of our knowledge, we are in compliance with the above-described PRC laws and regulations currently in force in all material respects. Nevertheless, we cannot assure you that we would be able to complete all the requirements, to the extent that they may be subsequently required by the relevant regulatory authorities, in a timely manner, or at all, or that completion of any other compliance requirements would not be imposed. Any failure to complete or delay in completing such procedures for our future capital raising activities or occurrences of specific events mentioned above as required under the CSRC Filing Rules and other relevant laws and regulations, would subject us to sanctions by the CSRC or other PRC regulatory authorities, which could materially and adversely affect our business, results of operations, financial condition and prospects, as well as the trading price of the ADSs. Accordingly, the value of your investment may be materially and adversely affected or become worthless.

Furthermore, the PRC government authorities may further strengthen oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers like us. Any such action may adversely affect our operations and significantly limit or completely hinder our ability to offer or continue to offer securities to you and cause the value of such securities to significantly decline or be worthless.

The impact of the CAC’s increasing oversight over data security remains highly uncertain, which could significantly limit or completely hinder our ability in capital raising activities and materially and adversely affect our business and the value of your investment.

On December 28, 2021, the CAC and several other PRC government authorities jointly issued an amendment to the Measures for Cybersecurity Review, which took effect on February 15, 2022 and provides that the relevant operators shall apply with the Cybersecurity Review Office of CAC for a cybersecurity review under certain circumstances. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on internet information security and censorship.” As a network platform operator who possesses personal information of more than one million users for purposes of the Cybersecurity Review Measures, we had applied for and completed a cybersecurity review for the offering and listing of the ADSs on the Nasdaq Stock Market pursuant to the Cybersecurity Review Measures. The review was completed in August 2022. We have not received any material adverse findings in such review. We are in compliance with the existing regulations and policies by the CAC regarding the Cybersecurity Review as of the date of this annual report. However, it remains uncertain as to how the existing regulatory measures will be interpreted or implemented in the future, and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the measures, which may have a material adverse impact on our future capital raising activities, or even retrospectively, on our previous offering and listing. If any such new laws, regulations, rules, or implementation and interpretation comes into effect, we face uncertainty as to whether any review or other required actions can be timely completed, or at all. Given such uncertainty, we may be further required to suspend our business, shut down our platforms, or face other penalties, which could materially and adversely affect our business, results of operations and financial condition, and/or the value of the ADSs, or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. In addition, if any of these events retroactively causes us to be unable to consolidate the VIEs into our consolidated financial statements in accordance with U.S. GAAP, the value of the ADSs could significantly decline or become worthless.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in the ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

The ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended June 30, 2025.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years under such circumstances. If our shares and the ADSs are prohibited from trading in the United States, there is no assurance that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition and prospects.

The PRC government has significant authority to exert influence on the China operations of an offshore holding company, and offerings conducted overseas and foreign investment in China-based issuers, such as us. Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, results of operations, financial condition, and the value of our securities.

We conduct substantially all of our current business in China and substantially all of our assets are located in China. Accordingly, our business, results of operations and financial condition may be influenced to a significant degree by the PRC political, economic, and social conditions. The PRC government may intervene or influence our operations at any time, which could result in a material change in our operations and/or the value of our securities. The PRC government has released regulations and policies that have significantly impacted various industries in general and specific operators within such industries, and may in the future release new regulations or policies that could intervene in or influence our operations or the industry sectors in which we operate. The PRC government may also require us to obtain new permits or approvals to continue our operations. If we fail to comply with these regulations, policies or requirements, it could result in a material change in our operations or significantly limit or completely hinder our ability to offer or continue to offer the ADSs to investors and cause the value of the ADSs to significantly decline or become worthless. Therefore, investors of our company and our business face uncertainties from potential actions taken by regulators that may affect our business and the value of the ADSs.

Our ability to successfully maintain or grow business operations in China also depends on various factors, which are beyond our control. These factors include, among others, macro-economic and other market conditions, political stability, social conditions, measures to control inflation or deflation, changes in the rate or method of taxation, changes in laws, regulations and administrative directives or their interpretation, and changes in industry policies. If we fail to take timely and appropriate measures to adapt to any of the changes or challenges, our business, results of operations and financial condition could be materially and adversely affected.

A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business, results of operations, financial condition and prospects.

The COVID-19 pandemic had a widespread impact on the global economy. The pandemic may still evolve and it may still have future impact on the global economy. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over the economic and other impacts of the tensions in the international relationship, including the Russia-Ukraine conflict and unrest and terrorist threat, as well as other concerns over international trade. There have also been concerns about the relationship between China and other countries and regions, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, tariffs and sanctions. For instance, the U.S. introduced a series of tariffs in early 2025, targeting imports from China and other regions. Significant tariffs have been imposed starting February 2025, followed by further measures. Subsequently, China has introduced reciprocal tariffs, followed by tariff and other countermeasures between these countries. Any substantial increases in tariffs or trade restrictions implemented by these two economies could lead to retaliatory measures and disrupt global supply chains, which could affect our expansion plans and overseas sales, and have a material adverse effect on our business and future prospects.

Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies, and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition, and continued turbulence in the international capital markets may adversely affect our access to capital markets to meet liquidity needs.

Uncertainties with respect to the enforcement of and changes in laws and regulations in China could have a material adverse effect on our business, results of operations, financial condition and growth prospects, and cause the ADSs to significantly decline in value or become worthless.

We are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions in a civil law system may be cited as reference but have limited precedential value. The interpretations of such laws and regulations may evolve rapidly, and enforcement of these laws and regulations involves significant uncertainties.

Moreover, developments in the online learning industry and other industries and that we are and will be involved in may lead to changes in PRC laws, regulations and policies or in the interpretation and application thereof. As a result, we may be required by the regulators to upgrade or obtain the licenses, permits, approvals, to complete additional filings or registrations for the products and services we offer, or to modify business practices that may subject us to various penalties, including criminal penalties for individual and entity. We cannot assure you that our business operations would not be deemed to violate any existing or future PRC laws or regulations, which in turn could materially and adversely affect our business operations.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such unpredictability and uncertainties could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer the ADSs, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our results of operations and financial condition and cause the ADSs to significantly decline in value or become worthless.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management's attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

These uncertainties may also affect our decisions on the policies and actions to be taken to comply with PRC laws and regulations, and may affect our ability to enforce contractual rights, property (including intellectual property) or tort rights. In addition, the regulatory uncertainties may be exploited through unmerited legal actions or threats in an attempt to extract payments or benefits from us. Such uncertainties may therefore increase the operating expenses and costs, and materially and adversely affect our business and results of operations.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

While we have proactively expanded to certain overseas markets, especially with our acquisition of Shenzhen Letsvan, we conduct substantially all of our current business in China and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and all are PRC nationals. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Even if you are successful in bringing an action of this kind, PRC laws may render you unable to enforce a judgment against our or the VIEs' assets or the assets of our directors and officers.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For instance, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism.

According to Article 177 of the PRC Securities Law (the “Article 177”), which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without PRC government approval, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted outside of China. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. Furthermore, as of the date of this annual report, there have not been implementing rules or regulations regarding the application of Article 177, and it remains unclear as to how it will be interpreted, implemented or applied by relevant government authorities. As such, there are also uncertainties as to the procedures and requisite timing for the overseas securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. If the U.S. securities regulatory agencies are unable to conduct such investigations, there exists a risk that they may determine to suspend or de-register our registration with the SEC and may also delist our securities from trading market within the United States.

See also “—Risks Related to the ADSs—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law and our operations are primarily conducted in emerging markets.”

Litigation and negative publicity surrounding China-based companies listed in the United States may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs.

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in the United States have negatively impacted stock prices for such companies. Certain politicians in the United States have publicly warned investors to shun China-based companies listed in the United States. The SEC and the PCAOB also issued a joint statement on April 21, 2020, reiterating the disclosure, financial reporting and other risks involved in the investments in companies that are based in emerging markets as well as the limited remedies available to investors who might take legal action against such companies. Furthermore, various equity-based research organizations have published reports on China-based companies after examining, among other things, their corporate governance practices, related party transactions, sales practices and financial statements that have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could cause the market price of the ADSs to fall, divert management resources and energy, cause us to incur expenses in defending ourselves against rumors, and increase the premiums we pay for director and officer insurance.

The tension in international trade and rising political tension, particularly between the United States and China, may adversely impact our business, results of operations and financial condition.

Our business could be materially and adversely affected by the tensions in international trade such as those between the United States and China in recent years. Changes to international trade policies could adversely affect the global economic conditions. In addition, geopolitical tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury, and the executive orders issued by the U.S. government that may prohibit transactions with certain selected Chinese companies as well as their products and services. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies. Such tensions involving China, and any escalation thereof, may negatively affect trading and business environments, which may, in turn, adversely impacting our business, results of operations and financial condition.

We rely on dividends and other distributions on equity paid by our WFOEs to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOEs to make payments to us could have a material adverse effect on our ability to conduct our business.

QuantaSing Group Limited is a Cayman Islands holding company with no operations in China. We currently rely on dividends and other distributions on equity paid by our WFOEs, and before the VIE Termination, we also relied on such from the affiliated entities, for our cash and financing requirements, including the funds necessary to make overseas investments, fund our overseas operations, pay dividends and other cash distributions to our shareholders and service any debt we may incur. See “Item 3. Key Information—Cash and Asset Flows through Our Organization” and “Item 3. Key Information—Financial Information Related to the Affiliated Entities” for details of the cash flows within our group. To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of QuantaSing Group Limited, our subsidiaries or the affiliated entities to transfer cash or assets. Current PRC regulations permit our WFOEs to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our WFOEs are required to set aside at least 10% of its accumulated profits each year, after making up previous years’ accumulated losses, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. For a detailed discussion of applicable PRC regulations governing distribution of dividends, see “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on dividend distribution.” As a result of these laws, rules and regulations, our WFOEs are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends.

While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between QuantaSing Group Limited and our Hong Kong subsidiaries, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiaries in the future, and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to interventions in or the imposition of restrictions and limitations on our ability to transfer funds or assets by the PRC government. Furthermore, we cannot assure you that the PRC government will not intervene or impose restrictions on QuantaSing Group Limited, its subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong.

Furthermore, if our WFOEs incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our WFOEs to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. In addition, our WFOEs also relies on the service fees paid by the VIEs to pay dividends to us. Any limitation on the ability of the VIEs to make remittance to our WFOEs to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

The Enterprise Income Tax Law enacted by the National People’s Congress, which became effective on January 1, 2008, and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See “—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.” Furthermore, the PRC tax authorities may require our WFOEs to adjust its taxable income under the contractual arrangements it currently has in place with the VIEs in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us.

Any restriction on currency exchange may limit the ability of our WFOEs to use their Renminbi revenues to pay dividends to us. The PRC government may continue to strengthen its capital controls and our WFOEs’ dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our WFOEs to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of funds out of China. Our current revenue was primarily denominated in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of the ADSs, if any. Shortages in the availability of foreign currency may restrict the ability of our WFOEs to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under 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 or filings 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. Pursuant to the SAFE Circular 19, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into Renminbi on a discretionary basis according to the actual needs. The SAFE Circular 16 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the Renminbi funds so converted, which include, among others, (1) payment for expenditure beyond its business scope or otherwise as prohibited by the applicable laws and regulations, (2) investment in securities or other financial products other than banks' principal-secured products, (3) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (4) construction or purchase of real properties for use by third parties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

China's M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The M&A Rules and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for acquisition of Chinese companies by foreign investors, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-monopoly Law promulgated by the SCNPC requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the anti-monopoly enforcement agency before they can be completed. In addition, the Measures for the Security Review of Foreign Investment promulgated by the NDRC and MOFCOM in December 2020 specify that foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, internet products and services, financial services and technology sectors, are required to obtain approval from designated government authorities in advance.

In the future, we may pursue potential strategic acquisitions that are complementary to our business in China. Complying with the requirements of the above-mentioned regulations and other rules to complete such transactions could be time-consuming, and any required approval processes may delay or inhibit our ability to complete such transactions, which could affect our ability to expand business or maintain market share. Furthermore, there is a possibility that the PRC regulators may promulgate new rules or explanations requiring that we obtain the approval of MOFCOM or other PRC government authorities for our mergers and acquisitions. There is no assurance that we can obtain such approval from MOFCOM or any other relevant PRC government authorities for our or the VIEs' mergers and acquisitions. Any uncertainties regarding such approval requirements could have a material adverse effect on our business and results of operations and our corporate structure.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to or additional capital contributions to our WFOEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

QuantaSing Group Limited is a Cayman Islands holding company. We conduct our operations in China through our WFOEs and, before the VIE Termination, also through the affiliated entities. We may make loans to our WFOEs or the VIEs subject to the approval from or registration with government authorities and limitation on amount, or we may make additional capital contributions to our WFOEs. Any loan to our WFOEs is required to be registered with SAFE or its local branches.

SAFE promulgated the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (the “SAFE Circular 19”), effective from June 2015, in replacement of a former regulation. According to SAFE Circular 19, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of Renminbi entrusted loans, the repayment of inter-enterprise loans or the repayment of bank loans that have been transferred to a third party. Although SAFE Circular 19 allows Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (the “SAFE Circular 16”), effective from June 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. The SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from our initial public offering, to our WFOEs, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 23, 2019, the SAFE promulgated the Circular of Further Facilitating Cross-border Trade and Investment (the “SAFE Circular 28”) which, among other things, allows all foreign-invested companies 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. On April 10, 2020, the SAFE promulgated the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (the “SAFE Circular 8”), under which eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing without providing the evidentiary materials concerning authenticity of each expenditure in advance, provided that their capital use shall be authentic and conforms to the prevailing administrative regulations on the use of income under capital accounts. However, since the SAFE Circular 28 and SAFE Circular 8 are newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans by us to our WFOEs or the VIEs or their subsidiaries or with respect to future capital contributions by us to our WFOEs. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from our securities offerings and to capitalize or otherwise fund the PRC operations may be negatively affected, which could materially and adversely affect our liquidity and the ability to fund and expand our business.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our WFOEs to liability or penalties, limit our ability to inject capital into our WFOEs, limit our WFOEs’ ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE promulgated the SAFE Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (the “SAFE Circular 37”) in July 2014. SAFE Circular 37 requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents or entities’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests. On February 13, 2015, SAFE issued Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (the “SAFE Circular 13”), effective on June 1, 2015, pursuant to which the power to accept SAFE registration was delegated from local SAFE to local qualified banks where the assets or interest in the domestic entity was located. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our WFOEs may be prohibited from distributing its profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our WFOEs. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. In addition, our shareholders who are PRC entities shall complete their overseas direct investment filings according to applicable laws and regulations regarding the overseas direct investment by PRC entities, including filings with MOFCOM, the NDRC, or their local branches based on the investment amount, invested industry or other factors thereof.

We have used our best efforts to notify PRC residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents or entities to complete the foreign exchange registrations or overseas direct investment filings. However, we may not at all times be fully aware or informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. Mr. Peng Li, being the relevant beneficial shareholder of our company, has completed the initial registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37. We cannot assure you that all other shareholders or beneficial owners of ours who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations, filings or approvals required by SAFE regulations or other regulations relating to overseas investment activities issued by MOFCOM and the NDRC. Failure by such shareholders or beneficial owners to comply with such regulations, or failure by us to amend the foreign exchange registrations of our WFOEs, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our WFOEs' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

If we fail to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans, the PRC plan participants or we could be subject to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (the "SAFE Circular 7"). Pursuant to SAFE Circular 7, directors, supervisors, senior management and other employees participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options are subject to these regulations as our company has become an overseas-listed company. Failure to complete SAFE registrations may subject them to fines of up to RMB50,000 for individuals and may also limit our ability to contribute additional capital into our WFOEs and our WFOEs' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on foreign exchange—Regulations relating to stock incentive plans."

In addition, the Ministry of Finance and the State Administration of Taxation (the "SAT") have issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our WFOEs have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options or are granted restricted share. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within China is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued the Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the “SAT Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in China; (2) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (3) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (4) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our company or any of our subsidiaries outside of China is a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or our ordinary shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or our ordinary shares by such shareholders may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs.

In addition to the uncertainty as to the application of the “resident enterprise” classification, we cannot assure you that the PRC government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements or higher tax rates. Any of such changes could materially and adversely affect our results of operations and financial condition.

We face uncertainties with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (the “SAT Bulletin 7”). SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (the “SAT Bulletin 37”), which came into effect on December 1, 2017. SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. For transfer of shares in our company by investors who are non-PRC resident enterprises, our WFOEs may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37, or to establish that we and our non-PRC resident investors should not be taxed under these circulars, which may have a material adverse effect on our results of operations and financial condition.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under PRC laws, legal documents for corporate transactions are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAMR. Although we usually utilize chops to enter into contracts, the designated legal representatives of our WFOEs and the VIEs have the apparent authority to enter into binding contracts on behalf of these entities without chops. In order to maintain the physical security of our chops, we generally have them stored in secure locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for instance, by entering into a contract not approved by us or the VIEs, or seeking to gain control of any of our WFOEs or the VIEs. If any employee obtains, misuses or misappropriates corporate chops and seals or other controlling non-tangible assets for whatever reason, the business operations of the relevant entities could be disrupted. We may have to take corporate or legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties against us, which could involve significant time and resources to resolve and divert management attention from business operations. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The conversion of Renminbi into foreign currencies, including the U.S. dollar, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar and other currencies, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar and other currencies in the future. It is difficult to predict how market forces or PRC, or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, the ADSs in U.S. dollars. For instance, to the extent that we or the VIE need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of the ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure, or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Risks Related to Our Corporate Governance

We are an emerging growth company within the meaning of the Securities Act, and may take advantage of certain reduced reporting requirements. We cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the ADSs less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. Further, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised financial accounting standards. As such, our financial statements may not be comparable to companies that comply with public company effective dates because of the potential differences in accounting standard used. We cannot predict if investors will find the ADSs less attractive because we may rely on these provisions. If some investors find the ADSs less attractive as a result, there may be a less active trading market for the ADSs and the trading price of the ADSs may be more volatile.

We have incurred, and may continue to incur, increased costs as a result of being a public company, particularly after we cease to qualify as an “emerging growth company.”

We have incurred and expect to continue to incur significant legal, accounting and other expenses as a result of being a public company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. We will continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act of 2002, including Section 404, and the other rules and regulations of the SEC.

As a public company, we have increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. Operating as a public company also makes it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we have incurred and expect to continue to incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are continually evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq Stock Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our authorized share capital is divided into Class A ordinary shares and Class B ordinary shares (with certain shares remaining undesignated, with power for our directors to designate and issue such classes of shares as they think fit). Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Due to the disparate voting powers of the Class A ordinary shares and the Class B ordinary shares, the holder(s) of Class B ordinary shares will have the ability to control matters requiring shareholders' approval, including any amendment of our memorandum and articles of association. Any future issuances of Class B ordinary shares may be dilutive to the voting power of holders of Class A ordinary shares. Any conversions of Class B ordinary shares into Class A ordinary shares may dilute the percentage ownership of the existing holders of Class A ordinary shares within their class of ordinary shares. Such conversions may increase the aggregate voting power of the existing holders of Class A ordinary shares. In the event that we have multiple holders of Class B ordinary shares in the future and certain of them convert their Class B ordinary shares into Class A ordinary shares, the remaining holders who retain their Class B ordinary shares may experience increases in their relative voting power.

As of October 21, 2025, Mr. Peng Li beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constituted 30.6% of our total issued and outstanding share capital and 81.5% of the aggregate voting power of our total issued and outstanding share capital as of the same date. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, holder(s) of Class B ordinary shares have and will continue to have considerable influence over matters which require shareholders’ approval, such as decisions regarding statutory mergers and consolidations, amendment to our memorandum and articles of association and other significant corporate actions. Such holder(s) may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

Our founder, Mr. Peng Li, has considerable influence over us and our corporate matters.

As of October 21, 2025, Mr. Peng Li beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constitute 30.6% of our total issued and outstanding share capital and 81.5% of the aggregate voting power of our total issued and outstanding share capital as of the same date. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.” Mr. Peng Li has considerable power to control actions that require shareholders’ approval under Cayman Islands law, such as approving statutory mergers and consolidations, and amending our memorandum and articles of association. This control will limit your ability to influence corporate matters and may prevent transactions that would be beneficial to you, including discouraging others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our Class A ordinary shares and the ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

The dual-class structure of our ordinary shares may adversely affect the trading market for the ADSs.

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of the ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.

We are subject to the Nasdaq Stock Market listing standards, which requires listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, the Nasdaq Stock Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. We currently follow Cayman Islands corporate governance practices in lieu of the corporate governance standards of the Nasdaq Stock Market that listed companies must: (1) have a majority of independent directors, (2) have a nominating/corporate governance committee composed entirely of independent directors, (3) obtain shareholders’ approval for issuance of securities in certain situations, and (4) hold annual shareholders’ meetings. To the extent that we choose to follow home country practice, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the Nasdaq Stock Market listing standards.

Certain judgments obtained against us by our shareholders may not be enforceable.

We conduct substantially all of our current business in China and substantially all of our assets are located in China. In addition, most of our current directors and senior executive officers are nationals and residents of jurisdictions other than the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the PRC laws and the laws of the Cayman Islands may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

We are a “controlled company” within the meaning of the Nasdaq Stock Market listing rules. As a result, we are qualified for, and can rely on, exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a “controlled company” as defined under the Nasdaq Stock Market listing rules because Mr. Peng Li, our founder, control more than 50% of our total voting power. Pursuant to our second amended and restated memorandum and articles of association, an ordinary resolution to be passed at a shareholders’ meeting requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding and issued ordinary shares cast at a meeting. A special resolution will be required for important matters such as making changes to our memorandum and articles of association. As a result, Mr. Peng Li will have the ability to control or significantly influence the outcome of matters requiring approval by shareholders. In addition, for so long as we remain a controlled company under that definition, we are permitted to elect to rely on, and may rely on, certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. Even if we cease to be a controlled company, we may still rely on exemptions available to foreign private issuers, including being able to adopt home country practices in relation to corporate governance matters. See “—Risks Related to the ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.”

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our memorandum and articles of association contain provisions which could limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected. However, under Cayman Islands law, our board of directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the interest of our company.

Risks Related to the ADSs

The trading price of the ADSs could be subject to rapid and substantial volatility, which could result in substantial losses to investors.

The trading price of the ADSs may be volatile widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our operations including the following:

- actual or anticipated variations in our revenues, earnings, cash flow and changes or revisions of our expected results;
- fluctuations in operating metrics;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products, services and courses and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- announcements of studies and reports relating to the quality of our product, service and course offerings or those of our competitors;
- changes in the performance or market valuations of other online learning companies;
- detrimental negative publicity about us, our competitors or our industries;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industries;
- general economic or political conditions affecting China or elsewhere in the world;
- fluctuations of exchange rates between the RMB and the U.S. dollar; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis, the ensuing economic recessions and deterioration in the credit market in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets.

Moreover, there have been recent instances of extreme stock price run-ups followed by rapid price declines and strong stock price volatility with a number of recent initial public offerings, particularly among companies with relatively smaller public floats. As we currently have a relatively small public float, we may experience greater stock price volatility, including aggressive price run-ups and declines, lower trading volume and less liquidity, compared with companies with larger public floats. In particular, the ADSs may be subject to rapid and substantial price volatility, low volumes of trades and large spreads in bid and ask prices. Such volatility, including any stock run-up, may be unrelated to our actual or expected operating performance, financial condition or prospects, and industry, market or economic factors, which makes it difficult for prospective investors to assess such rapidly changing value of the ADSs. In addition, if the trading volumes of the ADSs are low, persons buying or selling in relatively small quantities may easily influence prices of the ADSs. This low volume of trades could also cause the price of the ADSs to fluctuate significantly, with large percentage changes in price occurring in any trading day session. Holders of the ADSs may also not be able to readily liquidate their investment or may be forced to sell at depressed prices due to such low-volume trading. As a result of such volatility, investors may experience losses on their investment in the ADSs. Such volatility also could adversely affect our ability to issue additional ADSs or other securities and our ability to obtain additional financing in the future, as well as our ability to retain key employees, many of whom have been granted equity incentives. Furthermore, the potential extreme volatility may confuse the public investors of the value of the ADSs, distort the market perception of the price of the ADSs, and our financial performance and public image, and negatively affect the long-term liquidity of the ADSs, regardless of our actual or expected operating performance.

In the past, shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our results of operations and financial condition.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

Techniques employed by short sellers may drive down the market price of the ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

We may be the subject of unfavorable allegations made by short sellers in the future. Any such allegations may be followed by periods of instability in the market price of our ordinary shares and ADSs and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend significant resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business and shareholders' equity, and the value of any investment in the ADSs could be greatly reduced or rendered worthless.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. We had 113,294,797 Class A ordinary shares and 49,859,049 Class B ordinary shares outstanding as of October 21, 2025, including 72,248,481 Class A ordinary shares represented by ADSs.

All of the ADSs are freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. The lockup agreement that our directors and executive officers and all of our pre-IPO shareholders signed with the underwriters of our initial public offering has expired, and these shareholders, and the remaining Class A ordinary shares are available for sale subject to volume and other restrictions under Rule 144 and Rule 701 under the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

In addition, we have granted certain options to employees under our share incentive plans. We may grant additional options or share-based awards to employees, directors and consultants in the future. To the extent that any of these options are vested and exercised, and any of such shares are sold in the market, it could have an adverse effect on the market price of the ADSs.

Investors may have to rely on price appreciation of the ADSs for return on your investment.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

We may use the net proceeds from our initial public offering in ways with which you may not agree.

Our management have considerable discretion in deciding how to apply the net proceeds from our initial public offering. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds. We cannot assure you that the net proceeds will be used in a manner that will improve our results of operations or increase the price of the ADSs, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law and our operations are primarily conducted in emerging markets.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies (save for our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders). Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

We conduct substantially all of our current business in China and substantially all of our assets are located in China. The SEC, U.S. Department of Justice and other authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets, including China. Additionally, our public shareholders may have limited rights and few practical remedies in China, as shareholder claims that are common in the United States, including class action securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets, including China.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Certain judgments obtained against us by our shareholders may not be enforceable.

We conduct substantially all of our current business in China and substantially all of our assets are located in China. In addition, most of our current directors and senior executive officers are nationals and residents of jurisdictions other than the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the PRC laws and the laws of the Cayman Islands may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

We may not be able to satisfy listing requirements of the Nasdaq Stock Market or maintain a listing of the ADSs on the Nasdaq Stock Market.

As the ADSs are listed on the Nasdaq Stock Market, we must meet certain financial and liquidity criteria to maintain such listing. If we violate the Nasdaq Stock Market's listing requirements, or if we fail to meet any of the Nasdaq Stock Market's listing standards, the ADSs may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. The delisting of the ADSs from the Nasdaq Stock Market could significantly impair our ability to raise capital and the value of your investment.

You, as holders of ADSs, may have fewer rights than holders of our ordinary shares and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights that are carried by the underlying Class A ordinary shares represented by your ADSs indirectly in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares represented by your ADSs in accordance with these instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you withdraw such ordinary shares and become the registered holder of such shares prior to the record date for the general meeting.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote your Class A ordinary shares.

As a holder of the ADSs, you will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares represented by your ADSs in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying Class A ordinary shares represented by your ADSs in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you cancel and withdraw such ordinary shares. Under our second amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is ten calendar days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the underlying Class A ordinary shares represented by your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the underlying Class A ordinary shares represented by your ADSs are not voted as you requested.

The depositary for the ADSs will give us a proxy to a person designated by us to vote our Class A ordinary shares represented by your ADSs in a manner consistent with the recommendation(s) made by our board of directors as set forth in the proxy statement or other voting materials in connection with the matter(s) submitted for voting if you do not vote at shareholders' meetings or if the depositary or we do not receive timely voting instructions from you, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote at shareholders' meetings or if the depositary or we do not receive timely voting instructions from you, the depositary may give us a proxy to a person designated by us to vote the underlying Class A ordinary shares represented by the ADSs at shareholders' meetings in a manner consistent with the recommendation(s) made by our board of directors as set forth in the proxy statement or other voting materials in connection with the matter(s) submitted for voting if we have timely provided the depositary with notice of meeting and related voting materials and (1) we have instructed the depositary that we wish a proxy to our board of directors to be given, (2) we have informed the depositary that there is no substantial opposition as to a matter to be voted on at the meeting, and (3) a matter to be voted on at the meeting would not have an adverse impact on shareholders.

The effect of this proxy is that you cannot prevent the underlying Class A ordinary shares represented by the ADSs from being voted, except under the circumstances described above. This may make it more difficult for holders to influence the management of the company. Holders of ordinary shares are not subject to this proxy.

You may not receive distributions on the ADSs or any value for them if such distribution is illegal or impractical or if any required government approval cannot be obtained in order to make such distribution available to you.

The depositary of ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses and any applicable taxes and governmental charges. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For instance, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities whose offering would require registration under the Securities Act but are not so properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not reasonably practicable to distribute certain property. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under the U.S. securities laws any offering of ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

We and the depositary are entitled to amend the deposit agreement and to change the rights of ADSs holders under the terms of such agreement, and we may terminate the deposit agreement, without the prior consent of the ADSs holders.

We and the depositary may amend or terminate the deposit agreement without your consent. Such amendment or termination may be done in favor of our company. Holders of the ADSs, subject to the terms of the deposit agreement, shall be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination. After instructing its custodian to deliver all ordinary shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and providing us with a copy of the ADR register maintained by the depositary, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs provides that, to the extent permitted by law, holders of the ADSs waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depository's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depository's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

If we or the depository oppose a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. The deposit agreement governing the ADSs provides that, (1) the deposit agreement and the ADSs will be interpreted in accordance with the laws of the State of New York, and (2) as an owner of ADSs, you irrevocably agree that any legal action arising out of the deposit agreement and the ADSs involving us or the depository may only be instituted in a state or federal court in the city of New York. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily has waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs, including purchasers of ADSs in secondary market transactions, bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of increasing the cost of bringing a claim and limiting and discouraging lawsuits against us and the depository. If a lawsuit is brought against either or both of us and the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Moreover, as the enforcement provisions in the deposit agreement, including the jury trial waiver, relate to claims arising out of or relating to the ADSs or the deposit agreement, we believe that, as a matter of construction of the clause, the enforcement provisions would likely continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to claims arising before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and the enforcement provisions would most likely not apply to ADS holders who subsequently withdraw the Class A ordinary shares represented by ADSs from the ADS facility with respect to claims arising after the withdrawal. However, to our knowledge, there has been no case law on the applicability of the jury trial waiver to ADS holders who withdraw the Class A ordinary shares represented by the ADSs from the ADS facility.

Your rights to select a judicial venue for legal actions are limited by the terms of the deposit agreement and the deposit agreement may be amended or terminated without your consent.

Under the deposit agreement, any legal suit, action or proceeding against or involving us or the depository, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in the United States District Court for the Southern District of New York (or, if the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts of New York County, New York), and a holder of the ADSs, will have irrevocably waived any objection which such holder may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, the enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. Accepting or consenting to this forum selection provision does not represent you are waiving compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder. Furthermore, investors cannot waive compliance with the U.S. federal securities laws and rules and regulations promulgated thereunder.

We believe we were a passive foreign investment company for our fiscal year ended June 30, 2025, and we may be a PFIC for future fiscal years which could result in adverse U.S. federal income tax consequences to U.S. investors owning the ADSs or our Class A ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes, for any fiscal year if either (1) at least 75% of its gross income for such year consists of certain types of "passive" income; or (2) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income. For purposes of making a PFIC determination, the non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. Although the law in this regard is not entirely clear, we treat the formerly affiliated entities as being owned by us for U.S. federal income tax purposes for periods prior to the VIE termination because, prior to the VIE termination, we controlled their management decisions and were entitled to substantially all of the economic benefits associated with them. As a result, we consolidate their financial results in our consolidated U.S. GAAP financial statements for periods prior to the VIE termination.

Based on the market price of our ADSs and the composition of our assets, we believe we were a PFIC for U.S. federal income tax purposes for our fiscal year ended June 30, 2025. However, because the determination of whether we are or will become a PFIC for any fiscal year is a fact-intensive inquiry made annually that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance regarding our PFIC status for any taxable year. Furthermore, the value and proper classification of certain of our assets for U.S. tax purposes is subject to uncertainty, which may affect our PFIC status for any taxable year. In addition, fluctuations in the market price of the ADSs may increase the risk that we continue to be a PFIC for subsequent fiscal years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other intangibles, may generally be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets.

Because we believe we were a PFIC for the fiscal year ended June 30, 2025, certain adverse U.S. federal income tax consequences could apply to a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—General") who holds or acquires our ADSs or our Class A ordinary shares. See "Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive foreign investment company considerations."

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

QuantaSing Group Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands with no substantive operation. We currently carry out our pop toy business primarily in China through Shenzhen Letsvan, and, to a much lesser extent, overseas pop toy business through several overseas subsidiaries. Before the VIE Termination in September 2025, we carried out our legacy individual online learning services business and certain consumer and other businesses in China through Beijing Liangzizhige, one of our WFOEs, and its contractual arrangements, commonly known as the VIE structure, with Beijing Chuangyuqizhi and Beijing Feierlai, the variable interest entities based in China, and their respective nominee shareholder.

Corporate restructuring before the IPO

We began our online learning services in 2019 when we were within the group of Witty network, a Cayman Islands holding company held by our existing shareholders. In anticipation of our initial public offering and in order to focus on developing our current online learning and enterprise service business, our shareholders restructured the corporate structure and spun-off our current business from Witty network and its affiliate, EW Technology, into the entities within our group.

Prior to the spin-off, our business had been conducted through certain contractual arrangements established by Witty network's wholly-owned subsidiary in China (the "Former WFOE") with (1) Beijing Dianfengtongdao Technology Co., Ltd. (the "Former VIE"), a variable interest entity based in China, and its nominee shareholder, and (2) Beijing Feierlai and its nominee shareholder. In May 2021, Beijing Liangzizhige entered into a series of agreements and established new contractual arrangements with Beijing Feierlai and its nominee shareholder, and the previous contractual arrangements between the Former WFOE and Beijing Feierlai were terminated. Certain of our online learning business for which we have consolidated the financial results as of and for the fiscal years ended June 30, 2021 and 2022 was then spun-off from Witty network to EW Technology.

In February 2022, QuantaSing Group Limited was incorporated as a Cayman Islands holding company. In February 2021, Witty Digital Technology Limited was incorporated in Hong Kong. In March 2021, Hundreds of Mountains Limited was incorporated in the British Virgin Islands. Witty Digital and Hundreds of Mountains Limited are our wholly-owned subsidiaries. In March 2021, Beijing Liangzizhige was established in China as a new wholly-owned subsidiary of Witty Digital for the purpose of above-described restructuring.

In March 2022, we completed the sale of 100% of the equity interest in Beijing ChangYou Star Network Technology Co., Ltd., and its subsidiary, Beijing Baichuan Insurance Brokerage Co., Ltd. ("Beijing Baichuan"), to Beijing Shanronghaina Network Technology Co., Ltd., an entity controlled by EW Technology.

In May 2022, EW Technology transferred all its equity interests in its BVI subsidiary which held the then equity interests in Beijing Liangzizhige and consolidated the financial results of Beijing Feierlai and its subsidiaries to QuantaSing Group Limited, upon which QuantaSing Group Limited acquired all the equity interests in Beijing Liangzizhige and became the primary beneficiary of Beijing Feierlai for consolidating the financial results of Beijing Feierlai and its subsidiaries. The restructuring and spin-off was completed in May 2022.

In February 2023, we completed an initial public offering of 3,377,396 ADSs (reflecting the partial exercise of the over-allotment option by the underwriters to purchase an additional 127,396 ADSs), raising approximately US\$38.6 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us.

Corporate restructuring after the IPO

E-commerce business

From early 2023, we began to explore the consumer goods sector through e-commerce and undertook relevant steps to align such new business initiatives with our corporate structure. We incorporated Rare River Group Limited in February 2024 as our wholly-owned subsidiary in the Cayman Islands, which then incorporated Rare River Group (BVI) Limited (“Rare River BVI”) in February 2024 as its wholly-owned subsidiary in the BVI. Rare River BVI subsequently incorporated Rare River Technology (HK) Limited as its wholly-owned subsidiary in Hong Kong in March 2024, which then incorporated Beijing Ziranzhilu Liquor Industry Co., Ltd. (“Beijing Ziranzhilu”) in China as our WFOE in April 2024. Through a series of transfer of equity interests among Beijing Feierlai, Qiniuyouxuan (Beijing) Technology Co., Ltd. (“Qiniuyouxuan”) and other parties, Beijing Ziranzhilu obtained all of the equity interests in Qiniuyouxuan. As a result of the foregoing steps, our company operated e-commerce business in China through Qiniuyouxuan, Beijing Feierlai and certain of their subsidiaries.

Acquisition of KELLY’S EDUCATION

We expanded our learning services to the global online education market through the acquisition of KELLY’S EDUCATION LIMITED. In September 2023, we incorporated QuantaSing International Limited as our wholly-owned subsidiary in the Cayman Islands, which subsequently incorporated Kelly’s Investments Limited as its wholly-owned subsidiary in the BVI for the acquisition of Kelly’s Education, which was completed in September 2023. In January 2024, Kelly’s Education incorporated Shenzhen Kailisijin Education Technology Co., Ltd. (formerly known as Shenzhen Qisile Education Technology Co., Ltd.) as our WFOE.

Restructuring of VIE

CreaVerse Technology (HK) Limited (“CreaVerse Hong Kong”) incorporated Beijing Chuangyuqizhi Technology Co., Ltd. as our WFOE in April 2024. In May 2024, Beijing Feierlai transferred all its equity interests in Beijing Zhixueduxing Technology Co., Ltd. (“Beijing Zhixueduxing”) to Shenzhen Erwan. In May 2024, a series of contractual arrangements were entered into by and among Beijing Chuangyuqizhi, Beijing Zhixueduxing and its nominee shareholder, Shenzhen Erwan. Pursuant to the exercise of the exclusive option under the aforesaid contractual arrangements by Beijing Chuangyuqizhi, Shenzhen Erwan transferred all of the equity interests in Beijing Zhixueduxing to Beijing Denggaoerge Network Technology Co., Ltd. (“Beijing Denggaoerge”). In the meantime, CreaVerse Hong Kong entered into an equity transfer agreement with Shenzhen Erwan to transfer all of its equity interests in Beijing Chuangyuqizhi to Shenzhen Erwan. In April 2025, Beijing Liangzizhige entered into a series of agreements and established new contractual arrangements with Beijing Chuangyuqizhi and its nominee shareholder (i.e., Shenzhen Erwan). Beijing Feierlai subsequently entered into equity transfer agreements with Beijing Chuangyuqizhi to transfer its equity interests in certain subsidiaries to Beijing Chuangyuqizhi, including Beijing Denggaoerge. As a result of the foregoing adjustments, we operated our individual online learning services business and certain consumer and other business through the VIEs, Beijing Chuangyuqizhi and Beijing Feierlai, and their respective subsidiaries.

As a result of the foregoing transactions, before the VIE Termination, we operated our individual online learning services business and certain consumer and other business in China pursuant to the VIE Agreements between Beijing Liangzizhige, Beijing Feierlai and Beijing Chuangyuqizhi, and their respective nominee shareholder. We also operated learning services overseas and certain consumer and certain other businesses through the subsidiaries of QS International and Rare River.

Shenzhen Letsvan Investment

We incorporated CreaVerse Group Limited (“CreaVerse Cayman”) in February 2024 as our wholly-owned subsidiary in the Cayman Islands, which then incorporated CreaVerse Group (BVI) Limited (“CreaVerse BVI”) in February 2024 as its wholly-owned subsidiary in the BVI. CreaVerse BVI subsequently incorporated CreaVerse Technology (Singapore) Pte. Limited (“CreaVerse Singapore”) as its wholly-owned subsidiary in Singapore in February 2024, which then incorporated CreaVerse Technology (HK) Limited (“CreaVerse Hong Kong”) as its wholly-owned subsidiary in Hong Kong in March 2024. CreaVerse Hong Kong incorporated Shenzhen Chaowan World Information Technology Co., Ltd. (“Shenzhen Chaowan”) in December 2024. From December 2024 to March 2025, Shenzhen Letsvan and its shareholders, Shenzhen Chaowan and/or certain other parties thereto, entered into a series of agreements (“Initial Investment Agreements”), including certain shareholders’ agreements, equity transfer agreements and capital injection agreements. Pursuant to the Initial Investment Agreements, we made initial investments in Shenzhen Letsvan at an aggregate cash consideration of approximately RMB235.0 million for 61.05% of its then outstanding equity interests. From April 2025, we began to consolidate the results of operations of Shenzhen Letsvan. We also established a number of overseas subsidiaries and controlled entities in Southeast Asia and the United States through CreaVerse Cayman, CreaVerse Singapore and CreaVerse Hong Kong in connection with the development of our pop toy business.

From June 2025, we undertook further steps to acquire all of the remaining equity interests in Shenzhen Letsvan from the minority shareholders through a mix of cash and stock consideration. The aggregate cash consideration to the minority shareholders amounted to RMB383.5 million. For the stock consideration and by way of private placement, we will issue an aggregate of 18,219,330 Class A ordinary shares to Mr. Huiyu Zhan (Zack) (“Mr. Zhan”), the founder and chief executive officer and a director of Shenzhen Letsvan, as consideration for his remaining interests in Letsvan. The share issuance will take place in three installments and be subject to certain restrictions and limitations, including respective vesting schedules and lock-up requirements. As of the date of this annual report, certain portion of this acquisition still remain in progress, and we hold 76.3% of the equity interests in Shenzhen Letsvan.

VIE Termination and Restructuring of Established Businesses

In furtherance of our strategy to pursue product-driven growth with the pop toy business, we restructured our established businesses through a series of transactions from September 2025. On September 30, 2025, Beijing Liangzizhige, entered into the VIE Termination Agreement with Beijing Feierlai and Beijing Chuangyuqizhi, and the respective nominee shareholder of Beijing Feierlai and Beijing Chuangyuqizhi, to terminate the contractual arrangements among these parties, including the termination of the voting rights proxy agreements, equity pledge agreements, exclusive consultancy and service agreements and exclusive option agreements. As part of the business restructuring and in connection with the termination of the VIE Agreements, we (through our relevant subsidiaries and the affiliated entities) entered into equity transfer agreements with the relevant entities of a third-party buyer (the “Buyer”) on September 30, 2025, pursuant to which Beijing Liangzizhige shall instruct the nominee shareholder to transfer all of its equity interests in Beijing Feierlai and Beijing Chuangyuqizhi to the Buyer, and the company shall transfer all of its equity interests in QS International and Rare River to the Buyer, for an aggregate consideration of RMB162 million and US\$2.5 million, and the Buyer would assume the net liabilities of these transferred entities as of June 30, 2025, subject to further adjustments reflecting the net liabilities changes before the closing and other adjustments as may be mutually agreed upon by the parties. The termination of the VIE Agreements took effect on September 30, 2025. We began to deconsolidate the results of operations of the affiliated entities from September 30, 2025. As a result of the business restructuring, we ceased to engage in any individual online learning services business in the PRC or overseas or any other consumer businesses or any other business, and continued to operate our pop toy business through Shenzhen Letsvan, together with all the other entities remaining in our group following the restructuring of the established businesses.

Our principal executive offices are located at 2/F, Building D, Ronsin Technology Center, Chaoyang District, Beijing, People’s Republic of China. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The telephone number of our principal executive office is (+86-10) 6493 7857. Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our main website is <http://www.liangzizhige.com>. The information contained on our website is not a part of this annual report. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, New York 10168.

The SEC maintains an internet site, <http://www.sec.gov>, which contains reports, proxy and information statements, and other information regarding us. We also maintain an internet site, <http://ir.quantasing.com/>, for investors’ information. The information contained on our website is not a part of this annual report.

B. Business Overview

Our Pop Toy Business

We create collectible pop toys that spark joy and inspire global culture. With innovative design and storytelling at our core, we deliver immersive experiences that connect deeply with collectors worldwide. Guided by joy, integrity, wonder, and co-creation, we are building vibrant cultural ecosystems where fans shape and share dreams.

Our IP portfolio

We are building a growing and diverse IP portfolio, underpinned by our strong ability to develop proprietary IPs as well as to attract collaborations with recognized IPs. As of the date of this annual report, we have 11 proprietary IPs, including WAKUKU and ZIYULI, four exclusive licensed IPs and two non-exclusive licensed IPs.

Our IP portfolio is predominantly developed and created in-house, demonstrating our strong capabilities in IP creation and commercialization. We consider these capabilities to be core competitive advantages that distinguish us within the pop toy industry. We are committed to continuing our investment in building a solid IP foundation, which we believe will support our ability to capture and sustain a meaningful share of the growing global pop toy market.

Our IP portfolio is further strengthened through strategic partnerships with globally recognized IP holders. Under licensing agreements, we reinterpret these beloved characters to develop exclusive variants. Licensed IPs amplify our brand visibility, allowing us to tap into established fan communities and generate rapid market traction alongside our in-house-developed offerings.

Our proprietary IPs

Our proprietary IPs, including flagship characters such as WAKUKU and ZIYULI, are developed in-house through a specialized incubation methodology. This systematic approach helps us effectively cultivate culturally resonant IPs by combining precise audience targeting, focused creative development and efficient market testing, and further ensures each IP’s successful launch and sustained relevance in the dynamic pop toy market. The following image illustrates our proprietary IPs.



WAKUKU

WAKUKU, our flagship IP, has become one of China’s most recognized pop toys. Portrayed as a skilled hunter full of courage and wisdom, the character embodies a spirit of playful rebellion and boundary-breaking exploration. Designed to reconnect audiences with the joy of uninhibited self-expression, WAKUKU encourages fans to challenge conventions and embrace their inner “wild child,” reflecting our brand ethos of creativity and bold individuality.



ZIYULI

ZIYULI, a Chinese Princess who “grows by your side,” is depicted as a timeless sixteen-year-old. With large eyes and round cheeks, her cute design contrasts with a playful, whimsical personality. This relatable character aims to personify a “youthful heart,” fostering an emotional connection that celebrates optimism and perpetual youth among her fans.



Our licensed IPs

To accelerate the expansion of our IP matrix and enhance the diversity of our product lines, we have initiated a series of strategic partnerships with third-party IP holders and designers. As of the date of this annual report, our efforts have resulted in a pipeline of six licensed IPs, including four under exclusive agreements and two under non-exclusive agreements. We believe that these collaborations will enable us to introduce new and compelling product categories more swiftly, cater to a broader consumer base, and solidify our competitive position in the dynamic pop toy market. The following image illustrates our licensed IPs.



The following table sets forth key information of our licensed IPs.

IP	Licensed Territory	License Type	License Period
SIINONO	Global	Exclusive IP	February 2025—February 2033 (8 years)
IMPOPO PIX	Global	Exclusive IP	April 2025—April 2033 (8 years)
YEAOHUA	Global	Exclusive IP	September 2025—August 2028 (3 years)
VIVIMANI	Global	Exclusive IP	September 2025—August 2028 (3 years)
ZHE GOU (这狗)	Chinese Mainland	Non-exclusive IP	February 2025—March 2026 (1 year)
QIMI DAN (奇米蛋)	Chinese Mainland	Non-exclusive IP	March 2025—March 2026 (1 year)

SIINONO

SIINONO, a new IP launched in July 2025, is an alien creature from the warm and carefree planet Hacci. It is a story about accidental arrival and cheerful exploration, marked by a shy and curious personality, which creates a whimsical narrative of belonging that resonates deeply with audiences.



Our IP Development Strategy

We are building a diverse and compelling IP portfolio that resonates deeply with consumers through a balanced three-pillar strategy. First, we invest in original IP creation, leveraging our in-house design talent and multi-city design centers to develop culturally relevant characters such as WAKUKU and ZIYULI. Second, we pursue strategic licensing partnerships, collaborating with artists to launch exclusive collectibles and expand into new product categories. Third, we establish cross-industry alliances with leading entertainment, fashion and lifestyle brands, extending our reach beyond traditional toys.

By embedding rich storytelling and emotional connection into each product, we transform IPs into meaningful companions, building lasting relationships with consumers and sustaining our growth in the dynamic pop toy market.

Our product offerings

We have developed an IP toy portfolio based on our proprietary and licensed IPs. We believe our IP toys have wide appeal to different age groups and genders. Our “HERE奇梦岛” branded products primarily include plush toys and figures. As of the date of this annual report, we are operating over 40 blind box product lines and over 30 plush pendant card products across our IP portfolio.

Plush toys

Our plush toy collection brings to life soothing characters from our proprietary and licensed IPs through advanced material innovation. We use diverse materials, including standard plush, slow-rebound foam and soft vinyl, to create multi-sensory experiences that deliver both stress-relieving comfort and emotional connection. This strategic material selection, exemplified in series such as WAKUKU “Fuzzy Trendy Fun Party” and SIINONO “Let Me Tell You a Secret,” transforms our products into cherished companions while supporting a premium pricing strategy ranging from RMB69.8 to RMB1,099 per unit.

Figure toys

Our figure toys leverage soft vinyl to deliver a premium, tactile experience that builds deeper emotional connections with our IPs. The material’s unique warmth, substantial feel, and durability enhance perceived quality while providing comforting, stress-relieving interaction. This strategic material choice transforms our collectibles into cherished companions, strengthening brand loyalty and supporting our premium positioning.

Our designer team and IP creation process

Our in-house designer team

Our fully integrated in-house design team provides a fundamental competitive edge by ensuring full control over our IP development lifecycle. This structure guarantees a reliable and continuous IP pipeline while maintaining rigorous quality standards from concept to final product. It creates a closed-loop feedback system that allows for rapid iteration and refinement of our characters based on real-time market response. This approach not only accelerates our time-to-market for trend-responsive products but also fosters proprietary institutional knowledge and cohesive brand storytelling across all offerings. By synchronizing creative development with strategic business objectives, we build deeper emotional connections with consumers and establish significant barriers to competition that are difficult to replicate.

Our proprietary IP creation

Our proprietary IPs—including flagship characters WAKUKU and ZIYULI—are developed through our specialized in-house incubation methodology. This systematic process help us effectively cultivate culturally resonant IPs by integrating precise audience targeting, focused creative development, and iterative market testing. Through this approach, we consistently launch IPs that capture consumer interest and maintain relevance in the evolving pop toy market, strengthening our brand’s connection with diverse audience segments.

Our licensed IP selection

Our strategy for developing licensed IP is built on a systematic framework designed to identify and partner with IPs that possess long-term, multi-dimensional value. We target IPs across four key dimensions: Emotional Appeal (distinct and resonant character design), Content Potential (strong storytelling foundations), Cultural Relevance (fashion-forward and adaptable aesthetics), and Artistic Depth (conceptual and philosophical strength). Our selection process is rigorous, prioritizing IPs that demonstrate clear design differentiation, proven commercial viability, strong product extensibility across categories and demographics, and collaborative partnership potential.

This disciplined selection process is enhanced by our fully integrated in-house design team, which provides a fundamental competitive edge by ensuring full control over our IP development lifecycle. This structure facilitates a reliable and continuous IP pipeline while maintaining rigorous quality standards from concept to final product. Furthermore, it creates a closed-loop feedback system that enables rapid iteration and refinement of our characters based on market response. Ultimately, this synchronized approach not only accelerates our time-to-market for trend-responsive products but also fosters proprietary institutional knowledge and cohesive brand storytelling across all offerings, building deeper emotional connections with consumers and establishing significant competitive barriers.

Our product design and development process

We generally design and develop our products through the following process:

- *Phase 1: Strategy and Definition.* Our process is grounded in a rigorous strategic foundation. We begin by defining the IP’s core positioning and conducting a detailed analysis of the target audience to ensure market relevance. This phase culminates in a comprehensive product line roadmap and a creative brief that aligns all stakeholders on the vision, commercial objectives, and key differentiators for the upcoming product line, ensuring every development effort is guided by clear strategic intent.
- *Phase 2: Design and Development.* In this creative execution phase, initial concepts are transformed into tangible designs. Our in-house artists and designers generate a wide range of visual concepts, which are then refined into approved designs for three-dimensional modeling. We then produce industrial design for manufacturing and visual design. We create and iterate on physical prototypes, conducting a final pre-production review to guarantee that the product perfectly captures the intended aesthetic, quality, and functional specifications before manufacturing begins.
- *Phase 3: Production and Quality Control.* During production, we implement a meticulous quality management system. Detailed production standards are established to govern materials, manufacturing processes, and finishing. Our quality control teams then monitor the production line closely to ensure consistent output. This phase concludes with a final, rigorous inspection of finished goods against our strict quality benchmarks before they are approved for warehouse entry, safeguarding the integrity of our brand.
- *Phase 4: Marketing and Launch.* The market introduction of our products is a carefully orchestrated effort. We develop a phased marketing plan that builds anticipation and engages our community through targeted campaigns. A synchronized channel strategy is deployed across our direct and wholesale networks to maximize reach and impact. This culminates in the product’s official market release, ensuring a cohesive and powerful launch that drives initial sales momentum.
- *Phase 5: Post-Launch Management.* Our engagement with a product extends far beyond its launch. We actively monitor and analyze sales data and consumer feedback to gauge market reception. These critical insights directly inform strategic decisions regarding the product’s lifecycle, including planning for replenishment, developing product extensions, or optimizing future iterations, allowing us to be agile and responsive to market dynamics.

Our sales and marketing

Our customer base

The global pop toy market has transcended its niche origins to become a significant mainstream lifestyle category, appealing to a diverse demographic of consumers across age groups who seek emotional fulfillment, self-expression and authentic collectible experiences. Our strategy is designed to engage this broad audience through a portfolio of distinct IPs that cater to varied tastes and lifestyles. For instance, WAKUKU connects with fashion-forward individuals, while ZIYULI resonates deeply with urban female fans. This targeted approach allows us to build meaningful and lasting relationships with different consumer segments through products that blend artistic innovation with compelling storytelling. By aligning our creative development with these evolving market dynamics, we are well-positioned to sustain growth and deepen our connection with an increasingly varied consumer base.

Our sales network

We have built a robust multi-channel sales network integrating domestic and international online platforms, physical touchpoints and distributor partnerships to secure seamless market coverage, boost brand accessibility and balance scalable growth with brand control. This approach combines direct-to-consumer (DTC) channels, through which we own the end-to-end customer experience, with distributor networks that leverage local expertise, thereby enabling us to maximize market penetration while focusing internal resources on IP development and brand building.

DTC sales

Our DTC channels, including both online and physical touchpoints, have driven brand positioning and revenue growth, enabling premium standards, higher margins, and first-party consumer data for product and marketing decisions. We operate flagship stores on Tmall, Douyin, and RedNote in China and run a proprietary mini program. We also enhance accessibility via pop-up stores. These domestic DTC efforts drove a more than ninefold increase in GMV from April to August 2025.

We reach consumers in international markets as well via a North American independent e-commerce site and flagship stores on TikTok Shop and Shopee. For physical touchpoints, we adopt a measured market entry strategy, beginning with pop-up activations in key locations such as our successful launch in Jakarta, which validated local demand and operational readiness before committing to larger-scale retail investments.

Distributor sales

We complement our direct channels with an extensive distributor network for efficient market access and expanded retail coverage. We cooperate with our distribution partners and they help us distribute to over 10,000 retail stores across China and collaborate with partners in more than 20 countries across North America, Europe, Southeast Asia, and the Middle East. Our distributors help place products in retail placement, bridging online discovery and in-person experience to build global recognition and test market preferences. This approach allows us to rapidly scale our geographic footprint while minimizing fixed infrastructure investments and leverage our partners' established retail relationships and local market expertise to achieve efficient market penetration.

Marketing engagement

Our marketing strategy creates an integrated communication ecosystem that drives IP growth and commercial value. We strategically manage a social media matrix across key platforms to effectively capture audience attention and direct traffic into a cohesive conversion funnel. We have cultivated a community of over 250,000 followers on two leading local social platforms. Furthermore, our content has achieved substantial audience reach, accumulating over 550 million views on Douyin and 140 million views on RedNote. This strong online engagement has directly translated into commercial success. Since officially launching online operations in April 2025, our GMV has exceeded RMB18 million as of August 2025, representing a more than nine-fold increase compared to our April performance and underscoring the rapid growth of our consumer base.

Beyond our core digital operations, we carefully design online-to-offline events that bring our IPs to life through immersive experiences. Our participation in major toy conventions allows us to engage directly with our core fan base while attracting new audiences. Strategic collaborations with diverse partners across different industries, such as fashion, food and beverages, international tournaments and TV shows, also extend our brand's reach beyond traditional toy consumers into entertainment, wellness and lifestyle markets. These integrated efforts ensure consistent brand exposure across all consumer touchpoints while aligning with contemporary aesthetic standards and targeted community preferences.

Our supply chain and manufacturing

We have built an integrated management system that spans the entire pop toy value chain—from IP incubation and design to product development, manufacturing, and retail distribution. By leveraging third-party production, we minimize fixed manufacturing costs while accessing specialized expertise. Our supply chain has the following advantages:

- *Agile response*. Through deep collaboration with various suppliers, we efficiently support customized product needs and rapid process iterations, enabling swift product upgrades.
- *Rapid production ramp-up*. Our systematic approach to supplier screening and management enables quick capacity expansion. In August 2025, the output of our mainstream plush products had already increased more than 20-fold since the beginning of the year in January, exceeding one million units.
- *Robust quality management*. We maintain quality monitoring through routine production audits and strict final inspections, supported by regular supplier training to ensure consistent output quality.

Our supply chain ecosystem is structured around the following key elements:

Supplier network

We maintain a diversified network of specialized manufacturing partners, primarily located in Guangdong and Guangxi, China. This includes suppliers for mold development, PVC products, plush toys, peripheral merchandise and raw materials, enabling flexible and scalable production.

Supplier selection

We select our suppliers through a rigorous evaluation process assessing production quality, capacity, cost efficiency, technology advantage, word-of-mouth and compliance. All partnerships are governed by procurement agreements that mandate adherence to our standards and specifications.

Quality assurance

We implement a comprehensive quality control system covering the entire production process, from raw materials to finished goods. Our quality team conducts regular inspections and works closely with suppliers to ensure compliance with applicable regulations and industry standards. We also provide ongoing training to align suppliers with our design and development requirements.

Our Individual Online Learning Services

We offered adult learners easy-to-understand, affordable, and accessible online learning services through our platforms to address their diversified demands for personal development. As of June 30, 2025, we had accumulatively launched 32 series of personal interest courses, including financial literacy courses and other trending personal interest courses. Our online learning platforms included *QiNiu* (rebranded from *KuaiCai*), *JiangZhen* and *QianChi* (rebranded from *BanCai*). We hosted these platforms via a combination of our mobile apps and Weixin, which facilitated learner management and engagement and formed part of our sales and marketing functions to generate learner traffic. We had ceased to provide individual online learnings services or generated revenue therefrom after the VIE termination by September 30, 2025.

Course offerings

Financial literacy courses

We offered a wide range of online courses in the field of financial literacy education. We have generally designed our financial literacy courses into progressive courses, i.e., introductory and premium courses.

Our introductory financial literacy courses targeted novice learners to acquire the basic financial and investment knowledge. Our instructors provided live lectures to a large number of learners in an innovative “dual-instructor” mode. Our premium financial literacy courses mainly targeted individuals who have completed our introductory courses, to advance their financial and investment knowledge and skills in specific areas. We delivered our premium financial literacy courses primarily in online community-based training camp mode. Our premium financial literacy courses covered various subjects on personal financial planning and investment, such as fund investment, stock investment, fixed income products, insurance products, financial report analysis, and family wealth management.

Skills upgrading and recreation and leisure courses

Beginning from August 2021, we expanded our course offerings to other personal interests to cater for the mass market’s rising demands for lifelong learning and personal development. We primarily delivered other personal interest courses that focus on skills upgrading and recreation and leisure. Our main skills upgrading courses primarily included short-video production courses, and our main recreation and leisure courses currently primarily include calligraphy courses.

We adopted substantially the same progressive course mode for skills upgrading and recreation and leisure courses as our financial literacy courses.

Course mode

We designed our courses into progressive mode, i.e., (1) introductory courses in live large-class “dual-instructor” mode, and (2) premium courses in online community-based training camp mode to accommodate the mass market with different levels of knowledge and interests.

Live large-class “dual-instructor” mode

We designed our introductory courses as live sessions in a large-class “dual-instructor” mode to easily scale our learner base with a balanced level of attention to learners’ needs. We staff each course session with one or two in-class instructors to deliver the live lectures and a number of off-class tutors (i.e., sidekick instructors) to provide learners with one-on-one guidance and support in the same class.

Our instructors were primarily responsible for delivering the lectures on basic knowledge of the course subject. Our off-class tutors reinforced our connections with users and learners and ensure their course attendance, course completion and learning results.

Online community-based training camp mode

We adopted primarily an online community-based training camp mode for our premium courses, with a triad of components, i.e., training camp communities, pre-recorded lectures, and illustrative slideshows. Under this learning mode, we staffed our premium courses with multiple off-class tutors to offer one-on-one guidance and support. Our tutors generally coordinated our learner engagement on social media platforms, such as Weixin, and oversee the operation of our training camp communities. Our pre-recorded lectures allowed us to standardize the course contents and incorporate more useful topics and enable learners to tailor their learning pace based on their own level of knowledge and learning capabilities. We also selectively organized supplemental live lectures as part of the premium courses to provide detailed pre-test coaching.

Course fees

We offered our introductory courses free of charges or, occasionally, for a nominal price, which was generally no more than RMB9.9 as of June 30, 2025. These courses aim to set the backstage and expand the learner base for our premium courses. As of June 30, 2025, our standard fees for online premium course packages generally ranged from RMB1,980 to RMB3,699. Our learners generally enroll in and make upfront payment for all sessions. We generally offered paying learners for premium courses a full and unconditional refund before they take courses through training camp.

Our Enterprise Services

We primarily offered marketing services to our enterprise customers. In February 2020, we began to provide access between selective financial intermediary enterprises, such as security brokerage firms, insurance intermediaries, fund intermediaries, and fintech companies, and our learners, to capture our learners' needs for financial concierge services and our enterprise customers' needs for traffic. We primarily collaborated with premium securities brokerage firms, allowing them to connect with our learners to enlarge their customer base. We charged leads referral fees from financial intermediary enterprises and fintech companies based on the quality and quantity of the leads generated. We had stopped providing enterprise services or generated revenue therefrom after the VIE termination by September 30, 2025.

Our Consumer Business

In early 2023, we began to engage in the consumer business through e-commerce leveraging our existing market position and user base. We primarily explored business opportunities in wellness products for seniors, based on our cumulative insights into the needs and concerns of our senior users and learners, as well as the unaddressed demands of the aging population in China. We curated wellness products, to satisfy the seniors' aspirations for health and wellbeing. We had stopped providing consumer business or generated revenue therefrom after the VIE termination by September 30, 2025.

Data security and personal information protection

See "Item 16K. Cybersecurity" for details.

Competition

For our legacy individual online learning services business, we primarily faced competition with other online learning service providers. As we have shifted our focus to the pop toy sector, we have encountered and will continue to encounter new competition in the relevant markets. For instance, the pop toys market in China is still at a relatively early stage of development, featuring rapid development, intense competition and high fragmentation. We compete with existing and new players in such market based on our product development capabilities, IP management ability, branding and marketing effectiveness, and sales and distribution channels, among others.

Intellectual Property

We believe that our intellectual property rights distinguish our offerings and brand and sustain our competitive advantages. The importance of intellectual property rights has also risen significantly along with our operations the pop toy business. We rely on a combination of copyright and trademark law, patents, trade secret protection and confidentiality agreements with employees to protect our intellectual property rights. Under the employment agreements we enter into with our employees, they acknowledge that the intellectual property created by them during the course of their employment belongs to us. We also closely monitor any infringement or misappropriation of our intellectual property rights.

As of June 30, 2025, we had registered 96 patents, 192 domain names, 414 copyrights (including 59 software copyrights), and 706 trademarks in China. In addition, we are in the process of registering a number of trademarks in Southeast Asia and other overseas markets with respect to our pop toy business.

Insurance

We do not maintain any liability insurance or property insurance policies covering users or customers, equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business and operations in China.

Regulations on foreign investment

In March 2019, the Foreign Investment Law of PRC (the “Foreign Investment Law”) was promulgated by National People’s Congress and came into effect in January 1, 2020, which replaced the Sino-Foreign Equity Joint Venture Enterprise Law of PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC and the Wholly Foreign-owned Enterprise Law of PRC, and became the legal foundation for foreign investment in the PRC. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of PRC (the “Implementation Regulations”), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further provides that a foreign-invested enterprise established prior to the effective date of the Foreign Investment Law shall adjust its legal form or governance structure to comply with the provisions of the Company Law of the PRC or the Partnership Enterprises Law of the PRC, as applicable, and complete amendment registration before January 1, 2025.

According to the Foreign Investment Law, the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments (the “Negative List”). The Foreign Investment Law grants national treatment to foreign-invested entities, except for those investing in the industries specified in the Negative List.

The NDRC and MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (the “2024 Negative List”) in September 2024. The 2024 Negative List sets out the industries in which foreign investments are prohibited or restricted. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2021 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments. In the meantime, relevant competent government departments will formulate a catalog of the specific industries, fields and regions in which foreign investors are encouraged and guided to invest according to the national economic and social development needs.

We are a Cayman Islands company and our established businesses by nature in China are mainly providing value-add telecommunications service and other internet related businesses which fall within the 2024 Negative List, while our pop toy business does not fall under the 2024 Negative List. The business operations that are restricted or prohibited for foreign investment are conducted through the affiliated entities.

Regulations relating to blind boxes

The Compliance Guidelines for Blind Boxes Business Activities (for Trial Implementation) (the “Blind Boxes Guidelines”) was promulgated and effective on June 8, 2023. According to the Blind Boxes Guidelines, blind box business operators shall set fair prices for blind boxes, avoiding unmarked fees, overpricing, or price fraud. Blind box business operators are prohibited from indirectly induce consumption through arbitrarily adjusting the probabilities for a specific model being selected from a given blind box against the publicly disclosed probabilities, and altering the relevant selection outcome of a specific blind box. Blind box business operators shall not sell blind boxes to the minors under the age of eight. Where blind boxes are sold to the minors aged eight or above, the blind box business operators shall ensure the relevant guardians have agreed to the purchase. Blind box business operators shall publicize the key product details of the blind boxes to consumers, including product names, product categories, product specifications, the products potentially contained in a given box and the relevant price range, product selection rules which may set out the format of participation such as via online or offline method and probabilities for a specific model being selected, as well as the quantity of limited-edition products. Blind box business operators are encouraged to promise not hoarding, hyping, or entering the secondary market. In addition, for blind boxes sold via non-instant methods such as offline stores where the consumers will not know the selection outcomes until opening the blind box, blind box business operators must retain the records of selection rules and probabilities and establish a corresponding sampling inspection mechanism. For blind boxes sold through instant online methods, through which the consumers will know the selection outcome instantly, operators must retain the records of selection rules and probabilities and complete records of selection outcome. The relevant record retention period is generally not less than three years.

Regulations relating to pan-entertainment product retail

Pursuant to the PRC Civil Code, which was promulgated on May 28, 2020 and became effective on January 1, 2021, where the purpose of a contract cannot be achieved because the quality of the subject matter does not comply with the quality requirements, the buyer may refuse to accept the subject matter or terminate the contract. Where the buyer requests to return the subject matter or terminate the contract in accordance with PRC applicable laws, the seller shall bear the risk of return of the payment to buyer and liquidation damages to the subject matter. The seller shall deliver the subject matter according to the agreed quality requirements. In case that the seller provides the quality specifications concerning the subject matter, the delivered subject matter shall comply with the quality requirements in such specifications. If the terms in relation to quality are not met, the liability for breach of contract shall be borne by the seller in accordance with the agreement between the parties.

Regulations on consumer protection

To protect the legitimate rights and interests of consumers, to maintain social and economic order, and to promote the healthy development of the socialist market economy, the Standing Committee of the National People's Congress promulgated the PRC Consumer Rights and Interests Protection Law (the "Consumer Protection Law") in 1993 and latest amended in 2013. According to the Consumer Protection Law, business operators shall guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. The Consumer Protection Law also strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators. For instance, business operators collecting and using personal information of consumers shall adhere to the principles of legitimacy, bona fide and necessity, state expressly the purpose, method and scope of collection and use of information, and shall obtain the consent of consumers. In addition, personal information of consumers collected by business operators and their staff shall not be divulged, sold or provided to others illegally. Business operators shall not send commercial information to consumers without their consent or request or when a consumer has explicitly rejected.

Regulations on product quality and liability

The principal legal provisions governing product liability are set out in the Product Quality Law of the People's Republic of China (the "PRC Product Quality Law"), which was promulgated by the SCNPC on February 22, 1993, became effective on September 1, 1993 and was last amended on December 29, 2018. The PRC Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the manufacturers and sellers shall be liable for product quality in accordance with the PRC Product Quality Law. In the event of a violation of any legal provisions of the PRC Product Quality Law, manufacturers and sellers may be fined, suspended of operation, confiscated of any products illegally manufactured or sold and the proceeds gained therefrom or stripped of business licenses, and where the circumstances are serious, criminal liability shall be pursued. Consumers or other victims suffering personal injuries or property damage resulting from defects in commodities may demand compensations either from the sellers or from the manufacturers. If the liability lies with the manufacturers, the sellers shall have the right to recover the compensations from the manufacturers after paying the compensations, or vice versa.

Pursuant to the PRC Civil Code, manufacturers shall be responsible for compensating the damages of the person or property caused by the defect of products. Sellers shall be responsible for compensation if the damages to the property or person are caused by defects resulting from the fault of sellers. If the seller is unable to name the manufacturer or supplier of the defective product, the seller shall bear tort liability. The injured person may demand indemnification from the manufacturer of the product or from the seller of the product. If the defect in the product is caused by the manufacturer, the seller shall have the right, after paying indemnification, to recover the same from the manufacturer. If the defect in the product is caused by the fault of the seller, the manufacturer shall have the right, after paying indemnification, to recover the same from the seller. Where any defect of a product is discovered after the product is put into circulation, the manufacturer or seller shall take such remedial measures as warning and recall in a timely manner, otherwise any failure to react timely or sufficiently that concurrently causes damages shall subject such manufacturer or seller to tort liabilities. However, where a manufacturer or seller is aware of any defect of a product but knowingly refuses to terminate its operation activities, severely jeopardizing the life and health of any another person, such person or its successor suffering such tort shall be entitled to punitive damages or other indemnifications to the extent permitted by laws.

There are also national standards relating to our pop toy business, such as GB/T 26701-2011, GB6675-2014, GB/T 16716.1-2018, GB 38507-2020. The Standardization Administration under the State Administration for Market Regulation (previously named General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) issued a series of general principles. The National Toy Safety Technical Code of GB 6675-2014 issued on May 6, 2011 and implemented on January 1, 2016, which is mandatory requirement for toy industry. On August 1, 2025, the MIIT issued the Public Consultation on the Seven Mandatory National Standards (Consultation Draft) including "Safety of Toys—Part 1: Basic Specifications." If officially promulgated subsequently, it will replace the current GB 6675-2014.

Regulations on pricing

According to the Pricing Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1997 and became effective on May 1, 1998, business operators shall follow the principles of fairness, lawfulness and good faith in fixing prices. Business operators shall not commit any illegitimate price acts: colluding with others to manipulate the market price, thus harming the lawful rights and interests of other operators or consumers; besides the disposal of perishable, seasonal and overstocked commodities at reduced prices in accordance with the law, dumping commodities at prices lower than the cost in order to drive out rivals or monopolize the market, thus disrupting the normal production and operation order and impairing the interests of the state or the lawful rights and interests of other operators; fabricating and spreading information about price hikes and forcing up prices, thus stimulating excessive commodity price hikes; using false or misleading means in terms of price to deceive consumers or other operators into trading with them; employing price discrimination against other operators with equal transaction conditions while providing the same commodities or services; forcing up or forcing down prices in disguised form by raising or lowering grades when purchasing or selling commodities or providing services; making exorbitant profits in violation of the provisions of laws and regulations; or other illegitimate price acts prohibited by laws and administrative regulations. Where a business operator commits any illegitimate price acts, such operator shall be ordered to make correction, and the illegal gains thereof shall be confiscated, a fine not more than five times the illegal gains may be imposed on such operator; if there are no illegal gains, such operator shall be given a warning and may also be fined; if the circumstances are serious, such operator shall be ordered to suspend the business for rectification, or have the business license thereof revoked by the administrative department for industry and commerce, or should such illegitimate price acts be otherwise subject to any penalties or punitive orders under other relevant PRC applicable laws, such laws shall also apply and business operators shall abide by such laws.

Regulations relating to unfair competition

According to the Anti-unfair Competition Law of the PRC (the "Anti-unfair Competition Law") promulgated on September 2, 1993 and last amended on June 27, 2025, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognized business ethics. Unfair competition refers to a business operator, in violation of the Anti-unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. A business operator in violation of Anti-unfair Competition Law may be subject to civil liability and administrative penalties. A business operator whose legitimate rights and interests are damaged by any act of unfair competition may file a lawsuit.

Regulation relating to online sale of our product

According to the E-Commerce Law of the PRC promulgated on August 31, 2018 and became effective on January 1, 2019, e-commerce operators include operators of e-commerce platforms, business operators one-commerce platforms, and other e-commerce operators that sell commodities or offer services on websites they develop themselves or through other network services. Unless otherwise provided, e-commerce operators shall complete the market entity registration. Commodities sold or services offered by e-commerce operators shall meet the requirements to safeguard personal safety and property security and the requirements on environmental protection, and they shall not supply or offer any commodity or service prohibited by laws and administrative regulations. An e-commerce operator shall also: (1) continuously display and update its business license information and administrative license or relevant information which indicates that it does not need to complete the market entity registration in a prominent position on its homepage or provide the link to the aforesaid information, (2) disclose information about commodities or services in a comprehensive, truthful, accurate and timely manner so as to safeguard the consumers' right to know and right of choice, and (3) deliver commodities or services according to its promises or the ways and time limits as agreed upon with consumers, and bear the likely risks and responsibilities when commodities are in transit except when consumers choose a separate logistics service provider.

Pursuant to the Measures for the Administration of Live Streaming Marketing (for Trial Implementation) which was promulgated on April 16, 2021 and became effective on May 25, 2021, a live streaming room operator or live streaming marketer engaging in live streaming marketing activities shall publish commodity or service information in a truthful, accurate and comprehensive manner, and shall not (1) violate the relevant regulations of the Provisions on Ecological Governance of Network Information Content; (2) publish false or misleading information to deceive or mislead users; (3) market commodities that are counterfeit or inferior, infringe upon intellectual property rights or fail to satisfy the requirements for guaranteeing personal and property safety; (4) fabricate or falsify transactions, followers, page views, likes or other data; (5) promote and attract attention for others although it or he knows or should have known that they have violations of laws and regulations or high-risk behaviors; (6) harass, slander, insult or intimidate any other person, or infringe upon the lawful rights and interests of any other person; (7) conduct pyramid sales, fraud, or gambling, or sell contraband or controlled articles, among others; or (8) commit any other act in violation of any law or regulation or relevant provisions issued by the state. Any live streaming room operator or live streaming marketer who violates the regulations above and causes damage to any other person shall assume civil liability in accordance with the law. Criminal liability may be incurred if the violation constitutes crime.

The activities of e-commerce live streaming are currently regulated by the Opinions on Further Regulating For-profit Activities of Live Streaming to Promote the Healthy Development of the Industry promulgated on March 25, 2022 and effective on the same date, the Notice on the Issuance of the Guiding Opinions on Strengthening the Normative Management of Webcasting promulgated on February 9, 2021 and effective on the same date, the Notice of the State Administration of Radio and Television on Strengthening the Management of Live Network Show and Live E-commerce Broadcasting promulgated on November 12, 2020 and effective on the same date, the Guiding Opinions of the State Administration for Market Regulation on Strengthening the Supervision of Live Streaming Marketing Activities promulgated on November 5, 2020 and effective on the same date, the Measures for the Administration of Cyber Performance Business Operations promulgated on December 2, 2016 and effective on January 1, 2017 and the Provisions on the Administration of Internet Live-Streaming Services issued on November 4, 2016 and effective on December 1, 2016. According to the above-mentioned applicable regulations, illegal acts in live streaming marketing that infringe upon the lawful rights and interests of consumers, infringe upon intellectual property rights, and disrupt the market order shall be investigated and punished in accordance with the law.

Regulations on import and export of goods

The Foreign Trade Law of the People's Republic of China (the "PRC Foreign Trade Law"), was promulgated by the SCNPC on May 12, 1994, and last amended on December 12, 2022. Pursuant to the PRC Foreign Trade Law, the state allows free import and export of goods and technologies, unless it is otherwise provided under the laws and administrative regulations. According to the provisions of the PRC Foreign Trade Law, the state may restrict or prohibit the import or export of relevant goods or technologies for any of certain reasons. Import and export of goods that are banned or restricted for import and export without permission shall be handled and punished by the customs in accordance with the provisions of laws and administrative rules; if crime is constituted, the criminal liabilities shall be ascertained.

The Foreign Trade Law and the Measures for the Archival Filing and Registration of Foreign Trade Operators, promulgated by the Ministry of Commerce of the PRC on June 25, 2004, and amended on May 10, 2021, require enterprises engaged in import or export of goods or technology to file and register with the relevant authorities in charge of foreign trade under the State Council unless otherwise provided by other laws, administrative regulations or by the relevant authorities in charge of foreign trade under the State Council, otherwise such goods or technology may be detained and remain undeclared at the competent custom authorities.

According to the Customs Law of the PRC promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, where an enterprise engages in import or export of goods which goes through customs declaration formalities, it shall be subject to registration by customs or shall authorize a customs clearing enterprise to handle customs declaration formalities.

Measures for the Inspection, Supervision and Administration of Import and Export Toys, was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC on March 2, 2009, and was latest amended by the General Administration of Customs on November 23, 2018. Imported toys shall be inspected in accordance with the mandatory requirements of the national technical specifications of China. Exported toys shall be inspected according to the technical regulations and standards of the importing country or region. If the technical requirements agreed by the two parties are higher than the technical regulations and standards, the inspection shall be carried out in accordance with the agreed requirements. If the technical regulations and standards of the importing country or region are not clearly defined, the inspection shall be carried out in accordance with the mandatory requirements of the national technical specifications of China. Where an intergovernmental treaty is made in place, the inspection shall be carried out in accordance with the requirements stipulated therein. When exported toys are inspected, in addition to the relevant materials in accordance with the Provisions on Entry and Exit Inspection and Quarantine, the product quality and safety compliance statement shall be provided at the same time. When the exported toy is first inspected, the test report issued by the toy laboratory and other materials as stipulated by the General Administration of Customs shall be provided.

Regulations on advertisement

In 1994, the Standing Committee of the National People's Congress promulgated the Advertising Law of the PRC in 1994 and latest amended in 2021 (the "Advertising Law"). The Advertising Law requires that advertisers, advertising operators, and advertisement publishers shall abide by the laws and administrative regulations, and by the principles of fairness and good faith while engaging in advertising activities. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. If the advertisers, advertising operators and advertising distributors display any pop-up advertisement, they shall show the close button clearly to make sure that the viewers can close the advertisement upon one-click. Violations of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information, and for serious violation, termination of advertising operations or revocation of business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties.

The Measures for Administration of Internet Advertising promulgated by the SAMR in 2023 (the "Internet Advertising Measures"), effective from May 1, 2023, regulates any advertisement published on the internet, including but not limited to, through websites, webpage and apps, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. According to the Internet Advertising Measures, internet advertisements shall be distinguishable and, enable consumers to identify them as advertisements. With regard to commodities or services ranked under competitive bidding, advertisement distributors shall prominently mark them with "advertisements" in order to distinguish them from the natural search results.

Regulations on intellectual property

Copyright

China has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

According to the Copyright Law of the PRC, promulgated by the Standing Committee of the National People's Congress, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Pursuant to the Regulations on Protection of Information Network Transmission Right promulgated by the State Council in 2006, which was amended in 2013, in the event of infringement, such as providing any work, performance or audio-visual product of others to the public through the information network without authorization or permission, the infringer shall undertake civil liability to stop infringement, eliminate effect, apologize and compensate the damages etc.; where the infringement causes damage to public interest, the copyright administrative authorities may confiscate the illegal income and impose a fine; where the case constitutes a criminal offense, criminal liability shall be pursued in accordance with the law.

Pursuant to the Regulation on Computers Software Protection and the Measures for the Registration of Computer Software Copyright, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark

According to the Trademark Law of the PRC and the Implementation Regulation of the Trademark Law of the PRC, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Patent

In accordance with the Patent Law of the PRC, promulgated by the Standing Committee of the National People's Congress, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and ten years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain names

The Measures on Administration of Internet Domain Names was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

Regulations on internet information security and censorship

The Decisions on Protection of Internet Security enacted by the Standing Committee of the National People's Congress in 2000, as amended in 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (1) intrusion into a strategically significant computer or system; (2) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby destroying the computer system and the communications networks; (3) violating national regulations, suspending the computer networks or the communication services without authorization; (4) leaking state secrets; (5) spreading false commercial information; or (6) infringing intellectual property rights through internet.

In 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (the "Cybersecurity Law") which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are subject to various security protection-related obligations, including but not limited to (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) providing technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of PRC (the "Data Security Law") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field 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 (the "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. As of the date of this annual report, we have not been informed as a critical information infrastructure operator by any competent departments or administration departments.

On September 24, 2024, the CAC published the Regulations on Network Data Security Management (the "Regulations on Cyber Data Security Management"), which became effective on January 1, 2025, and specified that data processor who processing the personal information of more than one million individuals and seeks to go public overseas, shall apply for cybersecurity review. In addition, the Regulations on Cyber Data Security Management also regulate other specific requirements in respect of the data processing activities conducted by data processors through the internet in view of personal data protection, important data safety, cross-broader data safety management and obligations of network platform operators. For instance, in one of the following situations, data processors shall delete or anonymize personal information within 15 business days: (1) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (2) the storage term agreed with the users or specified in the personal information processing rules has expired; (3) the service has been terminated or the account has been canceled by the individual; or (4) unnecessary personal information or personal information unavoidably collected due to the use of automatic data collection technology but without the consent of the individual. For the processing of important data, specific requirements shall be complied with. For instance, processors of important data shall specify the responsible person of data safety, establish a data safety management department and make filing to the cyberspace administration at the districted city level within 15 business days after the identification of their important data.

Data processors processing personal information of more than one million people shall also comply with the provisions for processing of important data stipulated in Regulations on Cyber Data Security Management for important data processors. Data processors dealing with important data or listing overseas should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before January 31 data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration department. When data collected and generated within the PRC are provided to the data processors overseas, if such data includes important data, or if the relevant data processor is a critical information infrastructure operator or processes personal information of more than one million people, the data processor shall go through the security assessment of cross-border data transfer organized by the CAC. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. Since the Regulations on Cyber Data Security Management has not been formally adopted as of the date of this annual report, the revised draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (the “Cybersecurity Review Measures”) which became effective on February 15, 2022, and the Measures for Cybersecurity Review which took effect on June 1, 2020 was abolished at the same time. The Cybersecurity Review Measures provides for certain circumstances under which network platform operators are subject to cybersecurity review.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer, effective from September 1, 2022 (the “Security Assessment Measures”) to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. Furthermore, the Security Assessment Measures provide that the security assessment for outbound data transfers shall follow principles of the combination of pre-assessment and continuous supervision and the combination of risk self-assessment and security assessment, so as to prevent the security risks arising from outbound data transfers, and ensure the orderly and free flow of data according to the law. For outbound data transfers that have been carried out prior to the implementation of the Security Assessment Measures, if not in compliance with the Security Assessment Measures, rectification shall be completed within 6 months from the implementation of the Security Assessment Measures. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (the “Cross-Border Data Flows Measures”), effective on the date of promulgation. The Cross-Border Data Flows Measures provide several exemptions from undergoing data security assessment, obtaining personal information protection certification or entering into standard contract for outbound transfer of personal information for businesses. These exemptions include, among others, the scenario where a data processor, other than a critical information infrastructure operator, has cumulatively transferred overseas personal information, excluding sensitive personal information, of fewer than 100,000 individuals since January 1 of the current year. A data processor, other than a critical information infrastructure operator, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information or obtain certification for personal information protection if since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients (1) personal information of more than 100,000 but less than 1,000,000 individuals, excluding sensitive personal information, or (2) sensitive personal information of less than 10,000 individuals. The Cross-Border Data Flows Measures also explicitly state that data processors are not required to conduct data security assessment for cross-border transfer of important data if the data has not been notified or published as important data by relevant departments or regions. Considering the nature of our daily operations, we will not trigger outbound data transfer during such daily operations. We do not expect the Security Assessment Measures and the Cross-Border Data Flows Measures to have material impact on our daily operations in respect of the outbound data transfer. However, since the Security Assessment Measures and the Cross-Border Data Flows Measures are newly promulgated, there remains uncertainty as to how the new Measures will be implemented and interpreted by the competent authorities. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations—The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with the heightened regulatory scrutiny.”

Regulations on privacy protection

Pursuant to the Civil Code of the PRC (the “PRC Civil Code”), personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

Further, the Ninth Amendment to the Criminal Law of the PRC stipulates that any internet service provider that fails to fulfill the obligations related to Internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (1) any large-scale dissemination of illegal information; (2) any severe effect due to the leakage of users’ personal information; (3) any serious loss of evidence of criminal activities; or (4) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection in December 2005, requires Internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. It has also required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

In addition, according to the Administrative Provisions on Mobile Internet Application Information Services (the "Mobile Application Administrative Provisions") which was promulgated by the CAC in 2016, the mobile internet applications providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including real-name system, protection of users' information, examination and management of information content, etc. The CAC amended the Mobile Application Administrative Provisions in June 2022, which effective from August 1, 2022, and emphasizes that mobile internet applications providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. The application providers shall not compel the user to agree to the processing of personal information for any reason, and shall not refuse the user to use its basic functions and services because the user does not agree to provide non-essential personal information. As of the date of this annual report, we have adopted real-name registration system and established the user information security protection mechanism pursuant to the Mobile Application Administrative Provisions.

Pursuant to the Decisions on Strengthening the Protection of Online information, issued by the Standing Committee of the National People's Congress in 2012 and the Protection Provisions for the Personal Information of Telecommunications and Internet Users promulgated by the MIIT in 2013, telecommunication business operators and internet service providers are required to set up their own rules for collecting and use of internet users' information and are prohibited from collecting or use such information without consent from users. Moreover, telecommunication business operators and internet service providers shall strictly keep users' personal information confidential and shall not divulge, tamper with, damage, sell or illegally provide others with such information.

The CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications in March 2021, effective from May 1, 2021, specifying that the operator of an internet application shall not refuse a user to use the App's basic functional services on the ground that the user disagree with the collection of unnecessary personal information.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Law of Personal Information Protection of PRC (the "Personal Information Protection Law") which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (1) the name and contact information of the personal information processor; (2) purpose of processing personal information, processing method, type of personal information processed, and retention period; (3) methods and procedures for individuals to exercise their rights under this law; and (4) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (1) formulate internal management systems and operating procedures; (2) implement classified management of personal information; (3) adopt corresponding security technical measures such as encryption and de-identification; (4) reasonably determine the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (5) formulate and organize the implementation of emergency plans for personal information security incidents; and (6) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. If the aforesaid illegal act and the circumstances are serious, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit he serves as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users, effective from August 1, 2022 (the “Account Information Provisions”) which applies to the registration, use, and management of internet users’ account information by internet information service providers. The Account Information Provisions stipulates that internet information service providers shall, in accordance with laws, administrative regulations and relevant state regulations, formulate and disclose internet user account management rules and platform conventions, sign service agreements with internet users, and clarify the rights and obligations related to account information registration, use, and management. The Account Information Provisions also requires that the internet information service providers shall protect and handle internet users’ account information in accordance with law, and take measures to prevent unauthorized access and leakage, tampering, and loss of personal information. The internet information service providers shall set up convenient complaints and reporting portals in prominent locations, publicize complaints and reporting methods, improve mechanisms for acceptance, screening, disposal, and feedback, clarify processing procedures and time limits for feedback, and promptly handle complaints and reports from users and the public. Failure to comply with the above requirements may subject to warning, be ordered to rectify within a prescribed time limit and may be imposed a fine ranging from RMB10,000 to RMB100,000.

Regulations on value-added telecommunication services

Regulations relating to value-added telecommunications services

The Telecommunications Regulations of the PRC (the “Telecommunications Regulations”), as promulgated by the State Council in 2000 and most recently amended in 2016, requires telecommunications service providers to obtain operating licenses prior to the commencement of their operations. The Telecommunications Regulations distinguish “infrastructure telecommunications services” from “value-added telecommunications services”. According to the Telecommunications Regulations, operators of value-added telecommunications services shall obtain value-added telecommunications business operation licenses from the MIIT or its provincial branches prior to the commencement of such services.

Moreover, the Administrative Measures on Telecommunications Business Operating Licenses (2017 Revision), promulgated by the MIIT in July 2017, set forth more provisions to specify the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for applying such licenses and the administration and supervision of such licenses.

Regulations relating to foreign investment restriction on value-added telecommunications services

Pursuant to the Regulations for the Foreign-Invested Telecommunications Enterprises, which was promulgated by the State Council in 2001 and most recently amended on March 29, 2022, foreign-invested value-added telecommunication enterprises in the PRC shall be established as Sino-foreign equity joint ventures, and the ultimate foreign equity ownership in a foreign-invested value-added telecommunication enterprise is subject to a cap of 50%. The 2021 Negative List further states that the equity ratio of foreign investment in the value-added telecommunications enterprises shall not exceed 50% except for the investment in e-commerce operation business, domestic multi-party communication business, information storage and re-transmission business or call center business.

In 2006, the Ministry of Information Industry issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, according to which, a foreign investor in the telecommunications service industry in the PRC must establish a foreign invested enterprise and apply for a telecommunications business operation license, while a PRC domestic company that holds a value-added telecommunications business operation licenses is prohibited from leasing, transferring or selling such license to foreign investors in any means, and from providing any assistance, including providing resources, sits or facilities, to foreign investors that illegally conduct value-added telecommunications business in the PRC.

Regulations relating to internet information services

The Administrative Measures on Internet Information Services (the “Internet Measures”), which was promulgated by the State Council in September 2000 and was later amended in 2024, set out guidelines on the provision of internet information services. The Internet Measures classified internet information services into commercial internet information services and non-commercial internet information services, and according to which, a commercial operator of internet content provision services must obtain an ICP License, from the appropriate telecommunications authorities.

According to the Internet Measures, violators may be subject to penalties, including criminal sanctions, for providing internet content that opposes the fundamental principles stated in the Constitution of the PRC; compromises national security, divulges national secrets, subverts national power or damages national unity; harms national dignity or interest; incites ethnic hatred or racial discrimination or damages inter-ethnic unity; undermines the PRC’s religious policy or propagates superstition; disseminates rumors, disturbs social order or disrupts social stability; disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime; insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or is otherwise prohibited by law or administrative regulations. The PRC government may order ICP License holders that violate any of the abovementioned content restrictions to rectify and, under serious conditions, revoke the ICP License.

Regulations on online transmission of audio-visual programs

The State Administration of Radio, Film and Television (the “SARFT”) (currently known as National Radio and Television Administration), and the MIIT jointly promulgated the Administrative Provisions on Internet Audio-Visual Program Services in December 2007 (the “Audio-Visual Program Provisions”), which was latest amended in August 2015. According to the Audio-Visual Program Provisions, “internet audio-visual program services” is defined as activities of producing, redacting and integrating audio-visual programs, and providers of internet audio-visual program services are required to obtain a license for online transmission of audio-visual programs (the “Audio-Visual License”). Entities engaged in Internet audio-visual program services without obtaining the Audio-Visual License may be subject to warning, order to rectify, and a fine of no more than RMB30,000. Under serious conditions, the equipment used for such activities shall be confiscated and a fine of one but no more than two times of the investment amount may be imposed.

However, according to the Notice on Relevant Issues Concerning Application and Approval of License for the Online Transmission of Audio-Visual Programs, which was issued by the SARFT in May 2008 and was latest amended in 2015, applicants of the Audio-Visual License shall be wholly state-owned or state-controlled entities and foreign-invested enterprises are not eligible to apply.

Regulations on production and distribution of radio and television programs

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs promulgated by the SARFT in 2004 and was latest amended on June 3, 2025, any entity that produces or operates radio or television programs must obtain a Permit for Production and Operation of Radio and Television Programs. Entities holding such permits shall conduct their business within the permitted scope as provided in their permits. Entities engaging in the producing or operating of radio or television programs without such permit shall be subject to the closure of business, confiscation of used tools, equipment and carriers, as well as a fine between RMB10,000 to RMB50,000.

Regulations on online publishing

The State Administration of Press, Publication, Radio, Film and Television (the “SAPPRFT”) (whose duty has been brought under the National Administration of Press and Publication) and the MIIT jointly issued the Administrative Provisions on Online Publishing Services in February 2016 (the “Online Publishing Provisions”). Pursuant to the Online Publishing Provisions, any entity providing online publishing services shall obtain an Online Publishing Services Permit. “Online publishing services” refer to the provision of online publications to the public via information networks; “online publications” refer to digital works with publishing features such as having been edited, produced or processed and are available to the public through information networks. Entities engaging in the online publishing services without such permit shall be subject to the closure of business, confiscation of illegal income, used tools and equipment, as well as a fine of more than five times but less than ten times of the illegal income, if such illegal income is more than RMB10,000; or a fine of less than RMB50,000, if the illegal income is less than RMB10,000.

Regulations on online live streaming services

The CAC issued the Administrative Regulations on Online Live Streaming Services (the “Online Live Streaming Regulations”) in 2016. According to the Online Live Streaming Regulations, provision of online live streaming services through online performances and online audio-visual programs is subject to the relevant qualifications specified in the laws and regulations. Neither a provider nor user of online live streaming services may take advantage of online live streaming services to engage in activities prohibited by laws and regulations, such as undermining national security, destabilize society, disturbing social order, infringing on others’ lawful rights and interests, and disseminating pornographic or obscene materials, and may take advantage of online live streaming services to produce, reproduce, release and disseminate information prohibited by laws and regulations.

The National Radio and Television Administration and the Ministry of Culture and Tourism of the PRC jointly issued the Code of Conduct for Online Streamers on June 8, 2022, to regulate the conduct of streamers who provide online performances and audio-visual program services through the Internet, including those who live stream on the online platforms, conduct real-time interactions with users, and perform in uploaded audio or video programs. For live streaming content that requires a high level of professionalism (such as medical and health care, finance, law, education), the streamers should obtain the corresponding qualifications and report to the live streaming platform, and the live streaming platform shall review and record the qualifications of the streamers.

Regulations on foreign exchange

Regulations relating to foreign currency exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC, most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Circular of SAFE on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment, promulgated in 2012 and latest amended in 2019, foreign exchange control measures related to foreign direct investment are improved, such as (1) the open of and payment into the foreign exchange account related to direct investment are no longer subject to approval by SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) purchase and external payment of foreign exchange related to foreign direct investment are no longer subject to approval by SAFE.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (the “SAFE Circular 19”) on March 30, 2015, and it became effective on June 1, 2015, was partially repealed on December 30, 2019, and was latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (the “SAFE Circular 16”) which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to the SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (the “SAFE Circular 28”), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (the “SAFE Circular 8”), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of the SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

Regulations relating to offshore investment

In July 2014, the SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (the “SAFE Circular 37”). SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles (the “SPV”), by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under the SAFE Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while “round trip investment” refers to direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. The SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

According to the Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (the “SAFE Circular 13”), promulgated by SAFE in 2015 and latest amended in December 2019, local banks, instead of SAFE, will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration.

Regulations relating to stock incentive plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (the “SAFE Circular 7”), promulgated by SAFE in 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

In addition, the State Administration of Taxation (the “SAT”), has issued certain circulars concerning employee share options or restricted shares, under which the employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes as required by relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

Regulations on tax

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC, which was promulgated by the National People’s Congress in 2007 and was latest amended in 2018 by the SCNPC, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was promulgated by the State Council and was latest amended in 2024, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Enterprise qualifying as “High and New Technology Enterprises” is entitled to a preferential 15% enterprise income tax rate, which will continue as long as such enterprise can retain its “High and New Technology Enterprise” status.

Under the Enterprise Income Tax Law, an enterprise established outside China with “de facto management body” located in China is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income, and a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. The Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies promulgated by SAT and latest amended in 2017 provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China.

Pursuant to the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (the “SAT Bulletin 7”), which was promulgated by SAT in 2015, if a non-resident enterprise indirectly transfers properties such as equity in PRC resident enterprises without any justifiable business purposes and aiming to avoid the payment of enterprise income tax, such indirect transfer must be reclassified as a direct transfer of properties in PRC resident enterprise. However, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market. In addition, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (the “SAT Bulletin 37”) in 2017, which further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax, which was promulgated by the State Council and was latest amended in 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax, which was promulgated by the Ministry of Finance and was latest amended in 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform promulgated in March 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Regulations on dividend distribution

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the PRC Company Law, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementation Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

The Enterprise Income Tax Law and its implementation rules provide that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (the "Double Tax Avoidance Arrangement") and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties, issued by SAT in 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties issued by SAT in 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on employment and social welfare

Regulations relating to employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law, the Labor Contract Law and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Regulations relating to social insurance and housing fund

The PRC Social Insurance Law issued by the Standing Committee of the National People's Congress in 2010 and latest amended in 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. For instance, an enterprise shall pay or withhold relevant social insurance for or on behalf of its employees, failure to make sufficient contributions to the social insurance will result in late fees and fines.

The Administrative Measures on Housing Funds issued by the State Council in 1999 and latest amended in 2019 provides that enterprise must register with the competent managing center for housing funds and shall contribute to the housing fund for its employees, failure to timely pay and deposit housing fund contributions in full amount will be ordered to complete the relevant procedures within a prescribed time limit or be fined.

Regulations on anti-monopoly

According to the Anti-Monopoly Law of the PRC and other relevant regulations, where a concentration reaches one of the following thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented (1) during the previous fiscal year, the total global turnover of all operators participating in the transaction exceeded RMB10 billion, and at least two of these operators each had a turnover of more than RMB400 million within China; or (2) during the previous fiscal year, the total turnover within China of all operators participating in the transaction exceeded RMB2 billion, and at least two of these operators each had a turnover of more than RMB400 million within China. "Concentration of undertakings" means any of the following (1) a merger of such non-PRC undertakings; (2) acquiring control over other undertakings by acquiring equities or assets; or (3) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means.

Regulations on M&A and overseas listings

MOFCOM, the CSRC, SAFE and other three other PRC governmental and regulatory agencies jointly promulgated the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (the “M&A Rules”), which became effective in 2006 and was latest amended in 2009. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals (the “PRC Citizens”), intends to acquire interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also requires that offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicles’ securities on an overseas stock exchange.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by MOFCOM in 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment to forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. According to the Measures for the Security Review of Foreign Investment, foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, Internet products and services, financial services and technology sectors, are required to obtain approval from designated government authorities in advance.

On July 6, 2021, General Office of the State Council and General Office of the CPC Central Committee issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. The 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.

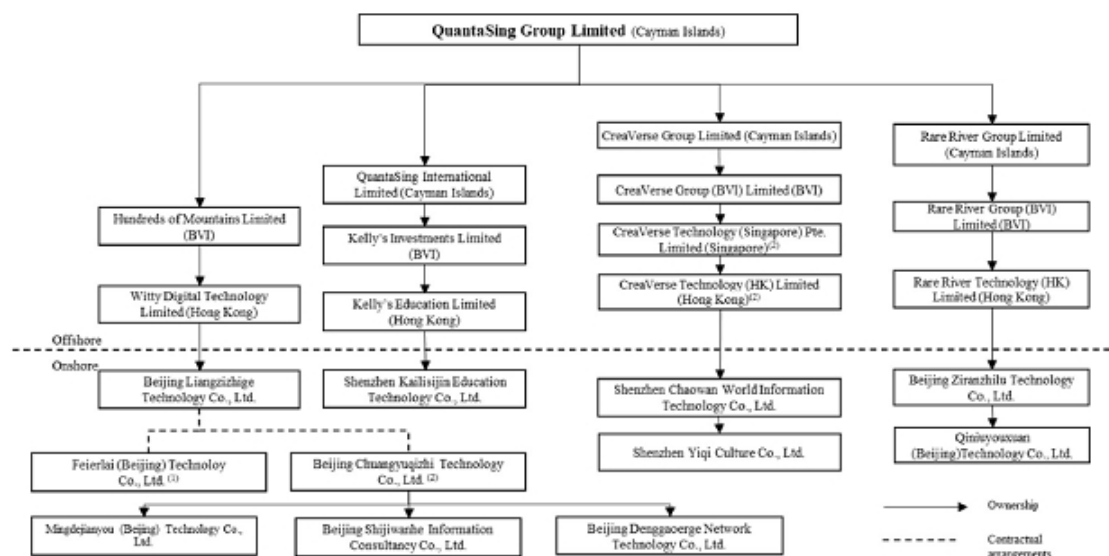
The new rules for the filing-based administration of overseas securities offerings and listings by Chinese domestic enterprises released on February 17, 2023 establish a new filing-based regime to regulate overseas offerings and listings by domestic enterprises. The new filing rules consist of the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Enterprises (the “Trial Measures”) and five interpretive guidelines (collectively, the “CSRC Filing Rules”). According to the CSRC Filing Rules, (1) an overseas offering and listing by a domestic enterprise, whether directly or indirectly, shall be filed with the CSRC; and (2) the issuer or its affiliated domestic enterprise, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering and other equivalent offering activities. The CSRC Filing Rules also set forth certain regulatory red lines for overseas offerings and listings by domestic enterprises. However, from March 31, 2023, enterprises that have been listed overseas shall constitute existing enterprises and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC. Under CSRC Filing Rules, subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and if the subsequent securities offering is conducted in other overseas markets than where it has offered and listed, then it shall be filed with the CSRC within three working days after the relevant application is submitted overseas. In addition, overseas public enterprises shall submit a report to CSRC within three working days after the occurrence and public disclosure of following material events, including (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; and (4) voluntary or mandatory delisting.

On February 24, 2023, the CSRC, together with other relevant government authorities, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Enterprises (the “Archives Rules”), which came into effect on March 31, 2023. The Archives Rules reiterate that working papers produced in the PRC by securities companies and securities service providers for direct and indirect international offering and listing by domestic enterprises, should be retained in mainland China, and, without prior approval by competent authorities of mainland China, such working papers shall not be brought, mailed or otherwise transferred to recipients outside of mainland China. Furthermore, the Archives Rules establish a cross-border regulatory cooperation mechanism as prescribed in the PRC Securities Law and strengthen cross-border regulatory cooperation as prescribed in the CSRC Filing Rules, which shifts the overall direction of cross-border supervision of international offering and listing from a “dominated by domestic regulators or depend on the conclusions of inspections by domestic regulators” approach to a “cross-border regulatory cooperation” mechanism.

The Archives Rules provide that, among other things, (1) in relation to the international offering and listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (2) during the course of an international offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and international regulators, any materials that contain relevant state secrets, work secrets of government agencies or that have a sensitive impact (i.e., be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures; and (3) working papers produced in mainland China by securities companies and securities service institutions, which provide domestic enterprises with securities services during their international issuance and listing, should be stored in mainland China, and the transmission of all such working papers to recipients outside of mainland China is required to be approved by competent authorities of mainland China.

C. Organizational Structure

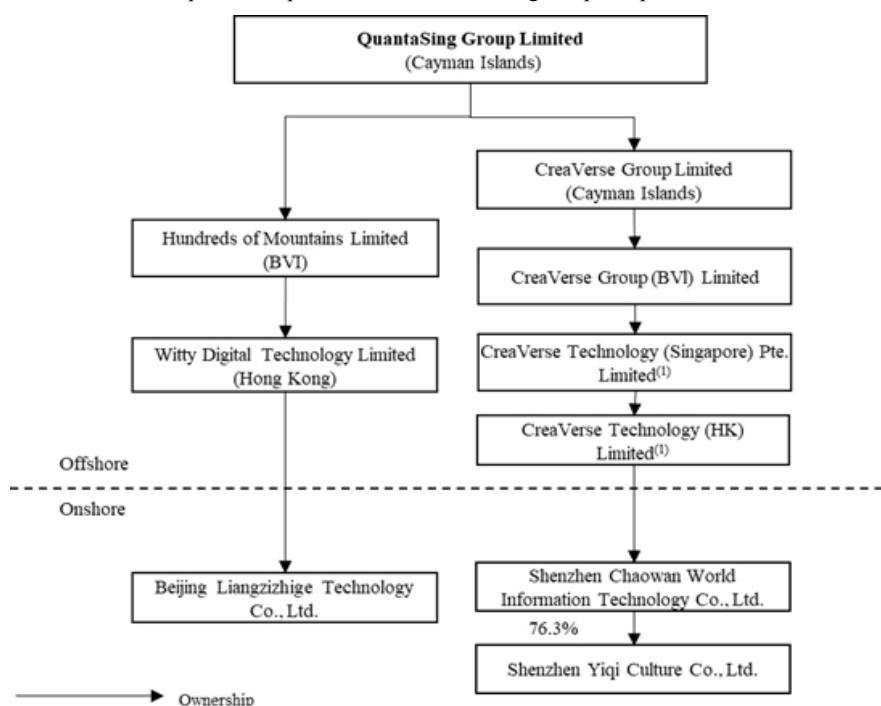
The following diagram illustrates our simplified corporate structure, including our principal subsidiaries and affiliated entities, before the VIE Termination:



(1) Beijing Feierlai and Beijing Chuangyuqizhi are wholly owned by Shenzhen Erwan Education Technology Co., Ltd., an entity owned as to 99.0% by Mr. Peng Li, our founder and chief executive officer, and 1.0% by Ms. Li Meng, mother of Mr. Li.

(2) CreaVerse Technology (Singapore) Pte. Limited and CreaVerse Technology (HK) Limited had also established certain entities in Indonesia, Malaysia, Thailand and Vietnam, including wholly-owned subsidiaries, consolidated entities controlled through contractual arrangements and joint ventures.

The following diagram illustrates our simplified corporate structure, including our principal subsidiaries, as of the date of this annual report:



(1) CreaVerse Technology (Singapore) Pte. Limited and CreaVerse Technology (HK) Limited had also established certain entities in Indonesia, Malaysia, Thailand and Vietnam, including wholly-owned subsidiaries, consolidated entities controlled through contractual arrangements and joint ventures.

The following table sets out the details of (1) our subsidiaries that are significant to us, and (2) the affiliated entities that were significant to us before the VIE Termination.

Subsidiaries	Place of Incorporation
CreaVerse Group Limited	Cayman Islands
CreaVerse Group (BVI) Limited	BVI
CreaVerse Technology (Singapore) Pte. Limited	Singapore
CreaVerse Technology (HK) Limited	Hong Kong
Shenzhen Chaowan World Information Technology Co., Ltd.	PRC
Shenzhen Yiqi Culture Co., Ltd.	PRC
Hundreds of Mountains Limited	BVI
Witty Digital Technology Limited	Hong Kong
Beijing Liangzizhige Technology Co., Ltd.	PRC

Affiliated Entities	Place of Incorporation
Feierlai (Beijing) Technology Co., Ltd.	PRC
Beijing Chuangyuqizhi Technology Co., Ltd.	PRC
Beijing Shijiwanhe Information Consultancy Co., Ltd.	PRC
Beijing Denggaoerge Network Technology Co., Ltd.	PRC
Mingde Jianyou (Beijing) Technology Co., Ltd.	PRC

Our Historical Contractual Arrangements

QuantaSing Group Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands with no substantive operations. We currently carry out our current business in China through Shenzhen Letsvan, one of our WFOEs. Historically, we carried out our legacy individual learning services business in China through Beijing Liangzizhige, and its contractual arrangements, commonly known as the VIE structure, with Beijing Chuangyuqizhi and Beijing Feierlai, the variable interest entities based in China, and their respective nominee shareholder.

Before the VIE Termination, our historical contractual arrangements had allowed us to (1) be considered as the primary beneficiary of the VIEs for accounting purposes and consolidate the financial results of the affiliated entities, (2) receive substantially all of the economic benefits of the affiliated entities, (3) have the pledge right over the equity interests in the VIEs as the pledgee, and (4) have an exclusive option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law.

As a result of our direct ownership in our WFOEs and the historical contractual arrangements with the VIEs, we were the primary beneficiary of the VIEs, and, therefore, had consolidated the financial results of the affiliated entities in our consolidated financial statements in accordance with U.S. GAAP before the VIE Termination.

The following is a summary of the historical contractual arrangements by and among Beijing Liangzizhige, the VIEs and their respective nominee shareholder.

Voting rights proxy agreements. Pursuant to the voting rights proxy agreements entered into by and among Beijing Liangzizhige, the VIEs and their respective nominee shareholder, the respective shareholder of the VIEs irrevocably appointed and authorized Beijing Liangzizhige or its designee(s) to act on its behalf as exclusive agent and attorney, to the extent permitted by PRC law, with respect to all matters concerning all equity interests held by such shareholder in the VIEs, including but not limited to the power to (1) attend shareholders' meetings, (2) exercise all shareholder's rights and shareholder's voting rights that it is entitled under relevant PRC laws and regulations and the articles of association of the VIEs, including but not limited to the right to sell, transfer or pledge of all the equity interests held in part or in whole, and (3) designate and appoint on its behalf the legal representative, directors, supervisors, chief executive officer and other senior management members of the VIEs. The voting rights proxy agreements are irrevocable and continuously effective from the execution date until the entire equity interests in the VIEs have been transferred to Beijing Liangzizhige or its designee pursuant to the exclusive option agreement or unless otherwise agreed to with written consent by all parties.

Equity pledge agreements. Under the equity pledge agreements entered into by and among Beijing Liangzizhige, the VIEs and their respective nominee shareholder, the shareholder of the VIEs agrees to pledge all of its equity interests in the VIEs to Beijing Liangzizhige as security for performance of the respective obligations of the VIEs and their respective shareholder hereunder and under the exclusive option agreements, the voting rights proxy agreements and the exclusive consultancy and service agreements, and for payment of all the losses and losses of anticipated profits suffered by Beijing Liangzizhige as a result the VIEs or their shareholder's defaults. If any of the VIEs or their shareholder breach their contractual obligations, Beijing Liangzizhige, as the pledgees, may, upon issuing written notice, exercise certain remedy measures, including but not limited to being paid in priority with all pledged equity interests based on monetary evaluation or from the proceeds from auction or sale. The shareholder of the VIEs agrees that, without Beijing Liangzizhige's prior written consent, the shareholder of the VIEs shall not transfer the pledged equity interests or place or permit the existence of any security interests or other encumbrances over the pledged equity interest. Beijing Liangzizhige may assign all or any of its rights and obligations under the share pledge agreements to its designee(s) at any time. The equity pledge agreements pledge will become effective on the date thereof and will remain in effect until the fulfillment of all the obligations hereunder and under the exclusive option agreements, the voting rights proxy agreements and the exclusive consultancy and service agreements and the full payment of all the losses and losses of anticipated profits suffered by Beijing Liangzizhige as a result the VIEs or their shareholder's default. We completed the registration of the pledged equity interests in Beijing Feierlai and Beijing Chuangyuqizhi with the competent administration for industry and commerce in May 2021 and April 2025, respectively.

Exclusive consultancy and service agreements. Pursuant to the exclusive consultancy and service agreements entered into by and between Beijing Liangzizhige and the VIEs, Beijing Liangzizhige has the exclusive right, during the term of the exclusive consultancy and service agreements, to provide or designate its affiliates to provide complete business support and technical and consulting services to the VIEs. In exchange, the VIEs shall pay Beijing Liangzizhige in an amount equal to the VIEs' revenues minus any turnover tax, total costs incurred by the VIEs, any provisions for statutory reserves and retained earnings, which should be paid on a quarterly basis. The retained earnings should be zero unless Beijing Liangzizhige agrees in writing for any other amount. Beijing Liangzizhige shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of the agreement. The exclusive consultancy and service agreements shall remain effective for ten years from the execution date and shall be extended for another ten years unless confirmed otherwise in writing by Beijing Liangzizhige within three months prior to the expiration date.

Exclusive option agreements. Under the exclusive option agreements entered into by and between Beijing Liangzizhige, the VIEs and their respective nominee shareholder, the shareholder of the VIEs irrevocably granted Beijing Liangzizhige an exclusive right to purchase, or designate any third-party to purchase, all or part of the equity interests and assets in the VIEs at any time in part or in whole at the sole and absolute discretion of Beijing Liangzizhige to the extent permitted by PRC law and at a purchase price equal to the lowest price permitted by the then-applicable PRC law and regulations at the time of exercise of the options. The shareholder of the VIEs shall give all considerations it received within 10 business days from the exercise of the options to Beijing Liangzizhige or its designee(s) in a legally compliant manner. Without the prior written consent of Beijing Liangzizhige, the VIEs and/or their shareholder shall not, among others (1) transfer or otherwise dispose of any equity, assets or business of the VIEs, or create any pledge or encumbrance on any equity, assets or business of the VIEs, (2) increase or decrease any VIEs' registered capital or change their structure of registered capital, (3) sell, transfer, mortgage, or dispose of in any other manner outside of ordinary course of business any assets of the VIEs or any legal or beneficial interests in the material business or revenues of the VIEs, or allow any encumbrances thereon of any security interests, (4) enter into any major contracts or terminate any material contracts to which any VIE is a party, or enter into any other contract that may result in any conflicts with the VIEs' existing materials contacts, (5) carry out any transactions that may substantially affect the VIEs assets, business operations, shareholding structure, or equity investment in third-party entities, (6) appointment or replacement of any director, supervisor, or any management who could be appointed or dismissed by shareholder of any VIEs, (7) declare or distribute dividends, (8) dissolve or liquidate or terminate any VIE, (9) amend any VIE's articles of association, or (10) allow any VIE to incur any borrowings or loans. These agreements shall become effective on the execution date and remain in effect until all equity interests in the VIEs have been transferred to Beijing Liangzizhige and/or its designee(s) pursuant to these agreements.

In the opinion of our PRC counsel, CM Law Firm: (1) the ownership structures of the VIEs and WFOE under the historical contractual arrangements were not in any violation of applicable PRC laws and regulations then in effect; and (2) prior to the termination thereof, the agreements under the historical contractual arrangements among each of our WFOE, the VIEs and their shareholder governed by PRC law were valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations.

However, we have been further advised by our PRC counsel that there are substantial uncertainties regarding the interpretation and application of current PRC laws and regulations. The PRC government may ultimately take a view contrary to or otherwise different from the opinion of our PRC counsel. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure.”

D. Property, Plants and Equipment

Our principal offices are located in Beijing and Shenzhen, and we also leased storehouses in Shenzhen and Dongguan, China. Our leased premises in China amounted to approximately 21,267 square meters in aggregate, with lease terms generally ranging from six months to three years as of June 30, 2025. We also leased office and physical store in Hong Kong of approximately 210 square meters in aggregate, with lease terms of three years as of the same date. We lease all the facilities that we currently occupy from unaffiliated third parties. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report. This report contains forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report. This report contains forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

Key Factors Affecting Our Results of Operations

General factors affecting our results of operations

Our business, results of operations and financial condition have been, and are expected to continue to be, subject to the influence of the general factors affecting the overall economy and the industries that we operate in.

Our results of operations and financial condition are significantly affected by macroeconomic factors, including China’s economic performance and growth, urbanization level, and per capita disposable income. In the past, these factors had an impact on the mass market’s demand for and ability to spend on online learning services and, in turn, China’s online adult learning industry. As we began to engage in consumer-facing businesses, in particular with our pop toy business, our results of operations and financial condition have been increasingly affected by such macroeconomic factors that drive the spending behaviors, attitudes and preferences of consumers.

Historically, we primarily derived revenue from individual online learning services before the VIE Termination. Our results of operations and financial condition in the past had depended significantly on the overall development status of China's online adult learning industry, including, among others, the awareness of the importance of personal development, the willingness to spend on personal interests, and adoption of online learning platforms among Chinese individuals. Our results of operations and financial condition in the past also depended in part on the competitive landscape of the online adult learning industry, and the regulatory regime relating to, among others, our business and operations, our industries, and our technology infrastructure.

As we shifted our business focus to the pop toy sector, our results of operations and financial condition have begun to be, and will be, increasingly affected by the development of the pop toy market. The pop toy sector is affected by, among others, prominence and acceptance of pop toy culture, evolution of consumption habits and expenditures on cultural and entertainment products and services, as they are shaped by macroeconomic conditions. These general trends and industry landscape may also vary across the different countries and regions that we expand into.

Specific factors affecting our results of operations

In addition to the general factors, we believe that our business, results of operations and financial condition are affected by company-specific factors, including the key factors discussed below:

Change in offering mix and business model

We had experienced a shift in our offering mix in terms of our online course offerings for our legacy individual online learning services, and, more recently, a shift of our business model along with the change of our focus to the pop toy business and the spin-off of our legacy individual online services business. Such shifts have affected, and are expected to continue to affect, our financial performance, especially our revenue growth and profit margin. For our legacy individual online learning services business, historically, substantially all of our revenues were generated from our online courses in financial literacy. The revenues from skills upgrading courses and recreation and leisure courses increased significantly from their initial launch in August 2021, accounting for the majority of our total revenues of the individual online learning services in the fiscal years ended June 30, 2024 and 2025 compared with that of financial literacy courses. The launch of new courses were accompanied with fluctuations in our revenues and gross profits, due to the development and the related allocation of our marketing and corporate resources to such courses.

Furthermore, in early 2023, we entered into the consumer goods sector. In the fiscal years ended June 30, 2023, 2024 and 2025, revenue from consumer business was approximately RMB4.8 million, RMB174.0 million and RMB213.2 million (US\$29.8 million), respectively. We also entered into the pop toy sector, which is our main business now, through the acquisition of equity interests in Shenzhen Letsvan in March 2025. In the fiscal year ended June 30, 2025, revenue from pop toy business was approximately RMB65.8 million (US\$9.2 million). The business model, revenue and cost structure and gross profit margin of these businesses, in particular the pop toy business, differ significantly from that of our individual online learning services, which may affect our results of operations accordingly. As a result, any future change in our service offering mix or change in profit margin of any business may have a corresponding impact on our overall gross profit margin.

We expect that the performance of our pop toy business will have a predominant impact on our results of operations and financial condition in the future. Our ability to efficiently expand and monetize from our pop toy business depends on, among others, the attractiveness, scope and depth of our IP portfolio, the breadth and coverage of our sales channels, the effectiveness of our marketing efforts, the efficiency and quality of our supply chain, and the control over relevant costs for operating and developing such business. Specifically, we must build and constantly enrich our IP portfolio, which in turn depends on our IP selection.

Factors affecting our legacy individual online learning services

For our legacy online learning services, we had benefited from our organic business model and experienced a significant growth in our learner base since the launch of our online courses. The growth of our users and learners largely depended on our ability to identify and attract users from such marketing channels to join our platforms and attend our course offerings. Our ability to generate revenues in turn depended significantly on our paying learner base, which in turn depends significantly on the effectiveness of our sales and marketing activities in acquiring new registered users and our progressive course mode in attracting users to purchase our premium courses.

Our ability to maintain and grow our user and learner base also depended on our ability to develop and offer diversified, high-quality and attractive course offerings. In July 2019, we launched our financial literacy learning services. From August 2021, we expanded our course offerings into other adult personal interest courses, which currently included skills upgrading and recreation and leisure courses. In the fiscal years ended June 30, 2023, 2024 and 2025, our skills upgrading courses and recreation and leisure courses contributed, in the aggregate, revenues of RMB860.3 million, RMB2,056.9 million and RMB1,353.1 million (US\$188.9 million), respectively, representing 27.9%, 54.2% and 49.6% of our total revenues for the same periods, respectively.

The quality and breadth of our course offerings were critical to learners' demand and our ability to price our courses and compete effectively and generate revenue. The quality of our course offerings in turn depended on, among others, our ability to select and offer attractive course contents and enhance our curriculums, learning materials and learning tools, and the technological capability that supports our course development and delivery. The breadth of our course offerings depended on, among others, our ability to quickly and precisely capture the evolving demand for online learning services as well as the efficiency and effectiveness of our content development process and our sales and marketing activities to promote the new courses.

Our revenues from individual online learning services were significantly affected by the level of course fees we charged for our premium courses. Our introductory courses were offered free of charges or, occasionally, for a nominal price, which was generally no more than RMB9.9 as of June 30, 2025. Our ability to price our courses effectively were affected by a number of factors, including, among others, the overall demand for our courses, the quality and effectiveness of our course offerings, and the prices and availability of competing courses.

Factors affecting our pop toy business

We consider the following factors are critical to our results of operations as to the pop toy business.

Our IP portfolio lays the foundation for the expansion and enhancement of our product offering and the establishment of our fan base among consumers. We have curated a number of key IPs, including WAKUKU and ZIYULI. Our future success depends on the ongoing popularity of our key IPs, as well as the development and marketing of new IPs. We build our product portfolio upon these IPs. Our product portfolio currently consists of 11 proprietary IPs, four exclusive licensed IPs and two non-exclusive licensed IPs. Our revenue growth depends on our ability to expand, diversify and optimize our product portfolio upon popular IPs.

Our sales network and marketing efforts are critical to the visibility and popularity of our IPs among consumers, the sales performance of our products and the cultivation and the breadth and depth of our fan base. Our multi-channel sales network currently primarily consists of domestic and international online platforms, physical touchpoints and distributor partnerships. We primarily relied on marketing methods including social media operations on key platforms such as Douyin and RedNote, community building and content marketing, online to offline experiential events, participation in major toy conventions and collaborations with diverse partners across different industries. We will continue to expand our sales network to drive our market penetration, and we will also involve ourselves in multi-dimensional marketing initiatives to elevate our brand awareness among consumers, promote our IPs and deepen our fan base. As we are still at a relatively early stage of enhancing the recognition of our IPs and promoting our products, we expect to experience an increase in our sales and marketing expenses, including those incurred the various marketing campaigns that we engage in.

Our ability to maintain a robust supply chain and achieve effective supply chain management is essential to the provision of satisfactory, high quality products to consumers and our profitability and business sustainability. We collaborate with specialized third-party partner factories to ensure the seamless and efficient conversion of IP and product designs to products. As we diversify our product portfolio and expedite our commercialization efforts, we expect that our effective collaboration with these suppliers will be crucial to our business success. In addition, we must maintain effective cost control to ensure the profit margin of our pop toy business. We may experience cost fluctuations, especially as certain of our products have yet reached mass commercialization, or our procurement scale is small. We expect that our overall cost level relative to our sales will improve with greater sales volume, as we achieved greater economies of scale in the long run.

Ability to control our operating costs and expenses

Our operating margins depend in part on our ability to control our costs and realize additional operation leverage as we expand. For the fiscal years ended June 30, 2023, 2024 and 2025, our cost of revenues accounted for 12.7%, 14.5% and 18.5% of our total revenues, respectively. In the past, a substantial majority of our cost of revenues consisted of staff costs and labor outsourcing costs, which were primarily related to our legacy individual online learning services business. We also recognized procurement costs in recent years along with changes in the our business model, in connection with our consumer business for the fiscal years ended June 30, 2024 and 2025, and pop toy business for the fiscal year ended June 30, 2025. Historically, we have benefited from the significant scalability of our business model and have been able to control those costs at a relatively low level despite the significant growth in our revenues. Our ability to continue to control our costs largely depends on our ability to increase the economic benefits from the scalability of our business model and utilize advanced technology to optimize our course operations. As we have transitioned to a pop toy company, we expected that our procurement costs will have a prominent impact of our costs.

With respect to our individual online learning services, our ability to market our course offerings in a cost-effective manner was critical to our operating margins. For the fiscal year ended June 30, 2023, we incurred net loss of RMB108.7 million, primarily due to the large spending on selling and marketing activities. Our sales and marketing expenses accounted for 78.2%, 68.2% and 59.1% of our total revenues in the fiscal years ended June 30, 2023, 2024 and 2025, respectively. Historically, our sales and marketing expenses primarily consisted of online advertising spending, and to a lesser extent, compensation to our sales and marketing personnel, in connection with individual online learning services. As we shifted our focus to the pop toy sector, we expect to incur corresponding expenses to promote relevant businesses. For instance, we expect to incur expenses with the promotion and penetration of our pop toy business, such as staff costs for relevant sales personnel, marketing and promotional expenses, and expenses related to sales channels. We expect to experience increases in these expenses as we have been engaging in massive business expansion activities for our pop toy business, which is at a relatively early stage of development and mandates substantive devotion of upfront investments. We may also incur fluctuations in other operating expenses due the growth and/or changes of our business scale and scope of operations. For instance, we may experience increases in our operating expenses along with the acquisition of Shenzhen Letsvan and further integration of their operations.

Key Operating Metrics

The following table presents certain key operating data as of/for the periods indicated, with respect to our legacy individual online learning services business. The calculation of the key metrics and other measures discussed below may differ from other similarly titled metrics used by other companies, securities analysts or investors.

	As of June 30,		
	2023	2024	2025
	(in millions)		
Registered users			
Financial literacy	65.3	70.6	74.2
Skills upgrading	23.7	41.9	51.4
Recreation and leisure	5.3	15.1	22.7
Total registered users	94.3	127.6	148.3
Introductory course learners⁽¹⁾			
Financial literacy	33.7	40.0	44.3
Skills upgrading	11.9	28.7	37.6
Recreation and leisure	3.1	9.5	14.4
Total introductory course learners	48.7	78.2	96.3

	For the fiscal year ended June 30,		
	2023	2024	2025
	(in millions, except for percentages)		
Paying learners			
Financial literacy	0.9	0.5	0.4
Skills upgrading	0.4	0.9	0.6
Recreation and leisure	0.1	0.3	0.2
Total paying learners	1.4	1.7	1.2
Repeat purchase rate			
Financial literacy	70.5%	69.1%	90.8%
Skills upgrading	13.0%	34.0%	58.9%
Recreation and leisure	1.3%	26.1%	57.1%

(1) We offered our introductory-level courses free of charges or, occasionally, for a nominal price, which was generally no more than RMB9.9 as of June 30, 2025.

Non-GAAP Financial Measures

Adjusted net income

To supplement our consolidated financial statements which are presented in accordance with U.S. GAAP, we also use adjusted net income as an additional non-GAAP financial measure. We define adjusted net income as net (loss)/income excluding share-based compensation, impairment loss on long-lived assets and goodwill and remeasurement gain of previously held equity interests in connection with step acquisition. We present this non-GAAP financial measure because our management uses it to evaluate our operating performance. We also believe that this non-GAAP financial measure provides useful information to investors and others in understanding and evaluating the consolidated financial results in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

This non-GAAP financial measure adjusts for the impact of items that we do not consider indicative of the operational performance of our business and should not be considered in isolation or construed as an alternative to net (loss)/income or any other measure of performance or as an indicator of our future performance. Investors are encouraged to compare this historical non-GAAP financial measure with the most directly comparable U.S. GAAP measures. Adjusted net income presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table sets forth a reconciliation of our net (loss)/income to adjusted net income for the periods indicated.

	For the fiscal year ended June 30,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net (loss)/income	(108,652)	385,527	356,568	49,776
Add: share-based compensation	191,632	27,757	20,501	2,861
Add: impairment loss on long-lived assets and goodwill	—	10,041	—	—
Less: Remeasurement gain of previously held equity interests in connection with step acquisition	—	—	(8,109)	(1,132)
Adjusted net income	82,980	423,325	368,960	51,505

Key Components of Our Results of Operations

Revenues

For the fiscal years ended June 30, 2023, 2024 and 2025, we generated revenue primarily from the provision of individual online learning service to learners. We began to generate revenue from pop toy business in the fourth quarter of the fiscal year ended June 30, 2025, with the acquisition of Shenzhen Letsvan. The following table sets forth a breakdown of our revenues by business line, both by absolute amount and as a percentage of our total revenues for the periods indicated.

	For the fiscal year ended June 30,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	US\$
	(RMB in thousands, except for percentages)					
Individual online learning services						
Financial literacy courses	1,874,627	60.8	1,307,365	34.4	881,370	123,035
Skills upgrading courses	721,252	23.4	1,661,791	43.8	1,039,636	145,128
Recreation and leisure courses	138,998	4.5	395,118	10.4	313,449	43,756
Subtotal	2,734,877	88.7	3,364,274	88.6	2,234,455	311,919
Enterprise services	340,934	11.1	247,732	6.5	187,253	26,140
Consumer business⁽¹⁾	4,816	0.2	173,961	4.6	213,203	29,762
Pop toy business	—	—	—	—	65,781	9,183
Others	754	0.0	9,364	0.3	24,900	3,474
Total	3,081,381	100.0	3,795,331	100.0	2,725,592	380,478

(1) In early 2023, we began to engage in the consumer business through e-commerce and recognize the related revenues.

Our revenues from individual online learning services primarily consisted of course fees we charged our learners from financial literacy and skills upgrading courses and recreation and leisure courses. Learners may elect to subscribe for a course package or a one-off course. We generally collected course fees in advance, which we initially recorded as contract liabilities. We recognized revenue from sales of our courses ratably over the longer of the corresponding contractual service period of the course and an estimated Average Learning Period of learners ranging from approximately one to three months, starting from the time when the courses can be accessed by learners and the payments from the learners become non-refundable. For our financial literacy courses, we generally offered learners of premium courses a full and unconditional refund within the first three months after their payment and before they unlock the courses. Our contract liabilities do not include any amount that may be refunded in the future before expiration of the full-refund period.

Our revenues from enterprise services primarily consisted of leads referral fees we charged financial intermediaries for our marketing services.

Our revenues from consumer business primarily consisted of the sale of wellness products, baijiu and other related products and were recognized when control of these goods is transferred to the customer. Sales were predominantly conducted through third-party e-commerce platforms. We evaluated whether we acted as the principal or an agent in these arrangements by assessing our control over the goods and services before they were transferred to the customer. When we were determined to be the principal, revenue was recognized on a gross basis, reflecting the total consideration to which we expect to be entitled. Conversely, when we acted as an agent, revenue was recognized on a net basis, equivalent to the amount of the commission we retain.

Our revenues from pop toy business is derived primarily from sales of pop toy products through offline distributors and online e-commerce platforms. In offline distributor arrangements, the distributor is our direct customer. In online sales, we sell directly to end consumers. We act as the principal in all revenue arrangements, as we bear inventory risk, have primary responsibility for product fulfillment and quality, and maintain pricing discretion. Accordingly, we recognize revenue on a gross basis for the full amount of consideration to which we expect to be entitled, upon transfer of control of the products to the customer.

Cost of revenues

Costs of revenues primarily consist of labor outsourcing cost and staff costs, and to a lesser extent, procurement costs and third-party service costs. Our labor outsourcing costs, staff costs and third-party service costs were primarily related to our legacy individual online learning services. The following table sets forth a breakdown of our cost of revenues by nature, both by absolute amount and as a percentage of our total cost of revenues for the periods indicated.

	For the fiscal year ended June 30,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except for percentages)					
Labor outsourcing costs	168,636	43.1	255,368	46.4	201,223	28,090
Staff costs	138,923	35.5	87,975	16.0	67,002	9,353
Procurement costs	—	—	91,691	16.7	141,409	19,740
Third-party service costs	55,978	14.3	56,986	10.4	43,295	6,044
Others ⁽¹⁾	27,961	7.1	58,290	10.5	50,804	7,091
Total	391,498	100.0	550,310	100.0	503,733	70,318

(1) Include primarily general office expenses, tax and surcharges, and depreciation and amortization expenses.

Labor outsourcing costs primarily include labor outsourcing service fees to service providers of our outsourced tutors for premium courses. Staff costs primarily include salaries and benefits for our employees responsible for content development, course operations, premium course tutoring, and customer support for premium courses. Third-party service costs primarily include cloud service fees and service fees for third-party payment channels. Procurement costs were primarily related to the cost of goods procurement for our consumer business, as well as for our pop toy business for the fiscal year ended June 30, 2025.

Operating expenses

Our operating expenses primarily consist of sales and marketing expenses, research and development expenses, and general and administrative expenses. The following table sets forth the components of our operating expenses, both by absolute amount and as a percentage of our total operating expense for the periods indicated.

	For the fiscal year ended June 30,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except for percentages)					
Operating expenses:						
Sales and marketing expenses	2,408,464	85.9	2,586,977	90.2	1,611,261	224,923
Research and development expenses	219,781	7.8	144,868	5.1	98,525	13,754
General and administrative expenses	175,246	6.3	125,765	4.3	115,172	16,077
Impairment loss on long-lived assets	—	—	2,652	0.1	—	—
Impairment loss on goodwill	—	—	7,389	0.3	—	—
Total	2,803,491	100.0	2,867,651	100.0	1,824,958	254,754

Taxation

Cayman Islands

QuantaSing Group Limited, our ultimate holding company, was incorporated in the Cayman Islands. Certain of our intermediary holding companies were incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes levied by the Cayman Islands government that are likely to be material to us, except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands, and no withholding will be required on the payment of a dividend or capital to any holder of the shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

British Virgin Islands

A number of our intermediary holding companies were incorporated in the British Virgin Islands (the “BVI”). All dividends, interest, rents, royalties, compensation and other amounts paid by such entity to persons who are not resident in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of such entities by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any shares, debt obligation or other securities of our BVI subsidiaries.

All instruments relating to transfers of property to or by such entity and all instruments relating to transactions in respect of the shares, debt obligations or other securities of our BVI subsidiaries and all instruments relating to other transactions relating to the business of such entity are exempt from payment of stamp duty in the BVI. This assumes that our BVI subsidiaries do not hold an interest in real estate in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to our BVI subsidiaries or their shareholders.

Hong Kong

KELLY’S EDUCATION LIMITED and a number of our intermediary holding companies were incorporated in Hong Kong. Since the two-tiered profits tax regime took effect on April 1, 2018, the applicable Hong Kong profits tax rate has been 8.25% for assessable profits on the first HK\$2.0 million and 16.5% for any assessable profits in excess of HK\$2.0 million. During the fiscal years ended June 30, 2023, 2024 and 2025, Hong Kong profits tax was not incurred, as there were no taxable profits derived from Hong Kong.

China

We primarily operate our current business in China through our WFOEs, and, historically, we operated our principal business, i.e., individual online learning services, through the VIEs and its subsidiaries, which were all incorporated in China. Under the PRC Enterprise Income Tax Law (“EIT Law”), the standard enterprise income tax rate is 25%. Entities qualifying as High and New Technology Enterprises (“HNTE”) qualify for a preferential tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. Beijing Liangzihige was qualified as a HNTE in the calendar year of 2022 and is eligible for a preferential enterprise income tax rate of 15% as an HNTE from 2022 to 2025.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in China be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing rules of the EIT Law merely define the term of the “de facto management body” as “the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise.” Should we be treated as a resident enterprise for PRC tax purposes, we will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%.

The EIT law and its implementation rules also impose a withholding income tax of 10% on dividends distributed by a foreign investment enterprise to its immediate holding company outside China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the dividends received have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where our ultimate holding company was incorporated, does not have such tax treaty with China. According to the Arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (“HK DTA”) in August 2006, dividends paid by a foreign investment enterprise in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% if all the requirements are satisfied.

To the extent that our subsidiaries and the affiliated entities have undistributed earnings, we will accrue appropriate expected withholding tax associated with repatriation of such undistributed earnings. As of June 30, 2023, we did not record any withholding tax as the PRC entities were still in accumulated deficit position. In the fiscal years ended June 30, 2024 and 2025, Beijing Liangzizhige distributed a portion of its retained earnings of approximate US\$5.3 million and US\$10.0 million to its holding company in Hong Kong, Witty Digital Technology Limited, respectively. As of June 30, 2024, we had applied withholding tax rate of 5% based on the facts and circumstances of the offshore subsidiary and management's interpretation of the HK DTA back then. During the year ended June 30, 2025, as there were new changes in relevant facts and circumstances, we accrued withholding tax on undistributed earnings as of June 30, 2025 using a 10% tax rate to reflect the management's estimation accordingly.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years indicated. You should read this information together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of the results that may be expected for any future years or periods.

	For the fiscal year ended June 30,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
	(in thousands, except for per share data)			
Revenues	3,081,381	3,795,331	2,725,592	380,478
Cost of revenues	(391,498)	(550,310)	(503,733)	(70,318)
Gross profit	2,689,883	3,245,021	2,221,859	310,160
Operating expenses:				
Sales and marketing expenses	(2,408,464)	(2,586,977)	(1,611,261)	(224,923)
Research and development expenses	(219,781)	(144,868)	(98,525)	(13,754)
General and administrative expenses	(175,246)	(125,765)	(115,172)	(16,077)
Impairment loss on long-lived assets	—	(2,652)	—	—
Impairment loss on goodwill	—	(7,389)	—	—
Total operating expenses	(2,803,491)	(2,867,651)	(1,824,958)	(254,754)
(Loss)/Income from operations	(113,608)	377,370	396,901	55,406
Other incomes, net:				
Interest income	5,328	10,520	4,999	698
Remeasurement gain of previously held equity interests in connection with step acquisition	—	—	8,109	1,132
Others, net	21,313	28,965	59,478	8,303
(Loss)/Income before income tax	(86,967)	416,855	469,487	65,539
Income tax expenses	(21,685)	(31,328)	(112,919)	(15,763)
Net (loss)/income	(108,652)	385,527	356,568	49,776
Net loss attributable to noncontrolling interests	115	—	2,162	302
Net (loss)/income attributable to QuantaSing Group Limited	(108,537)	385,527	358,730	50,078
Accretion of the Company's preferred shares	(22,379)	—	—	—
Net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited	(130,916)	385,527	358,730	50,078
Net (loss)/income per ordinary share				
- Basic	(1.26)	2.34	2.22	0.31
- Diluted	(1.26)	2.27	2.17	0.30
Comprehensive (loss)/income:				
Net (loss)/income	(108,652)	385,527	356,568	49,776
Other comprehensive income/(loss), net	20,343	(4,869)	(806)	(113)
Total comprehensive (loss)/income	(88,309)	380,658	355,762	49,663
Net income attributable to noncontrolling interests	115	—	2,162	302
Comprehensive (loss)/income attributable to QuantaSing Group Limited	(88,194)	380,658	357,924	49,965
Non-GAAP financial measures⁽¹⁾				
Adjusted net income	82,980	423,325	368,960	51,505

(1) See “—Non-GAAP Financial Measures.”

Segment information

From the fourth quarter of the year ended June 30, 2025, we began to report three reportable segments, namely, learning service and others, consumer business and pop toy business, to reflect changes made to the financial information which is reviewed by the chief operating decision maker of our group under the ongoing operating strategies.

The tables below set a summary of our operating segment results, with the segment information for the prior periods retrospectively recast to conform to the presentation for the current period:

	For the year Ended June 30, 2025		
	Learning service and others and consumer business	Pop toy business	Total
	(RMB in thousands)		
Revenues			
Learning service and others	2,446,608	—	2,446,608
Consumer business	213,203	—	213,203
Pop toy business	—	65,781	65,781
Total revenues	2,659,811	65,781	2,725,592
Cost of revenues			
Learning service and others	(354,276)	—	(354,276)
Consumer business	(106,487)	—	(106,487)
Pop toy business	—	(42,970)	(42,970)
Total cost of revenue	(460,763)	(42,970)	(503,733)
Gross profit			
Learning service and others	2,092,332	—	2,092,332
Consumer business	106,716	—	106,716
Pop toy business	—	22,811	22,811
Total gross profit	2,199,048	22,811	2,221,859
Operating expenses			
Sales and marketing expenses	(1,592,601)	(18,660)	(1,611,261)
Research and development expenses	(96,648)	(1,877)	(98,525)
General and administrative expenses	(107,680)	(7,492)	(115,172)
Total operating expenses	(1,796,929)	(28,029)	(1,824,958)
Income/(Loss) from operations	402,119	(5,218)	396,901
Net income	360,274	(3,706)	356,568

For the year Ended June 30, 2024			
	Learning service and others and consumer business	Pop toy business	Total
	(RMB in thousands)		
Revenues			
Learning service and others	3,621,370	—	3,621,370
Consumer business	173,961	—	173,961
Pop toy business	—	—	—
Total revenues	3,795,331	—	3,795,331
Cost of revenues			
Learning service and others	(447,753)	—	(447,753)
Consumer business	(102,557)	—	(102,557)
Pop toy business	—	—	—
Total cost of revenue	(550,310)	—	(550,310)
Gross Profit			
Learning service and others	3,173,617	—	3,173,617
Consumer business	71,404	—	71,404
Pop toy business	—	—	-
Total gross profit	3,245,021	—	3,245,021
Operating expenses			
Sales and marketing expenses	(2,586,977)	—	(2,586,977)
Research and development expenses	(144,868)	—	(144,868)
General and administrative expenses	(125,765)	—	(125,765)
Impairment loss on long-lived assets	(2,652)	—	(2,652)
Impairment loss on goodwill	(7,389)	—	(7,389)
Total operating expenses	(2,867,651)	—	(2,867,651)
Income from operations	377,370	—	377,370
Net income	385,527	—	385,527

	For the year Ended June 30, 2023		
	Learning service and others and consumer business	Pop toy business	Total
	(RMB in thousands)		
Revenues			
Learning service and others	3,076,565	—	3,076,565
Consumer business	4,816	—	4,816
Pop toy business	—	—	—
Total revenues	3,081,381	—	3,081,381
Cost of revenues			
Learning service and others	(387,576)	—	(387,576)
Consumer business	(3,922)	—	(3,922)
Pop toy business	—	—	—
Total cost of revenue	(391,498)	—	(391,498)
Gross profit			
Learning service and others	2,688,989	—	2,688,989
Consumer business	894	—	894
Pop toy business	—	—	—
Total gross profit	2,689,883	—	2,689,883
Operating expenses			
Sales and marketing expenses	(2,408,464)	—	(2,408,464)
Research and development expenses	(219,781)	—	(219,781)
General and administrative expenses	(175,246)	—	(175,246)
Total operating expenses	(2,803,491)	—	(2,803,491)
Loss from operations	(113,608)	—	(113,608)
Net loss	(108,652)	—	(108,652)

Fiscal year ended June 30, 2025 compared to fiscal year ended June 30, 2024

Revenues

Our revenues decreased by 28.2% to RMB 2,725.6 million (US\$380.5 million) for the fiscal year ended June 30, 2025, from RMB3,795.3 million for the fiscal year ended June 30, 2024. The decline reflects our deliberate shift from traffic-driven to product-driven growth, which was partially offset by recognized revenue from the pop toy business as we began to consolidate financial results following its acquisition of Shenzhen Letsvan in the fourth quarter of the fiscal year ended June 30, 2025. The change was primarily attributable to the following factors.

- Revenues from individual online learning services. Our revenues from individual online learning services decreased by 33.6% from RMB3,364.3 million for the fiscal year ended June 30, 2024 to RMB 2,234.5 million (US\$311.9 million) for the fiscal year ended June 30, 2025. This decrease was primarily due to a decrease of RMB622.2 million (US\$86.8 million) in revenues from skills upgrading courses, a decline of RMB426.0 million (US\$59.5 million) in revenues from financial literacy courses and a decline of RMB81.6 million (US\$11.4 million) in revenues from recreation and leisure courses.
- Revenues from enterprise services. Our revenues from enterprise services decreased by 24.4% from RMB247.7 million for the fiscal year ended June 30, 2024 to RMB187.3 million (US\$26.1 million) for the fiscal year ended June 30, 2025, primarily due to a shift in revenue from transactions with related party and other third parties, partially offset by increased revenue due to higher demand for marketing services from existing and new customers.
- Revenues from consumer business. Our revenues from consumer business increased by 22.6% from RMB174.0 million for the fiscal year ended June 30, 2024 to RMB213.2 million (US\$29.8 million) for the fiscal year ended June 30, 2025, mainly driven by the increase in revenues from our wellness products business, partially offset by the decline in baijiu revenue.
- Revenues from pop toy business. Our revenues from pop toy business were RMB65.8 million (US\$9.2 million) for the fiscal year ended June 30, 2025, primarily driven by the consolidation of results from Shenzhen Letsvan following the consummation of its acquisition in end of March 2025.
- Revenues from other services. Our revenues from other services increased significantly from RMB9.4 million for the fiscal year ended June 30, 2024 to RMB24.8 million (US\$3.5 million) for the fiscal year ended June 30, 2025, primarily due to increased revenue from other sources.

Cost of revenues

Our cost of revenues decreased by 8.5% from RMB550.3 million for the fiscal year ended June 30, 2024 to RMB503.7 million (US\$70.3 million) for the fiscal year ended June 30, 2025, mainly due to decreased labor outsourcing costs of RMB54.1 million (US\$7.6 million) and decreased staff costs of RMB21.0 million (US\$2.9 million) (including a decrease in share-based compensation of RMB7.5 million (US\$1.1 million)) of the established businesses, partially offset by the newly added cost of revenue of RMB43.0 million (US\$6.0 million) for pop toy business resulting from the acquisition of Shenzhen Letsvan.

Gross profit and gross margin

As a result of the foregoing, our gross profit decreased by 31.5% from RMB3,245.0 million for the fiscal year ended June 30, 2024 to RMB2,221.9 million for the fiscal year ended June 30, 2025.

Our gross profit margin decreased from 85.5% for the fiscal year ended June 30, 2024 to 81.5% for the fiscal year ended June 30, 2025, primarily due to the relatively lower profit margin of our consumer business and pop toy business resulting from their business nature and industrial characteristics.

Sales and marketing expenses

Our sales and marketing expenses decreased by 37.7% from RMB2,587.0 million for the fiscal year ended June 30, 2024 to RMB1,611.3 million (US\$224.9 million) for the fiscal year ended June 30, 2025. This decrease reflects our strategic transformation from a traffic-driven to a product-driven business model, which requires lower marketing investment to acquire customers. The decrease was mainly due to decreased marketing and promotion expenses of RMB809.6 million (US\$113.0 million), decreased labor outsourcing costs of RMB119.7 million (US\$16.7 million) and decreased staff costs of RMB22.3 million (US\$3.1 million) of the established businesses, partially offset by the newly added sales and marketing expenses of RMB18.7 million (US\$2.6 million) for the pop toy business resulting from the acquisition of Shenzhen Letsvan.

Research and development expenses

Our research and development expenses decreased by 32.0% from RMB144.9 million for the fiscal year ended June 30, 2024 to RMB98.5 million (US\$13.8 million) for the fiscal year ended June 30, 2025, mainly due to a decline in staff costs of RMB42.2 million (US\$5.9 million) of the established businesses, partially offset by the newly added research and development expenses of RMB1.9 million (US\$0.3 million) for the pop toy business resulting from the acquisition of Shenzhen Letsvan.

General and administrative expenses

Our general and administrative expenses decreased by 8.4% from RMB125.8 million for the fiscal year ended June 30, 2024 to RMB115.2 million (US\$16.1 million) for the fiscal year ended June 30, 2025, primarily due to a decrease in staff costs of RMB7.5 million (US\$1.0 million), including a decrease in share-based compensation expenses of RMB4.6 million (US\$0.6 million), a decrease in professional service fee of RMB4.8 million (US\$0.7 million) and a decrease in office expenses of RMB2.8 million (US\$0.4 million) for the established businesses, partially offset by the newly added general and administrative expenses of RMB7.5 million (US\$1.0 million) for the pop toy business resulting from the acquisition of Shenzhen Letsvan.

Income from operations

As a result of the foregoing, we recorded income from operations of RMB377.4 million and RMB396.9 million (US\$55.4 million) for the fiscal years ended June 30, 2024 and 2025, respectively.

Remeasurement gain of previously held equity interests in connection with step acquisition

Our remeasurement gain of previously held equity interests in connection with step acquisition were RMB8.1 million (US\$1.1 million) for the fiscal year ended June 30, 2025, reflecting the fair value adjustment of initial investments in Shenzhen Letsvan before obtaining control.

Others, net

Others, net were RMB59.5 million (US\$8.3 million) in for the fiscal year ended June 30, 2025, compared to RMB29.0 million for the fiscal year ended June 30, 2024, primarily driven by the increased fair value gains in one of our long-term investments.

Income tax expense

Our income tax expense increased significantly from RMB31.3 million for the fiscal year ended June 30, 2024 to RMB112.9 million (US\$15.8 million) for the fiscal year ended June 30, 2025. The change resulted from the change in our taxable income, as well as the accrual of withholding tax related to our dividend distributions and the remaining undistributed earnings, which was expected to be distributed to our overseas subsidiaries in the foreseeable future.

Net income

As a result of the foregoing, we recorded net income of RMB385.5 million and RMB356.6 million (US\$49.8 million) for the fiscal years ended June 30, 2024 and 2025, respectively.

Fiscal year ended June 30, 2024 compared to fiscal year ended June 30, 2023

Revenues

Our revenues increased by 23.2% from RMB3,081.4 million for the fiscal year ended June 30, 2023 to RMB3,795.3 million for the fiscal year ended June 30, 2024, primarily due to the increase in revenues from individual online learning services.

- Revenues from individual online learning services. Our revenues from individual online learning services increased by 23.0% from RMB2,734.9 million for the fiscal year ended June 30, 2023 to RMB3,364.3 million for the fiscal year ended June 30, 2024, primarily due to a significant increase in revenues from skills upgrading courses of RMB940.5 million and recreation and leisure courses of RMB256.1 million, partially offset by a 30.3% decrease in revenues from our financial literacy courses of RMB567.3 million. This increase in revenues from skills upgrading courses and recreation and leisure courses was primarily driven by our effort to diversify our skills upgrading courses and recreation and leisure courses offerings, which has resulted in an increase in the number of paying learners of these offerings. As we continued to diversify our course offerings and allocated our marketing and corporate resources among various subjects of courses, especially skills upgrading courses and recreation and leisure courses, such resources devoted to our financial literacy courses have declined, which in turn negatively affected our revenues from our financial literacy courses.
- Revenues from enterprise services. Our revenues from enterprise services decreased by 27.3% from RMB340.9 million for the fiscal year ended June 30, 2023 to RMB247.7 million for the fiscal year ended June 30, 2024, primarily due to decreased revenue from our marketing services provided to an affiliate.
- Revenues from consumer business. Our revenues from consumer business increased significantly to RMB174.0 million for the fiscal year ended June 30, 2024 from RMB4.8 million for the fiscal year ended June 30, 2023, primarily due to our new consumer business to diversify our revenue streams. In early 2023, we began to engage in the consumer business through e-commerce and recognize relevant revenues, which have contributed to our revenue performance since July 2023.
- Revenues from other services. Our revenues from other services increased significantly to RMB9.4 million for the fiscal year ended June 30, 2024 from RMB0.8 million for the fiscal year ended June 30, 2023, primarily due to increased revenue from online language education for children provided by Kelly's Education, which was acquired by us in September 2023.

Cost of revenues

Our cost of revenues increased by 40.6% from RMB391.5 million for the fiscal year ended June 30, 2023 to RMB550.3 million for the fiscal year ended June 30, 2024, primarily due to (1) an increase in labor outsourcing costs of RMB86.7 million, and (2) an increase in procurement costs of RMB87.8 million relating to our new consumer business, partially offset by a decrease in staff costs of RMB50.9 million (including a decrease in share-based compensation of RMB12.8 million), resulting from our enhanced employee performance management.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by 20.6% from RMB2,689.9 million for the fiscal year ended June 30, 2023 to RMB3,245.0 million for the fiscal year ended June 30, 2024.

Our gross profit margin decreased from 87.3% for the fiscal year ended June 30, 2023 to 85.5% for the fiscal year ended June 30, 2024, primarily due to the relatively lower profit margin of our new business at its early development stage.

Sales and marketing expenses

Our sales and marketing expenses increased by 7.4% from RMB2,408.5 million for the fiscal year ended June 30, 2023 to RMB2,587.0 million for the fiscal year ended June 30, 2024, primarily due to an increase in labor outsourcing costs of RMB247.4 million and an increase in marketing and promotion expenses of RMB212.9 million, partially offset by a decrease in staff costs of RMB293.8 million (including a decrease in share-based compensation expenses of RMB54.6 million).

Research and development expenses

Our research and development expenses decreased by 34.1% from RMB219.8 million for the fiscal year ended June 30, 2023 to RMB144.9 million for the fiscal year ended June 30, 2024, primarily due to a decrease in staff costs of RMB72.3 million (including a decrease in share-based compensation expenses of RMB47.2 million).

General and administrative expenses

Our general and administrative expenses increased by 28.2% from RMB175.2 million for the fiscal year ended June 30, 2023 to RMB125.8 million for the fiscal year ended June 30, 2024, primarily due to a decrease in staff costs of RMB43.3 million (including a decrease in share-based compensation expenses of RMB49.2 million) and a decrease in office expenses of RMB19.9 million.

Impairment loss on long-lived assets and goodwill

We recorded impairment loss on long-lived assets and goodwill of RMB2.7 million and RMB7.4 million, respectively, in the fiscal year ended June 30, 2024, primarily due to the fully impaired intangible assets and goodwill arising from the acquisition of Kelly's Education, as its performance metrics failed to meet our established expectations.

(Loss)/Income from operations

As a result of the foregoing, we recorded a loss from operations of RMB113.6 million and an income from operations of RMB377.4 million for the fiscal years ended June 30, 2023 and 2024, respectively.

Others, net

We recognized other income/gains, net of RMB21.3 million and RMB29.0 million for the fiscal years ended June 30, 2023 and 2024, respectively. The increase is primarily due to an increased fair value changes of short term-investments of RMB9.2 million, which was in line with our increased short term-investments.

Income tax expense

Our income tax expense increased by 44.5% from RMB21.7 million for the fiscal year ended June 30, 2023 to RMB31.3 million for the fiscal year ended June 30, 2024, due to the growth of the incurred dividend withholding tax on undistributed earnings of RMB11.6 million.

Net (loss)/income

As a result of the foregoing, we recorded net loss of RMB108.7 million and net income of RMB385.5 million for the fiscal years ended June 30, 2023 and 2024, respectively.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the years indicated.

	For the fiscal year ended June 30,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	235,621	282,720	183,886	25,671
Net cash provided by/(used in) investing activities	201	(132,784)	(6,419)	(896)
Net cash provided by/(used in) financing activities	247,696	(130,192)	(105,627)	(14,745)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	14,336	(3,934)	(707)	(99)
Net increase in cash and cash equivalents and restricted cash	497,854	15,810	71,133	9,931
Cash and cash equivalents and restricted cash at the beginning of the period	266,427	764,281	780,091	108,896
Cash and cash equivalents and restricted cash at the end of the period	764,281	780,091	851,224	118,827

To date, we have financed our operating and investing activities primarily through net cash generated by operating activities and cash from historical equity financing activities. As of June 30, 2024 and 2025, our cash and cash equivalents and restricted cash were RMB780.1 million and RMB851.2 million (US\$118.8 million), respectively. Our cash and cash equivalents primarily consist of cash on hand and deposits which have original maturities of three months or less and are readily convertible to cash. As of June 30, 2024 and 2025, our short-term investments were RMB246.2 million and RMB189.7 million (US\$26.5 million), respectively. Short-term investments include wealth management product, investment in private funds and equity securities of publicly listed companies.

We believe that our current cash and cash equivalents, short-term investments, and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures for at least the next 12 months. In the future, we may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital injection and financial activities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our business operations. We cannot assure you that any financing will be available in amounts or on terms acceptable to us, if at all.

As of June 30, 2025, 96.1%, 0.6%, 0.3% and 3.0% of our cash and cash equivalents and restricted cash were held in mainland China, Hong Kong, the United States and Singapore, respectively. As of June 30, 2025, 87.8%, 11.7%, 0.4% and 0.1% of our cash and cash equivalents and restricted cash were denominated in Renminbi, U.S. dollars, Hong Kong Dollars and Singapore Dollars, respectively. As of June 30, 2025, 66.3% and 33.7% of our short-term investment was held in mainland China and Hong Kong, respectively. As of June 30, 2025, 41.2% of cash and cash equivalents and restricted cash and nil of our short-term investments were held by the affiliated entities. Although we consolidate the financial results of the affiliated entities, we only have access to their assets or earnings through our contractual arrangements with the VIEs and their nominee shareholder. See “Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements.”

We may make additional capital contributions to our WFOEs, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our WFOEs, or acquire offshore entities with operations in China in offshore transactions. However, most of these uses are subject to PRC regulations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to or additional capital contributions to our WFOEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

For the fiscal year ended June 30, 2025, substantially all of our revenues have been in the form of Renminbi, except for certain revenues from Kelly’s Education in the form of Hong Kong Dollars and from pop toy sales in the form of Vietnamese Dong and Indonesian Rupiah, which were immaterial to us for the fiscal year ended June 30, 2025. We expect that our revenues will continue to be substantially in the form of Renminbi in the near future, except for such revenue of Kelly’s Education and from other overseas business initiatives. Under 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 as long as certain routine procedural requirements are fulfilled. Therefore, our WFOEs are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our WFOEs to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our WFOEs are required to set aside at least 10% of its after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. In the fiscal year ended June 30, 2024 and 2025, Beijing Liangzizhige distributed a portion of its retained earnings of approximate US\$5.3 million and US\$10.0 million to its holding company in Hong Kong, Witty Digital Technology Limited. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks. As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our WFOEs only through loans or capital contributions, subject to the approval, filings or registration of government authorities and limits on the amount of capital contributions and loans. The PRC government may at its discretion restrict access to foreign currencies for current account transactions or capital account transactions in the future. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.”

Operating activities

Our net cash provided by operating activities for the fiscal year ended June 30, 2025 was RMB183.9 million (US\$25.7 million), primarily due to net income of RMB356.6 million (US\$49.8 million), as adjusted primarily by certain non-cash items, including deferred income tax of RMB44.3 million (US\$6.2 million), fair value changes of long-term investments of RMB24.9 million (US\$3.5 million), share-based compensation of RMB20.5 million (US\$2.9 million) and inventory obsolescence impairment of RMB10.4 million (US\$1.5 million), and changes working capital that positively affected our operating cash flows, including (1) a decrease in operating lease right-of-use assets of RMB41.4 million (US\$5.8 million), primarily due to our enhanced cost management; and (2) a decrease in prepayments and other current assets of RMB36.3 million (US\$5.1 million), primarily due to the receivables collected from third party payment platforms, partially offset by changes in working capital that negatively affected our operating cash flows, including (1) a decrease in contract liabilities of RMB123.0 million (US\$17.2 million) in line with the revenue recognition progress of our individual online learning services; and (2) an decrease in accrued expenses and other current liabilities of RMB51.6 million (US\$7.2 million), primarily due to the decreased accrued employee payroll and welfare benefits and other accrued expense.

Our net cash provided by operating activities for the fiscal year ended June 30, 2024 was RMB282.7 million, primarily due to net income of RMB385.5 million, as adjusted primarily by certain non-cash items, including share-based compensation of RMB27.8 million, realized gains from short-term investments of RMB16.0 million and deferred income tax of RMB12.9 million, and changes in working capital that positively affected our operating cash flows, including (1) a decrease in operating lease right-of-use assets of RMB25.3 million, primarily relating to our improved cost management; and (2) a decrease in amount due from related parties of RMB24.6 million, as we collected the service fees receivable from our related parties, partially offset by changes in working capital that negatively affected our operating cash flows, including (1) a decrease in contract liabilities of RMB124.6 million in line with the revenue recognition progress of our individual online learning services; and (2) an increase in prepaid expenses and other current assets of RMB67.6 million, primarily due to the increased receivables from third party payment platforms.

Our net cash provided by operating activities for the fiscal year ended June 30, 2023 was RMB235.6 million, primarily due to net loss of RMB108.7 million, as adjusted primarily by certain non-cash items, including share-based compensation of RMB191.6 million, and changes in working capital that positively affected our operating cash flows, including (1) an increase in contract liabilities of RMB123.6 million, primarily due to the increase in course fees collected that had not been recognized as revenues, as a result of the expansion of our skills upgrading and recreation and leisure courses; and (2) an increase in operating lease liabilities of RMB71.0 million, primarily relating to the increase in office space leased to meet our growing business needs, partially offset by changes in working capital that negatively affected our operating cash flows, including (1) an increase in operating lease right-of-use assets of RMB60.1 million primarily relating to the increase in office space leased to meet our growing business needs; (2) an increase in prepayments and other current assets of RMB21.1 million, primarily due to the increase in prepaid other service fees such as prepayment of cloud server hosting fees, prepaid for products of e-commerce business and receivables from third-party payment platforms for course fees from course participants temporarily held by those platforms; (3) an increase in accounts receivable of RMB10.3 million due to our increased enterprise services revenue attributable to our marketing services; and (4) an increase in other non-current assets of RMB10.9 million due to the increase in rent deposit.

Investing activities

Our net cash used in investing activities for the fiscal year ended June 30, 2025 was RMB6.4 million (US\$0.9 million), primarily due to cash paid for the business acquisition of Shenzhen Letsvan of RMB106.6 million (US\$14.9 million), purchase of equity interests in Shenzhen Letsvan before the acquisition of controlling interests of RMB35.0 million (US\$4.9 million), and capital injection to one of our long-term investment of RMB20.0 million (US\$2.8 million, partially offset by net proceeds for short-term investment of RMB138.7 million (US\$19.4 million).

Our net cash used in investing activities for the fiscal year ended June 30, 2024 was RMB132.8 million, primarily due to the net increase of short-term investments in wealth management products of RMB136.6 million.

Our net cash provided by investing activities for the fiscal year ended June 30, 2023 was RMB0.2 million, primarily due to proceeds from short-term investments of RMB2,863.8 million due to the redemption of certain wealth management products and investment in private fund and loan repaid by related parties of RMB24.6 million, partially offset by purchase of short-term investments of RMB2,891.5 million representing wealth management products, investment in private fund and structured notes.

Financing activities

Our net cash used in financing activities for the fiscal year ended June 30, 2025 was RMB105.6 million (US\$14.7 million), primarily due to cash paid for repurchase of the ADSs of RMB25.8 million (US\$3.6 million) and cash paid for a special dividends of RMB78.1 million (US\$10.9 million).

Our net cash used in financing activities for the fiscal year ended June 30, 2024 was RMB130.2 million, primarily attributable to the RMB130.4 million in cash expenditures for the repurchase of ADSs.

Our net cash provided by financing activities for the fiscal year ended June 30, 2023 was RMB247.7 million, primarily due to net proceeds from our initial public offering of RMB245.4 million.

Material Cash Requirements

Our material cash requirements as of June 30, 2025 and any subsequent interim period primarily include working capital needs, capital expenditures and operating lease obligations.

Capital expenditures

We made capital expenditures of RMB5.8 million, RMB3.6 million and RMB3.2 million (US\$0.4 million) for the fiscal years ended June 30, 2023, 2024 and 2025, respectively. Our capital expenditures primarily consist of computers and electronic equipment, office furniture and equipment, leasehold improvement and purchase of intangible assets. We expect to continue to incur similar capital expenditure in the future as we grow our business. We intend to fund our future capital expenditures with our existing cash balance and proceeds. We will continue to make capital expenditures to meet the expected growth of our business.

Contractual obligations

The following table sets forth our operating lease obligations and operating lease commitments as of June 30, 2025.

	Total	For the fiscal year ended June 30,	
		2026	2027
		(RMB in thousands)	
Operating lease payments	23,743	21,367	2,376
Total	23,743	21,367	2,376

Other than as shown above, we did not have any material capital and other commitments, long-term obligations, guarantees or other reasonably likely material cash requirements as of June 30, 2025.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. 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 engages in product development services with us.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Technology and Infrastructure" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended June 30, 2025 that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting Estimate

We prepare our financial statements in accordance with U.S. GAAP, which requires our management to make judgments, estimates and assumptions. We continually evaluate these judgments, estimates and assumptions based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and various assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our results of operations or financial condition. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see note 2 to our consolidated financial statements included elsewhere in this annual report.

Revenue Recognition Based on the Estimated Average Learning Period of the Learners

Revenues of a training camp and of a self-study e-learning are recognized over time as the learners simultaneously receives and consumes the benefits provided by the online courses as they retain access to the course contents. Contractually, through accessing to our online platforms, the learners retain access to the training camps or self-study e-learning they purchased for a specified course period (typically ranging from 14 calendar days to one year for a training camp and 60 to 90 calendar days for a self-study e-learning) since the training camp commencement date or the purchase date of the e-learning. However, for certain courses, we in practice discretionally allow the learners to retain access to the course contents beyond the corresponding contractual expiry dates. Therefore, we recognize online course revenue ratably over the agreed course period that we provide services to the learners, or, in the case that access beyond the contractual expiry dates is allowed in practice, over the longer of the corresponding contractual service period and the estimated Average Learning Period of the learners, starting when the online courses can be accessed by the learners and the full-refund period expires.

We consider a variety of relevant data, where available, when estimating the Average Learning Period of the learners for each individual online course, including (1) the weighted-average number of days between the learners' first and last access to the course contents, and (2) the weighted average total hours spent by the learners to learn the course. We believe that considering these factors enables us to determine the best estimation of the time period during which the learners access the online course content and therefore the service period over which we provide services to the learners.

For the fiscal years ended June 30, 2023, 2024 and 2025, the Average Learning Period of the learners is estimated to be in the range of approximately one to three months. While we believe our estimates to be reasonable based on the currently available learners' information, we may revise such estimates in the future according to the change in pattern of the learners' learning behavior. Any adjustments arising from changes in the estimates of the Average Learning Periods is applied prospectively. Considering that the events or circumstances may change to suggest changes in the estimate made, we assess the Average Learning Period for different courses on an annual basis or more frequently when there is an indicator for changes in circumstances.

Changes in assumptions or estimates can materially affect Average Learning Period for different courses and, therefore, can affect the results in revenue recognition. In connection with our periodic reviews of the estimate, the assumptions are evaluated accordingly considering historical customers' learning behavior and management's judgment. Updates to these assumptions will affect the Average Learning Period for each course and the revenue recognized accordingly. If the estimated Average Learning Period is extended, the revenue will be recognized over a longer period and vice versa. See note 2 to our consolidated financial statements included elsewhere in this annual report for additional information regarding our revenue recognition policies.

Revenue Recognition for Inactive Learners

For online community-based training camps, the learners start the learning process by selecting a camp and unlocking the courses in the camp. Our experience shows that a certain portion of learners (the "Inactive Learners") do not exercise their rights to unlock the training camps and start the learning process, these unexercised rights are referred to as "breakage". Due to limited historical experience and historical data, we currently cannot make a reliable estimation about the breakage amount expected to be entitled to, so the breakage amount is only recognized as revenue when the likelihood of the learners exercising their rights becomes remote in accordance with ASC 606-10-55-48.

We continuously observe and analyze the behavior of those Inactive Learners after their purchase, to determine when it becomes remote that the learners will start the learning process. No breakage revenue was recognized for the years ended June 30, 2023 as the remote condition had not been met. In March 2023, we started to assign long term Inactive Learners to training camps and unlock the courses for them. We recognized breakage revenue of RMB161.5 million and RMB91.4 million for the year ended June 30, 2024 and 2025 as learner behavior shows that remote condition has been met after the courses were unlocked.

We will be able to estimate the breakage amount expected to be entitled to when it has accumulated sufficient historical experience and data, and will recognize the expected breakage amount as revenue in proportion to the pattern of rights actually exercised by the learners.

Valuation of intangible asset acquired in business combination

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair value of these identifiable net assets and liabilities is recorded as goodwill. Determining the fair value of the tangible assets acquired, liabilities assumed, and intangible assets requires management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, annual growth rates of revenue in the projected period and discount rate. While we use our best estimates and judgements, our estimates are inherently uncertain and subject to refinement.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and senior management as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Peng Li	43	Chairman of the board, director and chief executive officer
Huiyu Zhan	41	Director and chief product officer
Frank Lin	60	Director
Dong Xie	44	Director, chief financial officer and senior vice president
Xihao Liu	41	Director and senior vice president
Pei Hua (Helen) Wong	54	Independent Director
Hongqiang Zhao	49	Independent Director
Shunyan Zhu	54	Independent Director
Guangqiang Shi	45	Senior vice president

Peng Li is our founder and has served as the chairman of our board of directors and our chief executive officer since our inception. Prior to founding our company, Mr. Li had been the founder and served as the chief executive officer of Beijing Renjuren Network Technology Co., Ltd. from October 2013 to September 2015. Mr. Li was the co-founder and served as the vice president of Qianpin Online Network Technology (Beijing) Co., Ltd. from March 2011 to June 2013. Mr. Li served as the head of commercial operation center of Beijing UCWEB Internet Technology Co., Ltd. from March 2010 to February 2011. Prior to that, he was the strategic cooperation manager of Baidu.com, Inc. (Nasdaq: BIDU; HKEX:9888) from September 2005 to February 2010. From September 2004 to August 2005, Mr. Li served as the marketing manager of Beijing Jingyeda Technology Co., Ltd. (SZSE: 003005) in East China. Mr. Li received his bachelor's degree in computer science and technology from Hebei Agricultural University in June 2004 and an EMBA degree from Tsinghua University in December 2024.

Huiyu Zhan has served as our director since August 2025 and chief product officer since October 2025. Mr. Zhan is the founder and chief executive officer and a director of Shenzhen Letsvan. He was a seasoned entrepreneur with profound experience in the consumer sector. Prior to founding Shenzhen Letsvan in 2020, he had been engaged in continuous entrepreneurship in the cultural gifts and pop toys sectors. He had also served at Walmart (Shenzhen), Hong Kong Weiya Group, and among others, with extensive experience in sales and management. He pursued his undergraduate studies at Guanghua College of Changchun University from September 2004 to June 2008, majoring in marketing. He obtained an EMBA degree in Finance at The Chinese University of Hong Kong in July 2025.

Frank Lin has served as our director since May 2022. Mr. Lin is a general partner of DCM, a technology venture capital firm and one of our principal shareholders. Prior to joining DCM in 2006, Mr. Lin had been the chief operating officer of SINA Corporation (Nasdaq: SINA). He co-founded SINA's predecessor, SinaNet, in 1995 and later helped guiding SINA through its listing on Nasdaq. Prior to founding SinaNet, Mr. Lin had been a consultant at Ernst & Young Management Consulting Group. Mr. Lin currently serves on the board of directors of numerous DCM portfolio companies, including GigaCloud Technology Inc (Nasdaq: GCT), Tuniu Corporation (Nasdaq: TOUR), Vipshop Holdings Limited (NYSE: VIPS), 51Talk Online Education Group (NYSE: COE), Kuaishou Technology (HKEX: 1024) and YSB Inc. (HKEX: 9885). Mr. Lin received his MBA degree from Stanford University in 1993 and his bachelor's degree in engineering from Dartmouth College in 1988.

Dong Xie has served as our chief financial officer since January 2021, our director since June 2022 and our senior vice president since October 2025. Prior to joining us, Mr. Xie had served as the partner of capital market services at PGAdvisory from March 2020 to December 2020. From January 2019 to March 2020, Mr. Xie served as the chief financial officer at Renmai Technology Group. From September 2014 to December 2018, Mr. Xie served as the chief financial officer and company secretary of Finup Financial Technology Group (Holding) Co., Ltd. From April 2010 to September 2010, Mr. Xie served as a vice president at CCB International (China) Co., Ltd. From November 2007 to March 2010, and from October 2010 to August 2014, Mr. Xie served as the associate director at the merger and acquisition transaction service department of Deloitte China. Mr. Xie is a Chinese Certified Public Accountant, Certified Internal Auditor, Certified Tax Agent and holds the China Legal Professional Qualification. He received his bachelor's degree in economics and master's degree in global economics from Nankai University in June 2003 and June 2006, respectively, and he started in September 2021 for the EMBA degree jointly offered by Guanghua School of Management of Peking University and Kellogg School of Management of Northwestern University. He has been acting as an independent director and chairman of the audit committee for China BlueChemical Ltd. (HKEX:3983) since May 2021, independent director and chairman of the audit committee for Duality Biotherapeutics, Inc. (HKEX:9606) since April 2025, independent director for Wuhan Dazhong Dental Medical Co., Ltd. (HKEX:2651) since October, 2025.

Xihao Liu has served as our senior vice president since July 2023 after serving as our vice president from April 2020, and, as our director since September 2022. Prior to joining us, Ms. Liu had served as the vice president of operations of Beijing Qimeng Education Technology Co., Ltd. from November 2018 to December 2019. From June 2018 to September 2018, Ms. Liu served as the head of community operations at Beijing Guoganshidai Co., Ltd. Prior to that, she was a senior operations specialist of Hangzhou Beigou Technology Co., Ltd. from September 2015 to June 2018. From February 2011 to November 2015, Ms. Liu served several positions relating to product operations at Alibaba Group Holding Limited (NYSE: BABA; HKEX: 9988) and its related entities. Ms. Liu received her bachelor's degree in management from Shaanxi University of Science & Technology in July 2006, and her master's degree in economics from Xiamen University in July 2009.

Pei Hua (Helen) Wong has served as our independent director since January 2023. Ms. Wong is currently the Managing Partner of AC Ventures, an early-stage venture capital firm in Singapore. Before that, she had worked as a Partner in Qiming Ventures from 2014 to 2021, focusing on the TMT sector. Ms. Wong was a founding team member of GGV Capital. She was at GGV Capital from 2001 to 2011. She was ranked by Forbes as one of the top 100 venture capitalists in China in 2018, the top 25 Chinese women venture capitalists from 2017 to 2021, and iResearch as the top 26 Chinese consumer venture capitalists in 2021. Forbes also ranked her as one of three Singaporeans among the Top "50 over 50" in Asia Pacific in 2024. Ms. Wong has more than 20 years of experience in the venture capital industry. Some of her successful unicorn exits include Mobike (acquired by Meituan (HKEX:3690), DeDao (audio platform) and Tudou (video sharing). She also led the investment in Akulaku, a fintech unicorn in Southeast Asia. Ms. Wong received her bachelor's and master's degrees in Politics, Philosophy and Economics from Oxford University. She also received an MBA from INSEAD in 1999, and an EMBA degree from Cheung Kong GSB in 2010.

Hongqiang Zhao has served as our independent director since January 2023. Mr. Zhao serves as an independent director of Li Auto, Inc. (Nasdaq: LI; HKEX: 2015) since July 2020, GOGOX Holdings Limited (HKEX: 2246) since June 2022, and HUYA Inc. (NYSE: HUYA) since May 2018, respectively. From June 2018 to May 2023, Mr. Zhao served as an executive director and chief financial officer of Bairong Inc. (HKEX:6608). From October 2014 to October 2015, he served as the chief financial officer of NetEase Lede Technology Co., Ltd Beijing Branch. From December 2012 to December 2015, he served as a vice president of finance at SouFun Holdings Limited (now known as Fang Holdings Limited). He served as an assistant Chief Auditor at the Public Company Accounting Oversight Board in 2009. From August 2001 to February 2009, he worked at KPMG LLP in the United States, with the most recent position being manager audit. Mr. Zhao received a bachelor's degree in accounting from Tsinghua University in 1999 and a master's degree in accountancy from The George Washington University in 2001.

Shunyan Zhu has served as our independent director since January 2025. Mr. Zhu has served as an executive director and the chairman of the board of directors of Alibaba Health Information Technology Ltd. (SEHK: 00241, “Alibaba Health”) from March 2020, and he currently serves as the chairman of the nomination committee of the board of directors of Alibaba Health. From March 2020 to November 2023, he served as the chief executive officer of Alibaba Health. Mr. Zhu is a partner of the Alibaba Partnership and was the President of the Innovation Initiatives Segment of the ultimate controlling shareholder of Alibaba Health, Alibaba Group Holding Limited (NYSE: BABA; SEHK: 9988; together with its subsidiaries, “Alibaba Group”). He was a director of Meinian Onehealth Healthcare Holdings Co., Ltd. (SZSE: 2044) from May 2020 to October 2021. Prior to joining Alibaba Group, Mr. Zhu founded Wuhan Xuncai Technology Co., Ltd. in 2003. He joined the founding team of UC Browser in 2007 as senior vice president, and was responsible for the marketing and commercialization of UC Browser. Subsequently, Mr. Zhu had served as (1) the president of Alimama Business Group, a leading big data marketing platform in the PRC operated by Alibaba Group; (2) the president of UC Browser; and (3) the president of the Intelligent Information Business Group. Mr. Zhu obtained a Bachelor of Science degree in mathematics in 1993 from Yanshan University in the PRC. He obtained a master’s degree in computing software in 1996 from Huazhong University of Science and Technology in the PRC.

Guangqiang Shi acted as our senior vice president from June 2024. Prior to joining us, Mr. Shi was executive assistant to the chairman and general manager of the Beijing company at 360 Security Technology Inc. (SHSE: 601360) from August 2019 to June 2024. From July 2017 to August 2019, he served as director of public affairs at Blibee Trading Co., Ltd. From July 2002 to July 2017, Mr. Shi held various positions in local government departments and central state organs, focusing on policy research and government liaison. Mr. Shi received his bachelor’s degree in economics in July 2002 and his master’s degree in public administration in June 2014, both from Renmin University of China. He commenced doctoral studies in business administration at the School of Business, Renmin University of China, in September 2024.

The business address of our directors and executive officers is 2/F, Building D, Ronsin Technology Center, Chaoyang District, Beijing, People’s Republic of China. No family relationship exists between any of our directors and executive officers.

B. Compensation

Compensation of Directors and Executive Officers

In the fiscal year ended June 30, 2025, the aggregate cash compensation to directors and executive officers was approximately RMB12.3 million (US\$1.7 million). This amount consisted only of cash and did not include any share-based compensation or benefits in kind. Each of our directors and officers is entitled to reimbursement for all necessary and reasonable expenses properly incurred in the course of employment or service. Our directors and officers participate in our share incentive plan. See “—Share Incentive Plans.” We do not pay or set aside any amounts for pension, retirement or other benefits for our directors and officers, except our contributions on behalf of our officers located in China to a government-mandated multi-employer defined contribution plan.

Share Incentive Plans

The 2018 Plan

In May 2022, our board of directors approved and adopted our 2018 share incentive plan (the “2018 Plan”). The 2018 Plan is intended to promote our success and shareholder value by attracting, motivating and retaining selected employees and other eligible participants through the awards.

The following paragraphs summarize the principal terms of the 2018 Plan.

Types of awards. The 2018 Plan permits the award of (1) options and share appreciation rights and (2) restricted or unrestricted shares.

Eligibility. The 2018 Plan provides for the grant of awards to, among others, officers or employees, directors or consultants of our company, or employees, directors or consultants of our related entities, such as a subsidiary corporation.

Administration. Subject to the terms of the 2018 Plan, the 2018 Plan will be administered by our board of directors, or one or more committees as appointed by our board of directors, comprising at least one member of the board of directors.

Award agreements. Awards granted under the 2018 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the terms, provisions and restrictions of the award.

Vesting schedule and price. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement. The plan administrator will have sole discretion in approving and amending the terms and conditions of awards including, among others, exercise, base or purchase prices, the types, number and rights of shares granted, vesting and exercise schedules and acceleration provisions, as applicable, which are stated in the award agreement.

Compliance with law. An award may not be exercised nor may any shares be issued thereunder unless the exercise and issuance complies with all applicable laws.

Transferability. An award may not be transferred, except provided in the 2018 Plan, such as transfers by will or by laws of descent or distribution, or as provided in the relevant award agreement or otherwise determined by the plan administrator.

Changes to capitalization. In the event of share splits, combinations, exchanges and other specified changes in our capital structure not involving the receipt of consideration by us, the 2018 Plan provides for the proportional adjustment of the number and class of shares reserved under the 2018 Plan and the number, class and price of shares, if applicable, of all outstanding awards.

Change in control events. In the event of a change in control, the administrator may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding awards. Each outstanding Award (whether or not vested and/or exercisable) shall terminate, subject to any provision that has been expressly made by the administrator for the survival, substitution, assumption, exchange or other continuation or settlement.

Amendment and termination. The 2018 Plan has a term of ten years commencing from the date of the board approval, unless terminated earlier in accordance with its terms. Our board of directors has the authority to terminate, amend or modify the 2018 Plan. However, no amendment, suspension or termination of the 2018 Plan may, without written consent of the participant, in any manner materially and adversely affect the participant's rights and benefits of such award granted to a participant prior to the relevant change.

The 2021 Plan

In May 2022, our board of directors approved and adopted our 2021 global share plan (the "2021 Plan"). The 2021 Plan is intended to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to selected eligible participants and promote our business success through the awards.

The following paragraphs summarize the principal terms of the 2021 Plan.

Types of awards. The 2021 Plan permits the award of options and share purchase rights.

Eligibility. The 2021 Plan provides for the grant of awards to, among others, officers or employees, directors or consultants of our company, or employees, directors or consultants of our related entities, such as a subsidiary corporation.

Administration. Subject to the terms of the 2021 Plan, the 2021 Plan will be administered by our board of directors, or one or more committees as appointed by our board of directors, comprising at least one member of the board of directors.

Terms and conditions of options. Options granted under the 2021 Plan are evidenced by an award agreement that sets forth terms and conditions for the options, such as the number of shares and types and term of options, exercise price and certain provisions applicable in the event that the grantee's employment or service terminates. In general, the plan administrator determines such terms and conditions in their sole discretion, which are stated in the award agreement.

Terms and conditions of share purchase rights. Share purchase rights granted under the 2021 Plan are evidenced by an award agreement that sets forth terms and conditions for the share purchase rights, such as the duration of offer of shares and the purchase price. In general, the plan administrator determines such terms and conditions in their sole discretion, which are stated in the award agreement.

Compliance with law. An award may not be exercised nor may any shares be issued thereunder unless the exercise and issuance complies with all applicable laws.

Transferability. An award may not be transferred, except provided in the 2021 Plan, such as transfers by will or by laws of descent or distribution, or as provided in the relevant award agreement or otherwise determined by the plan administrator.

Changes to capitalization. In the event of dividend or other distribution, recapitalization, share split reorganization and other specified changes in our corporate structure, the 2021 Plan provides for the adjustment of the number and class of shares that may be delivered under the 2021 Plan and/or the number, class, and price of shares covered by each outstanding award.

Change in control events. In the event of a change in control, each outstanding award, and, if applicable, each right of us to repurchase or redeem restricted shares acquired will be assumed or an equivalent award substituted by the successor corporation.

Amendment and termination. The 2021 Plan has a term of ten years commencing from the date of the board approval, unless terminated earlier in accordance with its terms. Our board of directors has the authority to terminate, amend or modify the 2021 Plan. However, without written agreement between the participant and the administrator, no amendment, alteration, suspension, or termination of the 2021 Plan shall materially and adversely impair the rights of any participant with respect to an outstanding award.

As of October 21, 2025, there had been no options granted to our directors and executive officers under the 2018 Plan. The following table summarizes, as of October 21, 2025, the number of ordinary shares under outstanding options that we had granted to our directors and executive officers under the 2021 Plan:

Name	Ordinary Shares Underlying Options	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Peng Li	—	—	—	—
Huiyu Zhan	—	—	—	—
Frank Lin	—	—	—	—
Dong Xie	2,360,000	US\$0.1— US\$0.4	April 1, 2021—June 21, 2024	March 31, 2031—June 20, 2034
Xihao Liu	2,300,000	US\$0.1—US\$0.4	July 1, 2020 – June 21, 2024	June 30, 2030 - June 20, 2034
Pei Hua (Helen) Wong	*	US\$0.4	December 28, 2023	December 27, 2033
Hongqiang Zhao	*	US\$0.4	December 28, 2023	December 27, 2033
Shunyan Zhu	*	US\$0.4	March 21, 2025	March 20, 2035
Guangqiang Shi	*	US\$0.4	June 21, 2024	June 20, 2034
All directors and executive officers as a group	5,350,000	N/A	N/A	N/A

* Less than 1% of our total outstanding ordinary share on an as-converted basis.

As of the date of this annual report, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2018 Plan and the 2021 Plan is 38,240,745 Class A ordinary shares. As of October 21, 2025, options to purchase a total of 18,898,545 Class A ordinary shares under the 2021 Plan had been granted and outstanding, and 13,353,996 of such options had been exercised. As of October 21, 2025, there had been no options granted under the 2018 Plan. As of October 21, 2025, grantees other than our directors and executive officers above, as a group, held options to purchase an aggregate of 13,548,545 Class A ordinary shares, with exercise prices ranging from US\$0.0005 per share to US\$1.66 per share.

C. Board Practices

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract or transaction, proposed contract or transaction notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered, provided (1) such director, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (2) if such contract or transaction or proposed contract or transaction is a transaction with a related party, such transaction has been approved by the audit committee. Our directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the company or of any third party.

Committees of the Board of Directors

We have established three committees under the board of directors, including an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Mr. Hongqiang Zhao, Ms. Pei Hua (Helen) Wong and Mr. Shunyan Zhu. Mr. Hongqiang Zhao is the chairman of our audit committee. We have determined that each of Mr. Hongqiang Zhao, Ms. Pei Hua (Helen) Wong and Mr. Shunyan Zhu satisfies the "independence" requirements of the Rule 5605(c)(2) of the Nasdaq Stock Market Listing Rules and meets the independence standards under Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Mr. Hongqiang Zhao qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of the Nasdaq Stock Market Listing Rules.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee will be responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services performed by our independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and our independent registered public accounting firms;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- reporting regularly to the board of directors.

Compensation Committee. Our compensation committee consists of Mr. Peng Li, Ms. Pei Hua (Helen) Wong and Mr. Hongqiang Zhao. Mr. Peng Li is the chairman of our compensation committee. We have determined that each of Ms. Pei Hua (Helen) Wong and Mr. Hongqiang Zhao satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Listing Rules. As a foreign private issuer, we have elected not to have our compensation committee consist of entirely independent directors.

The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Peng Li, Ms. Pei Hua (Helen) Wong and Mr. Hongqiang Zhao. Mr. Peng Li is the chairman of our nominating and corporate governance committee. We have determined that each of Ms. Pei Hua (Helen) Wong and Mr. Hongqiang Zhao satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Listing Rules. As a foreign private issuer, we have elected not to have our nominating and corporate governance committee consist of entirely independent directors.

The nominating and corporate governance committee assists the board of directors in selecting directors and in determining the composition of our board and board committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors, or for appointment to fill any vacancy;
- reviewing annually with our board of directors its composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and
- evaluating the performance and effectiveness of the board as a whole.

Terms of Directors and Officers

Our directors may be appointed by a resolution of our board of directors, or by an ordinary resolution of our shareholders, pursuant to our second amended and restated memorandum and articles of association of our company. An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between our company and the Director, if any; but no such term shall be implied in the absence of express provision. Unless expressly provided, our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders. In addition, a director will cease to be a director if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors; (2) dies or is found by our company to be or becomes of unsound mind; (3) resigns his office by notice in writing to the company; (4) without special leave of absence from our board, is absent from three consecutive board meetings and our board of directors resolve that his office be vacated; or (5) is removed from office pursuant to any other provision of our second amended and restated memorandum and articles of association. Our officers are elected by and serve at the discretion of the board of directors.

Duties of Directors

Under Cayman Islands law, our directors owe to us fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than what may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care, and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company may have the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain limited exceptional circumstances have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Employment Agreements

We have entered into employment agreements with our executive officers. Each of our executive officers is employed for a specified time period, which will be automatically extended for successive one-year terms unless either party gives the other party a prior written notice to terminate employment. We may terminate the employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, including conviction or pleading of guilty to a felony, fraud, misappropriation or embezzlement, negligent or dishonest act to our detriment, misconduct or failure to perform his or her duty, disability, or death. An executive officer may terminate his or her employment at any time with a one-month prior written notice if there is a material and substantial reduction in such executive officer's existing authority and responsibilities or at any time if the termination is approved by our board of directors.

Each executive officer agrees to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except for our benefit, any confidential information. Each executive officer also agrees to assign to us all his or her all inventions, improvements, designs, original works of authorship, formulas, processes, compositions of matter, computer software programs, databases, mask works and trade secrets.

Each executive officer agrees that, during his or her term of employment and for a period of one-year after terminating employment with us, such executive officer will not, without our prior written consent, (1) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (2) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (3) seek directly or indirectly, to solicit the services of, or hire or engage any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against all liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company to the fullest extent permitted by law with certain limited exceptions.

D. Employees

As of June 30, 2023, 2024 and 2025, we had 1,029, 827 and 714 full-time employees, respectively. The following table sets forth the numbers of our full-time employees by functions as of June 30, 2025 for our established businesses.

Function:	As of June 30, 2025	
	Number	% of total
Course instruction and content development	58	8.1%
Course tutoring	96	13.4%
R&D	126	17.6%
User growth	62	8.7%
Course operations	139	19.5%
General and administrative	118	16.6%
Total	599	83.9%

The following table sets forth the numbers of our full-time employees by functions as of June 30, 2025 for our pop toy business.

Function:	As of June 30, 2025	
	Number	% of total
Product development and supply chain	58	8.1%
Sales and marketing	44	6.2%
Administration	13	1.8%
Total	115	16.1%

In addition to our full-time employees, we also engaged certain outsourced personnel, primarily tutors to facilitate the delivery and operation of our courses and enhance our operational efficiency and flexibility. As of June 30, 2025, we had an outsourced workforce of more than 700.

We enter into employment contracts with our full-time employees which contain standard confidentiality provisions. We also enter into separate non-compete agreement with certain employees. In addition to base salaries and benefits, we provide performance-based bonuses for our full-time employees and commission-based compensation for our sales and marketing force.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance, and housing fund. We are required under PRC laws to make contributions to employee benefit plans for our employees at specified rates.

We have not experienced material labor disputes with our employees in the past. None of our employees is represented by labor unions.

E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of October 21, 2025 by:

- each of our directors and executive officers; and
- each person known to us to beneficially own 5.0% or more of our ordinary shares.

The calculation in the table below is based on 163,153,846 ordinary shares outstanding as of October 21, 2025, including 113,294,797 Class A ordinary shares and 49,859,049 Class B ordinary shares. Our issued and outstanding ordinary shares do not include treasury ADSs.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

See “—B. Compensation” for more details on options and restricted shares granted to our directors and executive officers.

	<u>Class A ordinary shares</u>	<u>Class B ordinary shares</u>	<u>% of beneficial ownership[†]</u>	<u>% of aggregate voting power^{††}</u>
Directors and Executive Officers^{†††}				
Peng Li ⁽¹⁾	—	49,859,049	30.6	81.5
Huiyu Zhan	*	—	*	*
Frank Lin ⁽³⁾	24,370,089	—	14.9	4.0
Dong Xie	2,155,344	—	1.3	*
Xihao Liu	1,679,506	—	1.0	*
Pei Hua (Helen) Wong	*	—	*	*
Shunyan Zhu	*	—	*	*
Hongqiang Zhao	*	—	*	*
Guangqiang Shi	*	—	*	*
Directors and executive officers as a group	28,636,644	49,859,049	48.0	85.9
Principal Shareholders:				
Even Par Holding Limited ⁽¹⁾	—	49,859,049	30.6	81.5
K2 Entities ⁽²⁾	23,323,579	—	14.3	3.8
DCM Entities ⁽³⁾	24,370,089	—	14.9	4.0

* Represents less than 1% of our total outstanding shares as of October 21, 2025.

[†] For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after October 21, 2025.

^{††} For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. As of the date of this annual report, holder of each of our Class A ordinary shares is entitled to one vote per share and holder of each of our Class B ordinary shares is entitled to ten votes. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

^{†††} Except as indicated otherwise below, the business address of our directors and executive officers is 2/F, Building D, Ronsin Technology Center, Chaoyang District, Beijing, People’s Republic of China.

- (1) Represents 49,859,049 Class B ordinary shares held by Even Par Holding Limited, a company incorporated in the British Virgin Islands. Even Par Holding Limited is controlled by NICE PAR TRUST, a trust established under a trust deed between Mr. Peng Li as settlor and Vistra Trust (Singapore) Pte. Limited as trustee. Mr. Peng Li and his family members are beneficiaries of NICE PAR TRUST. Under the terms of the trust deed of this trust, Mr. Peng Li has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by Even Par Holdings Limited in QuantaSing Group Limited. Mr. Peng Li is the sole director of Even Par Holdings Limited. The registered address of Even Par Holdings Limited is at the offices of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.
- (2) Represents (i) 3,181,242 Class A ordinary shares held by K2 EVERGREEN PARTNERS LIMITED (of which 706,242 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Evergreen Partners L.P., the general partner of which is K2 Evergreen Partners LLC; (ii) 5,035,586 Class A ordinary shares held by K2 FAMILY PARTNERS LIMITED (of which 1,117,911 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Family Partners L.P. The general partner of K2 Family Partners L.P. is K2 Family Partners GP, L.P., the general partner of which is K2 Family Partners GP, LLC; and (iii) 15,106,751 Class A ordinary shares held by K2 PARTNERS III LIMITED (of which 3,353,727 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Partners III L.P. The general partner of K2 Partners III L.P. is K2 Partners III GP, L.P., the general partner of which is K2 Partners III GP, LLC. KPartners Limited holds (i) 80% equity and voting power of K2 Evergreen Partners LLC; (ii) 51% equity and voting power of K2 Family Partners GP, LLC; and (iii) 51% equity and voting power of K2 Partners III GP, LLC. The registered address of the K2 entities is Room C, 20/F, Lucky Plaza, 315-321 Lockhart Road, Wanchai, Hong Kong.
- (3) Represents (i) 22,007,410 Class A ordinary shares held by DCM Ventures China Fund (DCM VIII), L.P. (of which 1,327,008 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands; (ii) 1,820,446 Class A ordinary shares held by DCM VIII, L.P. (of which 109,770 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands; and (iii) 542,233 Class A ordinary shares held by DCM Affiliates Fund VIII, L.P. (of which 32,694 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands. The general partner of each of these DCM entities is DCM Investment Management VIII, L.P., the general partner of which is DCM International VIII, Ltd., which is ultimately controlled by Matthew C. Bonner, Andre G. Levi and Frank Lin, a director of our company, and each may be deemed to share voting and dispositive power over the shares held by the DCM entities. Each of the foregoing persons disclaims beneficial ownership of shares held by the DCM entities, except to the extent of any pecuniary interest therein. The registered address of the DCM entities is P.O. Box 268, Floor 4 Willow House, Cricket Square, Grand Cayman KY1-1104, Cayman Islands.

On June 9, 2023, our board of directors authorized a share repurchase program (the “2023 Share Repurchase Program”), under which we may repurchase up to US\$20.0 million of the ADSs over the 12 months commencing on June 9, 2023. Pursuant to the 2023 Share Repurchase Program, a total of 3,099,477 ADSs representing 9,298,431 Class A ordinary Shares were repurchased for an aggregate consideration of US\$13.2 million from June 9, 2023 to June 8, 2024.

On June 11, 2024, our board of directors authorized a share repurchase program (the “2024 Share Repurchase Program”), under which we may repurchase up to US\$20.0 million of the ADSs over the 12 months commencing on June 11, 2024. Pursuant to the 2024 Share Repurchase Program, a total of 1,661,232 ADSs representing 4,983,696 Class A ordinary Shares were repurchased for an aggregate consideration of US\$3.6 million from June 11, 2024 to June 10, 2025.

On June 6, 2025, our board of directors authorized a share repurchase program (the “2025 Share Repurchase Program”), under which we may repurchase up to US\$20.0 million of the ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. As of October 21, 2025, a total of 512,157 ADSs representing 1,536,471 Class A ordinary Shares had been repurchased for an aggregate consideration of US\$5.0 million under the 2025 Share Repurchase Program.

To the best of our knowledge, as of October 21, 2025, a total of 72,248,481 outstanding Class A ordinary shares were held by one record holder in the United States, which is Citibank N.A., the depository of our ADS program, representing 44.3 % of our total outstanding shares. None of our outstanding Class B ordinary shares is held by record holders in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Contractual Arrangements with the VIEs and Its Shareholder

See “Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements.”

Related Parties Transactions

In the fiscal years ended June 30, 2023, 2024 and 2025, we entered into certain material related party transactions as set forth below.

Marketing services to Beijing Baichuan. We provide marketing services to Beijing Baichuan to facilitate its customer acquisition efforts. Beijing Baichuan paid to us service fees based on the volume of customers acquired through our platforms. Beijing Baichuan is the subsidiary of Beijing ChangYou Star Network Technology Co., Ltd., which has been disposed of in March 2022 to an affiliate of our company controlled by the same group of shareholders as that of our company with the same share ownership structure as ours at that time. Since then, the transactions between Beijing Baichuan and us constitute related party transactions. For the fiscal years ended June 30, 2023, 2024 and 2025, we recorded a total of RMB147.9 million, RMB34.1 million and RMB0.1 million services fees from Beijing Baichuan as revenue. As of June 30, 2024 and 2025, the amount due from Beijing Baichuan in relation to such service fee was RMB4.5 million and nil, respectively. We have ceased the provision of marketing services to Beijing Baichuan since the first quarter of fiscal year 2025.

Sale of pop toy products and e-commerce platform operation services to Yuhuatongxing. We sell pop toys products and provide e-commerce platform operation services to Yuhuatongxing (Beijing) Cultural Development Co., Ltd. (“Yuhuatongxing”). For the fiscal year ended June 30, 2025, we recorded revenues of RMB1.1 million (US\$0.2 million) for the sale of goods and RMB0.4 million (US\$0.1 million) for providing e-commerce platform operation services to Yuhuatongxing, respectively. As of June 30, 2025, the amount due from Yuhuatongxing in relation to the foresaid transactions was RMB1.4 million (US\$0.2 million). We expect to continue to sell goods and provide services to Yuhuatongxing on commercially reasonable terms.

Brand and product promotion services from Yuhuatongxing. Yuhuatongxing provided brand and product promotion services to us. For the fiscal year ended June 30, 2025, we recorded operation expenses of RMB2.5 million (US\$0.3 million) for the brand and products promotion services from Yuhuatongxing. As of June 30, 2025, the amount due to Yuhuatongxing in relation to such service fee was RMB2.6 million (US\$0.4 million). We expect to continue to sell goods and provide services to Yuhuatongxing on commercially reasonable terms.

Acquisition of non-controlling equity interests from Shenzhen Haoduoxiaohuoban Venture Capital Service Partnership (Limited Partnership) (“Haoduoxiaohuoban”). In late June 2025, we acquired part of the equity interests of Shenzhen Letsvan from Haoduoxiaohuoban with a total consideration of RMB3.5 million (US\$0.5 million). For the fiscal year ended June 30, 2025, a total of RMB2.8 million (US\$0.4 million) was paid to Haoduoxiaohuoban. As of June 30, 2025, the outstanding pending balance to Haoduoxiaohuoban in connection with the acquisition of equity interests of Shenzhen Letsvan was RMB0.7 million (US\$0.1 million), which was fully settled in July 2025.

In addition, we recorded loans to our associate in Thailand of RMB0.1 million in the fiscal year ended June 30, 2025. We also received capital contribution from the original shareholder of Shenzhen Letsvan of RMB0.5 million (US\$0.1 million) in the fiscal year ended June 30, 2025. As of June 30, 2025, (1) the total amount due to related parties in connection with loans provided by us was RMB0.1 million, (2) a related party, the founder of Shenzhen Letsvan, provided guarantees for our short-term borrowings totaling RMB5.1 million (US\$0.7 million).

Shareholders Agreement

We entered into a shareholders agreement (as amended) with our shareholders on December 20, 2022. The shareholders agreements provide for certain shareholders’ rights, including information and inspection rights, preemptive rights, right of first refusal and co-sale rights, director nomination rights and provisions governing corporate governance matters. The special rights as well as the corporate governance provisions terminated automatically upon the completion of our initial public offering, except for the registration rights as set forth below.

Registration rights

We have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the shareholders agreement.

Demand registration rights. At any time after the earlier of (1) the fourth anniversary of May 31, 2022, or (2) six months following the taking effect of a registration statement for a qualified initial public offering, if holders of at least 25% of the registrable securities then outstanding demand in writing that we file a registration statement under the Securities Act covering the registration of at least 20% (or any lesser percentage if the anticipated gross proceeds to our company from such proposed offering would exceed US\$5,000,000) of the registrable securities then outstanding, we shall warrant such request, subject to certain terms and conditions. We have the right to defer filing of a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders if we furnish to the holders requesting registration a certificate signed by our chief executive officer stating that in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right more than once in any 12 month period and shall not register any other of our shares during such period. We are obligated to effect no more than two demand registrations, other than demand registration to be effected pursuant to registration statement on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Piggyback registration rights. If we propose to register for our own account any of our equity securities, in connection with the public offering of such equity securities, we should promptly give holders of our registrable securities written notice of such registration and, upon the written request of any holder given within twenty (20) days after delivery of such notice, we should use our reasonable best efforts to include in such registration the registrable securities requested to be registered by such holder. If the managing underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, and the number of shares that may be included in the registration statement and the underwriting shall be allocated (1) first, to our company, (2) second, to each holder requesting inclusion of its registrable securities in such registration statement on a pro rata basis based on the total number of registrable securities then held by each such holder, (3) third, to holders of other securities of our company.

Form F-3 registration rights. Our shareholders may request us in writing to file an unlimited number of registration statements on Form F-3. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances, including, but not limited to, the aggregate value of the registrable securities and such other securities for sale shall not be less than US\$500,000. We have the right to defer filing of a registration statement for a period of not more than 60 days after the receipt of the request of the initiating holders. However, we cannot exercise the deferral right more than once in any 12 month period and shall not register any other of our shares during such period.

Expenses of registration. We shall bear all registration expenses (other than underwriting discounts and commissions, and fees for special counsel of the holders participating in such registration) incurred in connection with any demand, piggyback or Form F-3 registration. However, we will not be required to pay for any expenses in excess of US\$25,000 of any special audit required in connection with a demand registration.

Termination of registration rights. Our shareholders' registration rights will terminate upon the earlier of (1) the fifth anniversary of the completion of our initial public offering, and (2) as to any shareholder when the shares subject to registration rights held by such shareholder can be sold without registration in any 90-day period pursuant to Rule 144 promulgated under the Securities Act.

Private Placements

See "Item 4. Information on the Company—A. History and Development of the Company."

Share Incentive Plans

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—C. Board Practices—Employment Agreements" and "Item 6. Directors, Senior Management and Employees—C. Board Practices—Indemnification Agreements."

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may be subject to various claims and legal actions that arise in the ordinary course of our business. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

Dividend Policy

Our board of directors has complete discretion in deciding the payment of any future dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. The declaration and payment of dividends will depend upon, among other things, our future operations and earnings, capital requirements and surplus, our financial condition, contractual restrictions, general business conditions and other factors as our board of directors may deem relevant.

QuantaSing Group Limited is a holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we rely upon payments from our WFOEs. PRC regulations may restrict the ability of our WFOEs to pay dividends to us. In June 2024 and April 2025, Beijing Liangzizhige made a cash distribution of US\$5.3 million and US\$10.0 million, respectively, to Witty Digital Technology Limited, its holding company in Hong Kong. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends paid by our PRC subsidiary to fund cash and financing requirements. Any limitation on the ability of our PRC subsidiary to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares.”

In October 2024, we announced the declaration and distribution of a special dividend (the “Special Dividend”) of US\$0.067 per ordinary share (US\$0.201 per American depositary share, or ADS). The dividend was in U.S. dollars and in cash, funded by surplus cash and to be paid out from the share premium account of our company. The dividends were paid to the holders of our ordinary shares and ADSs of record as of the close of business on October 30, 2024. The aggregate amount of dividend paid was approximately US\$10.9 million, which was fully paid by November 2024.

To the extent that we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our Class A ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs have been listed for trading on the Nasdaq Global Market under the symbol “QSG” since January 2023.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our currently effective second amended and restated memorandum and articles of association and of the Companies Act (As Revised) of the Cayman Islands, which we refer to as the “Companies Act” below, insofar as they relate to the material terms of our ordinary shares.

Board of Directors

See “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

Ordinary Shares

Ordinary shares. Our ordinary shares are issued in registered form. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to ten votes on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Any number of Class B ordinary shares held by a holder thereof will be automatically and immediately converted into an equal number of Class A ordinary shares upon the occurrence of (1) any sale, transfer, assignment or disposition of any Class B ordinary shares by the holder thereof to any person that is not Mr. Peng Li or his controlled entity, or (2) upon a change of ultimate beneficial ownership of any Class B ordinary share to any person that is not Mr. Peng Li or his controlled entity. In addition, all issued outstanding Class B ordinary shares will automatically convert into Class A ordinary shares upon the first to occur of: (1) the death or incapacity of Mr. Peng Li; (2) the date upon which Mr. Peng Li is no longer employed as our chief executive officer for cause; (3) if Mr. Peng Li was not employed as our chief executive officer for at least five years following the consummation of our initial public offering, the date when he is no longer employed as our chief executive officer; and (4) if Mr. Peng Li was employed as our chief executive officer for at least five years following the consummation of our initial public offering, the earlier of: (a) the date Mr. Peng Li ceases to be employed as our chief executive officer and ceases to be a member of our board of directors; and (b) if Mr. Peng Li continues to be a member of our board of directors, the second anniversary after Mr. Peng Li ceases to be employed as our chief executive officer without regard to whether he is a member of our board of directors on such second anniversary.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our second amended and restated memorandum and articles of association provide that dividends may be declared and paid out of our lawfully available funds. Under the laws of the Cayman Islands, our company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting rights. Voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairperson of such meeting or any one shareholder present in person or by proxy. With respect to all matters subject to a shareholders' vote, on a show of hands every shareholder present at the meeting shall each have one vote, and on a poll, every shareholder present at the meeting shall have one vote for each Class A ordinary share, and ten votes for each Class B ordinary share, voting together as one class on all matters submitted to a vote by our shareholders at any general meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding and issued ordinary shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our second amended and restated memorandum and articles of association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General meetings of shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our second amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairperson of our board of directors or a majority of our board of directors (acting by a resolution of our board of directors). Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of one or more shareholder present in person or by proxy, representing not less than a majority of all votes attaching to our issued and outstanding shares entitled to attend and vote at the general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our second amended and restated memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than two thirds of all votes attaching to the issued and outstanding shares of our company entitled to attend and vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our second amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of ordinary shares. Subject to the restrictions set out in our second amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of her or his ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on shares and forfeiture of shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, repurchase and surrender of shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of rights of shares. If at any time, our share capital is divided into different classes of shares, the rights attached to any class may be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Issuance of additional shares. Our second amended and restated memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent out of available authorized but unissued ordinary shares.

Our second amended and restated memorandum and articles of association also authorize our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent out of authorized but unissued preferred shares. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of books and records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (save for our register of mortgages and charges, our memorandum and articles of association and special resolutions of our shareholders). However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

Anti-takeover provisions. Some provisions of our second amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our second amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are given for a period of up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a declaration as to the assets and liabilities of each constituent company, and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by (a) 75% in value of shareholders or class of shareholders, as the case may be, or (b) a majority in number of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of directors and executive officers and limitation of liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our second amended and restated memorandum and articles of association provide that we shall indemnify our directors and officers, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our second amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' fiduciary duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder action by written consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our second amended and restated memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our second amended and restated memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than two-thirds of the total number votes attaching to all issued and outstanding shares of our company as of the date of the deposit that are entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our second amended and restated memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our second amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed by an ordinary resolution of our shareholders. An appointment of a director may be on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the company and the director, if any; but no such term shall be implied in the absence of express provision. In addition, a director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with interested shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of rights of shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our second amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares or the redemption or purchase of any shares of any class by the company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of governing documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our second amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of non-resident or foreign shareholders. There are no limitations imposed by our second amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our second amended and restated memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or “Item 7. Major Shareholders and Related Party Transactions” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations relating to foreign exchange.”

E. Taxation

The following discussion of material Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

As advised by Maples and Calder (Hong Kong) LLP, our Cayman counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties applicable to payments to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

Pursuant to Section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, we may apply and we have applied for an undertaking from the Clerk of the Cabinet of the Cayman Islands that:

- no law which is hereinafter enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- in addition, no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of our shares, debentures or other obligations, or (ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act.

The above concessions shall be for a period of 30 years from July 13, 2022.

PRC Taxation

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations relating to tax in the PRC.”

U.S. Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax considerations relating to the ownership and disposition of the ADSs or Class A ordinary shares by a U.S. Holder, as defined below, that holds the ADSs or Class A ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal income tax law as of the date of this annual report, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the U.S. Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships or other pass-through entities and their partners or investors, and tax-exempt organizations (including private foundations)), investors who are subject to special tax accounting rules under Section 451(b) of the Code, investors who are not U.S. Holders, investors that own (directly, indirectly or constructively) ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or by value), investors that hold ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction, investors that have a functional currency other than the U.S. dollar, investors who acquired ADSs or Class A ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation and certain former citizens or long-term residents of the United States, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any U.S. federal non-income, state, local or non-U.S. tax considerations, the alternative minimum tax or the Medicare contribution tax on net investment income. Each potential investor is urged to consult its tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of an investment in the ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (4) a trust (a) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or (b) that has otherwise elected to be treated as a “United States person” under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding the ADSs or Class A ordinary shares are urged to consult their tax advisors regarding an investment in the ADSs or Class A ordinary shares.

The discussion below assumes the deposit agreement and any related agreement will be complied with in accordance with its terms.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying Class A ordinary shares represented by the ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for the ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U. S. corporation, such as our company, will be classified as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes, if, in the case of any particular fiscal year, either (1) 75% or more of its gross income for such year consists of certain types of “passive” income or (2) 50% or more of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For this purpose, cash and cash equivalents (with certain exceptions) are categorized as passive assets and the company’s unbooked intangibles associated with non-passive business activities may generally be classified as non-passive assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

In addition, although the law in this regard is unclear, we treat our formerly affiliated entities as being owned by us for United States federal income tax purposes for periods prior to the VIE termination because, prior to the VIE termination, we controlled their management decisions and were entitled to substantially all of their economic benefits, and, as a result, we combine and consolidate their financial results in our consolidated financial statements for periods prior to the VIE termination.

Based on the market price of our ADSs and the composition of our assets, we believe we were a PFIC for U.S. federal income tax purposes for our fiscal year ended June 30, 2025. However, because the determination of whether we are or will become a PFIC for any fiscal year is a fact-intensive inquiry made annually that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance regarding our PFIC status for any taxable year. Furthermore, the value and proper classification of certain of our assets for U.S. tax purposes is subject to uncertainty, which may affect our PFIC status for any taxable year. If it were determined that we were not the owner of the affiliated entities for U.S. federal income tax purposes, we may be more likely to be a PFIC for the fiscal years during which our VIE structure was in place. In addition, fluctuations in the market price of the ADSs may increase the risk that we continue to be a PFIC for subsequent fiscal years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other intangibles, may generally be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets.

Dividends

Subject to the PFIC rules described below, any cash distributions (including constructive distributions and the amount of any PRC tax withheld) paid on the ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depository bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on the ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to qualifying corporations under the Code.

Under current law, a non-corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at the lower rates applicable to “qualified dividend income” rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period and other requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the fiscal year in which the dividend is paid or the preceding fiscal year) will generally be considered to be a qualified foreign corporation (1) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (2) with respect to any dividend it pays on stock (or ADSs in respect of such stock) that is readily tradable on an established securities market in the United States. The ADSs are currently listed on Nasdaq. We believe, but cannot assure you, that the ADSs are and will continue to be considered to be readily tradable on an established securities market in the United States. Since our Class A ordinary shares are not listed on established securities markets, it is unclear whether dividends that we pay on our Class A ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. There can be no assurance that the ADSs will be considered readily tradable on an established securities market in future years. In the event we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law (see “—PRC Taxation”), we may be eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income, or the U.S.-PRC income tax treaty (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose). U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or Class A ordinary shares will generally be treated as income from foreign sources and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the ADSs or Class A ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing foreign tax credits are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

As discussed above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended June 30, 2025. With certain exceptions, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends with respect to our ADSs or Class A ordinary shares under their particular circumstances.

Sale or other disposition of ADSs or Class A ordinary shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder’s adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term capital gain or loss if the ADSs or Class A ordinary shares have been held for more than one year and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of non-corporate U.S. Holders are currently eligible for reduced rates of taxation. The deductibility of a capital loss may be subject to limitations.

In the event that we are treated as a PRC resident enterprise under the EIT Law, gain from the disposition of the ADSs or Class A ordinary shares may be subject to tax in the PRC (see “—PRC Taxation”) and will generally be U.S. source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the U.S.-PRC income tax treaty, such holder may be able to elect to treat such gain as PRC source income for foreign tax credit purposes under the U.S.-PRC income tax treaty. Pursuant to U.S. Treasury regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the U.S.-PRC income tax treaty or does not elect to apply the treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or Class A ordinary shares, including the availability of foreign tax credits under their particular circumstances, their eligibility for benefits under the U.S.-PRC income tax treaty, and the potential impact of the U.S. Treasury regulations.

As discussed above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended June 30, 2025. With certain exceptions, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or Class A ordinary shares under their particular circumstances.

Passive foreign investment company rules

If we are classified as a PFIC for any fiscal year during which a U.S. Holder holds the ADSs or Class A ordinary shares, unless the U.S. Holder makes one of certain elections (as described below), the U.S. Holder will, except as discussed below, be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (1) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a fiscal year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding fiscal years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (2) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount of the excess distribution or gain allocated to the fiscal year of distribution or gain and to any fiscal years in the U.S. Holder's holding period prior to the first fiscal year in which we are classified as a PFIC (each such fiscal year, a pre-PFIC year) will be taxable as ordinary income; and
- the amount of the excess distribution or gain allocated to each prior fiscal year, other than the current fiscal year of distribution or gain or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that other fiscal year, and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other fiscal year.

If we are a PFIC for any fiscal year during which a U.S. Holder holds the ADSs or Class A ordinary shares and any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any year during which a U.S. Holder holds the ADSs or Class A ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds the ADSs or Class A ordinary shares, unless we were to cease to be a PFIC and the U.S. Holder makes a "deemed sale" election with respect to the ADSs or Class A ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold the ADSs or Class A ordinary shares it holds at their fair market value and any gain from such deemed sale would be subject to the rules described in the preceding two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent fiscal year, the ADSs or Class A ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, the U.S. Holder will not be subject to the rules described above with respect to any "excess distribution" the U.S. Holder receives from us or any gain from an actual sale or other disposition of the ADSs or Class A ordinary shares. Each U.S. Holder is strongly urged to consult its tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to the U.S. Holder.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to ADSs, provided that the ADSs are "regularly traded" (as defined in applicable U.S. Treasury Regulations) on Nasdaq, which is a qualified exchange or other market for these purposes. No assurances may be given regarding whether the ADSs qualify, or will continue to qualify, as being regularly traded in this regard. If a mark-to-market election is made, the U.S. Holder will generally (1) include as ordinary income for each fiscal year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the fiscal year over the U.S. Holder's adjusted tax basis in such ADSs and (2) deduct as an ordinary loss the excess, if any, of the U.S. Holder's adjusted tax basis in such ADSs over the fair market value of such ADSs held at the end of the fiscal year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Because our Class A ordinary shares are not listed on a stock exchange, U.S. Holders will not be able to make a mark-to-market election with respect to our Class A ordinary shares.

If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not classified as a PFIC.

Because a mark-to-market election cannot be made for any lower-tier PFICs that a PFIC may own, a U.S. Holder who makes a mark-to-market election with respect to the ADSs may continue to be subject to the general PFIC rules with respect to such U.S. Holder's indirect interest in any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests that is classified as a PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or Class A ordinary shares during any fiscal year that we are a PFIC, the U.S. Holder must file an annual information return with the IRS. Each U.S. Holder is urged to consult its tax advisor concerning the potential reporting requirements that may apply and the U.S. federal income tax consequences of purchasing, holding, and disposing of the ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Information reporting and backup withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in "specified foreign financial assets" (as defined in the Code), including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds \$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on and proceeds from the sale or other disposition of the ADSs or Class A ordinary shares. Information reporting will apply to payments of dividends on, and to proceeds from the sale or other disposition of, our Class A ordinary shares or ADSs by a paying agent within the United States to a U.S. Holder, other than U.S. Holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, our Class A ordinary shares or ADSs within the United States to a U.S. Holder (other than U.S. Holders that are exempt from backup withholding and properly certify their exemption) if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the U.S. information reporting rules to its particular circumstances.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on display

We have previously filed with the SEC our registration statement on Form F-1 (File Number 333-268907), as amended, and a prospectus under the Securities Act with respect to our ordinary shares represented by the ADSs.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish Citibank, N.A., the depository of the ADSs, with all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://ir.quantasing.com/>. We will, upon request, furnish our shareholders and ADS holders with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

I. Subsidiary Information

Not applicable.

J. Annual Reports to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign exchange risk

Our operating transactions are mainly denominated in Renminbi and, therefore, we are exposed to risks related to movements between Renminbi and U.S. dollars. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. In addition, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollars and Renminbi because the value of our business is effectively denominated in Renminbi, and the ADSs will be traded in U.S. dollars.

The value of Renminbi against U.S. dollars is subject to changes by the central government policies and to international economic and political developments, among other things. There is also no assurance that the Renminbi will not appreciate or depreciate significantly against the U.S. dollars in the future.

As of June 30, 2024 and 2025, our cash and cash equivalents, restricted cash and short-term investments denominated in Renminbi were RMB890.6 million and RMB873.0 million, respectively, accounting for 86.8% and 83.9% of our total cash and cash equivalents, restricted cash and short-term investments as of the same time, respectively.

To the extent that we need to convert U.S. dollars into Renminbi for operations, appreciation of Renminbi against the U.S. dollar would reduce the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amounts available to us.

Concentration risk

No customers individually represented greater than 10% of our total revenues for the fiscal years ended June 30, 2023, 2024 and 2025. There were four and three customers individually represented more than 10% of our net accounts receivables as of June 30, 2024 and 2025, respectively. One and one supplier individually represented more than 10% of our total costs and expenses for the fiscal years ended June 30, 2024 and 2025, respectively. There was no supplier which individually accounted for more than 10% of our total costs and expenses for the years ended June 30, 2023.

Credit risk

Financial instruments that potentially expose us to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash and short-term investment. As of June 30, 2024 and 2025, more than 90% of our cash and cash equivalents and short-term investments were held in well-established financial institutions located in mainland China, Hong Kong, Singapore and the U.S., which our management considered to be of high credit quality.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Services	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to US\$0.05 per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason)	Up to US\$0.05 per ADS canceled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US\$0.05 per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US\$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US\$0.05 per ADS held
• ADS Services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US\$0.05 per ADS transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa).	Up to US\$0.05 per ADS converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;

- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with foreign currency conversions, compliance with exchange control regulations and other regulatory requirements;
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are canceled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being canceled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1, as amended (file No.: 333-268907) (the “F-1 Registration Statement”) in relation to our initial public offering, which was declared effective by the SEC on January 24, 2023.

For the period from the effective date of the Form F-1 to June 30, 2025, we had used proceeds of US\$10.9 million for dividend distribution, US\$19.1 million for shares repurchase, US\$0.5 million for the investment on an unrelated private company, US\$1.5 million for the acquisition and capital injection of Kelly’s education, US\$3.4 million for general corporate purposes and working capital. As of June 30, 2025, we had used all the net proceeds we received from our initial public offering in 2023.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, due to the outstanding material weakness described below under “Internal Control over Financial Reporting,” as of June 30, 2025, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of internal control over financial reporting as of June 30, 2025, using the criteria set forth in the report “Internal Control—Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of June 30, 2025, due to the material weakness identified in our internal control over financial reporting as described below.

Our management has excluded Shenzhen Letsvan from its assessment of internal control over financial reporting as of June 30, 2025 because the acquisition of Shenzhen Letsvan was consummated on March 31, 2025. The total assets as of June 30, 2025 and total revenue for the period from the acquisition date through June 30, 2025 of Shenzhen Letsvan represented 10.9% and 2.5%, respectively, of our related consolidated financial statement amounts as of and for the year ended June 30, 2025.

Notwithstanding management’s assessment that our internal control over financial reporting was not effective as of June 30, 2025, due to the material weakness identified, we believe that the consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material aspects.

Our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an “emerging growth company” as defined in the JOBS Act.

Internal Control over Financial Reporting

In connection with the audit of our consolidated financial statements for the fiscal years ended June 30, 2023, 2024 and 2025, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness that has been identified relates to lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and reporting requirements set forth by the SEC to properly address complex U.S. GAAP technical accounting issues, and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC.

To remedy our identified material weakness, we have begun to, and will continue to establish clear roles and responsibilities for accounting and financial reporting staff members to address complex accounting and financial reporting issues and to prepare and review consolidated financial statements, including the related disclosures, under U.S. GAAP and SEC reporting requirements, and we have implemented measures to improve our internal control over financial reporting, including hiring an additional financial reporting manager and a reporting associate with appropriate knowledge and experience in U.S. GAAP accounting and SEC reporting to lead our accounting and financial reporting matters. In addition, we will continue to improve our internal control over financial reporting through the following measures, among others: (1) develop and implement a comprehensive set of processes and internal controls to timely and appropriately (i) identify transactions that may be subject to complex U.S. GAAP accounting treatment, (ii) analyze the transactions in accordance with the relevant U.S. GAAP, and (iii) review the accounting technical analysis; (2) enhance our financial closing and reporting policies and procedures and business process level internal controls relevant to the complex transactions to ensure that they are properly accounted for in accordance with U.S. GAAP; (3) continue recruiting qualified accounting staff members with U.S. GAAP and SEC reporting experiences to implement the abovementioned financial reporting procedures and internal controls to ensure the consolidated financial statements and related disclosures under U.S. GAAP and SEC reporting requirements are prepared appropriately on a timely basis; and (4) establish an ongoing training program to provide sufficient and appropriate trainings for accounting and financial reporting personnel, including trainings related to U.S. GAAP and SEC reporting requirements.

However, we cannot assure you that all these measures will be sufficient to remediate our material weakness in time, or at all. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have identified one material weakness in our internal controls. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.”

As a company with less than US\$1.235 billion in revenue for the fiscal year ended June 30, 2025, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Hongqiang Zhao, an independent director (under the standards set forth in Rule 5605(a)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act) and the chairman of our audit committee, is our audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted our code of conduct and ethics, a code that applies to members of the board of directors including its chairman and other senior officers, including the chief executive officer and the chief financial officer. This code is publicly available on our website at <http://ir.quantasing.com>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, and its affiliates, for the fiscal years indicated. Save as disclosed below, we did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the fiscal year ended June 30,	
	2024	2025
	(RMB in thousands)	
Audit fees ⁽¹⁾	10,350	9,315
Tax fees ⁽²⁾	—	—

(1) “Audit fees” means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditor for the audit or review of our annual financial statements or quarterly financial information and review of documents filed with the SEC.

(2) “Tax fees” means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance and tax planning.

Our audit committee (or a subcommittee designated by the audit committee) is responsible for pre-approving all audit and permitted non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On June 11, 2024, our board of directors authorized the 2024 Share Repurchase Program, under which we may repurchase up to US\$20.0 million of the ADSs over the 12 months commencing on June 11, 2024. Repurchases under the 2024 Share Repurchase Program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means. The following table sets forth the details of the repurchases made in accordance with the 2024 Share Repurchase Program during the fiscal years ended June 30, 2024 and 2025.

Period	Total number of ADSs purchased	Average price paid per ADS	Total number of ADSs purchased as part of publicly announced plans or programs	Maximum dollar value of ADSs that may yet be purchased under the plans or programs
June 2024	1,512,549	2.2	1,512,549	16,699,907.4
July 2024	90,087	1.7	90,087	16,549,773.2
August 2024	15,130	1.7	15,130	16,524,792.9
September 2024	33,466	1.7	33,466	16,468,006.9
December 2024	10,000	3.0	10,000	16,438,337.6

On June 6, 2025, our board of directors authorized the 2025 Share Repurchase Program, under which we may repurchase up to US\$20.0 million of the ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. Repurchases under the 2025 Share Repurchase Program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means. The following table sets forth the details of the repurchases made in accordance with the 2025 Share Repurchase Program during the fiscal year ended June 30, 2025.

Period	Total number of ADSs purchased	Average price paid per ADS	Total number of ADSs purchased as part of publicly announced plans or programs	Maximum dollar value of ADSs that may yet be purchased under the plans or programs
June 2025	193,553	11.6	193,553	17,762,201.1

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent that we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Governance—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.”

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy to promote compliance with applicable securities laws and regulations, including those that prohibit insider trading. This policy applies to all officers, directors, employees and consultants of our company (each, an “Affiliate”) and extends to all activities within and outside an individual’s duties at our company. The insider trading policy establishes guidelines and procedures for the following:

- **No Trading:** No Affiliate may purchase or sell any type of security or enter into a binding security trading plan in compliance with Rule 10b5-1 under the Exchange Act, as amended, while in possession of material non-public information. Affiliates in possession of such information may not purchase or sell our securities until the later of (i) the expiration of a 48-hour waiting period following public disclosure of the material information by us, and (ii) the lapse of one full trading day on Nasdaq following such public disclosure. Additionally, affiliates may not trade during limited trading periods, regardless of the possession of material information. All transactions of securities by officers, directors, and key employees must be pre-approved by our compliance officer.
- **Trading Window:** The insider trading policy establishes a trading window for officers, directors, employees, or consultants, during which they can trade our securities or enter into a trading plan. The trading window begins at the close of business on the second trading day following the public disclosure of our financial results for the previous fiscal year or quarter and ends on the last day of each fiscal quarter. Trading during the trading window does not provide a safe harbor, and affiliates must comply with all policies.
- **No Tipping:** No Affiliate may directly or indirectly disclose any material information to anyone who trades in our securities.
- **Confidentiality:** No Affiliate may communicate any material information to anyone outside our company under any circumstances unless approved by the compliance officer in advance, or to anyone within our company other than on a need-to-know basis.
- **No Comment:** No Affiliate may discuss any internal matters or developments of our company with anyone outside our company, except as required in the performance of regular corporate duties. Unless expressly authorized to do otherwise, if an affiliate receives any inquiries about us or our securities from any press, investment analyst, investor or other outsiders, or any requests for comments or interviews, they should decline to comment and direct the inquiry or request to the compliance officer or any other office designated by the chief executive officer.
- **Corrective Action:** If any information that may be considered material information is inadvertently disclosed, any Affiliate with knowledge of the disclosure should notify the compliance officer immediately.

We are committed to maintaining the highest standards of ethical conduct and have implemented these insider trading policies and procedures to ensure compliance with applicable securities laws and to protect the interests of our shareholders.

Item 16K. Cybersecurity.

Risk Management and Strategy

We collect and store different types of personal information concerning our users in our business operations based on the type of services requested. For instance, we generally collect cellphone numbers and/or social media accounts of our users for user registration purpose. We collect such information from different sources, including our mobile apps, our communities, applets and official accounts embedded on Weixin, and other marketing channels. We believe that the legitimate and positive use of data concerning our users is critical to our business success.

We provide our services via our mobile apps under standard user privacy provisions, pursuant to which we undertake to collect user information on a lawful, appropriate and necessary basis. These provisions inform users about the situations we will collect personal information, the type of information collected, how we store and use such information, users' rights, and our data security measures. We also establish a set of detailed rules in collecting and using user information for each key step in the provision of learning services and user engagement, including those relating our online training camp communities. We will not share user information with third parties unless there is express consent or required by law. We update our user privacy provisions from time to time to ensure that they comply with the relevant laws and regulations and stay abreast with our business updates.

We have implemented stringent internal protocols with respect to data storage, access, processing and extraction. For sensitive personal information, we apply encryption procedures, and grant classified and limited access to such information, generally after data masking, to those employees demonstrating authorized needs through an internal application and approval process. We have also implemented protocols on personal information security protection, which govern our internal business processes including the demand analysis, product design and development, testing and product launch, to evaluate and ensure our personal information compliance on an ongoing basis. To tackle potential security incidents, we design relevant action plans to limit the impact on our users and business operations.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive data security system. We anonymize and encrypt sensitive personal information and cooperate with reputable third-party cloud service providers to ensure the security of our data storage. Our back-end security system is capable of handling malicious attacks to safeguard the security of our operations and to protect the information security of our users. We also perform audits of our data security and technology infrastructure to ensure that we can timely discover potential issues and minimize related risks.

We currently do not engage third parties such as assessors, consultants or auditors for assessing, identifying or managing our risks from cybersecurity threats in our day-to-day operations. However, we will consult with the legal advisor from time to time to comply with relevant cybersecurity laws. As of the date of this annual report, we have not experienced any cybersecurity threats that materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Governance

We have established data security management committee, which is generally responsible for assessing and managing our cybersecurity risks, and we have formulated emergency policies for cybersecurity incidents. We also have in-house security engineer, which is a certified information security professional, to implement and oversee our cybersecurity measures. As of the date of this annual report, we have not experienced material cybersecurity incidents.

Our routine cybersecurity governance primarily comprises three aspects, including decision-making, cybersecurity management and compliance. Our data security management committee is responsible for overseeing our cybersecurity risks and routine decision-making. Departments under our product development center are responsible for the specific cybersecurity management tasks, including product, technology, maintenance and operations and big data departments, to leverage their professional expertise in the responsible areas and implement relevant security procedures in our day-to-day operations. Our legal and compliance department is responsible for tracking the latest developments in relevant laws and regulations, reviewing relevant service agreements and overseeing the compliance status of our products and services. In the event of material cybersecurity incident, the relevant personnel and departments shall report to our board of directors, which shall review the status and authorize the emergency procedures. Our data security management committee shall be responsible for leading and coordinating the implementation of emergency procedures.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements are included at the end of this annual report.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1	Second Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 1.1 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 27, 2023).
2.1	Registrant's specimen American depositary receipt (included in Exhibit 2.3)
2.2	Registrant's specimen certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.2 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
2.3	Deposit Agreement dated January 24, 2023, by and among the Registrant, the depositary and the owners and holders of American depositary shares issued thereunder (incorporated herein by reference to Exhibit 2.3 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 27, 2023).
2.4	Amended and Restated Shareholders' Agreement between the Registrant and other parties thereto dated December 20, 2022 (incorporated herein by reference to Exhibit 4.4 to our registration statement on Form F-1 (file no. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
2.5*	Description of Securities
4.1	English translation of Exclusive Consultancy and Service Agreement among Beijing Liangzizhige Technology Co., Ltd. and Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.5 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.2	English translation of Equity Pledge Agreement among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.6 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.3	English translation of Exclusive Option Agreement among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.7 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.4	English translation of Voting Rights Proxy Agreement issued among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated as of May 20, 2021 (incorporated herein by reference to Exhibit 10.8 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.5	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.3 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.6	Form of Employment Agreement between the Registrant and the executive officers of the Registrant (incorporated herein by reference to Exhibit 10.4 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.7	2018 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.8	2021 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022).
4.9	English translation of Exclusive Consultancy and Service Agreement among Beijing Chuangyuqizhi Technology Co., Ltd. and Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024 (incorporated herein by reference to Exhibit 4.9 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024).
4.10*	English translation of Equity Pledge Agreement among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024
4.11	English translation of Exclusive Option Agreement among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024 (incorporated herein by reference to Exhibit 4.11 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024).
4.12*	English translation of Voting Rights Proxy Agreement issued among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated as of May 8, 2024
4.13*	English translation of Exclusive Consultancy and Service Agreement among Beijing Liangzizhige Technology Co., Ltd. and Beijing Chuangyuqizhi Co., Ltd. dated April 2, 2025
4.14*	English translation of Equity Pledge Agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. Dated April 2, 2025

4.15*	English translation of Exclusive Option Agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. dated April 2, 2025
4.16*	English translation of Voting Rights Proxy Agreement issued among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. dated as of April 2, 2025
4.17*	English translation of Capital Increase Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025
4.18*	English translation of Shareholders' Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025
4.19*	English translation of Equity Transfer Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025
4.20*	English translation of Debt-to-Equity Conversion Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and certain shareholders of Shenzhen Yiqi Culture Co., Ltd., and Shenzhen Chaowan World Information Technology Co., Ltd. dated as of March 21, 2025
4.21*	English translation of the Equity Transfer Agreement among QuantaSing Group Limited, Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and certain shareholders of Shenzhen Yiqi Culture Co., Ltd. dated July 31, 2025
4.22*	English translation of the VIE termination agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and their respective nominee shareholder dated as of September 30, 2025
4.23*	English translation of the Domestic Equity Transfer Agreement among the investor, Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and their respective nominee shareholder dated as of September 30, 2025
4.24*	English translation of the Overseas Equity Transfer Agreement among the investor, QuantaSing Group Limited, QuantaSing International Limited and Rare River Group Limited dated as of September 30, 2025
8.1*	List of subsidiaries and affiliated entities of the Registrant
11.1	Code of business conduct and ethics (incorporated herein by reference to Exhibit 99.1 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
11.2	Insider Trading Policy (incorporated herein by reference to Exhibit 11.2 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 27, 2023)
12.1*	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP
15.2*	Consent of Maples and Calder (Hong Kong) LLP
15.3*	Consent of CM Law Firm
97	Compensation Recovery Policy (incorporated herein by reference to Exhibit 97 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024)
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

QUANTASING GROUP LIMITED

By: /s/ Peng Li

Name: Peng Li

Title: Chief Executive Officer

Date: October 31, 2025

QUANTASING GROUP LIMITED

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of QuantaSing Group Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of QuantaSing Group Limited and its subsidiaries (the “Company”) as of June 30, 2025 and 2024, and the related consolidated statements of operations and comprehensive (loss)/income, of changes in shareholders’ equity and of cash flows for each of the three years in the period ended June 30, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People’s Republic of China
October 31, 2025

We have served as the Company’s auditor since 2021.

QUANTASING GROUP LIMITED

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except for share and per share data, or otherwise noted)

		As of June 30,		
	Note	2024	2025	2025
		RMB	RMB	US\$ Note 2(e)
ASSETS				
Current assets:				
Cash and cash equivalents		779,931	830,159	115,886
Restricted cash		160	21,065	2,941
Short-term investments	14	246,195	189,697	26,481
Accounts receivable, net	5	16,676	45,893	6,406
Amounts due from related parties	23	4,488	1,577	220
Inventory, net	6	6,345	21,461	2,996
Prepayments and other current assets	7	275,549	202,899	28,322
Total current assets		1,329,344	1,312,751	183,252
Non-current assets:				
Property and equipment, net	8	6,569	11,292	1,576
Intangible assets, net	9	-	65,938	9,205
Long-term investments	15	9,010	59,066	8,245
Operating lease right-of-use assets	13	58,889	19,898	2,778
Deferred tax assets	16	847	-	-
Goodwill		-	187,598	26,188
Other non-current assets		21,360	4,976	695
Total non-current assets		96,675	348,768	48,687
TOTAL ASSETS				
		1,426,019	1,661,519	231,939

QUANTASING GROUP LIMITED

CONSOLIDATED BALANCE SHEETS (Continued)

(All amounts in thousands, except for share and per share data, or otherwise noted)

	Note	As of June 30,		
		2024	2025	2025
		RMB	RMB	US\$ Note 2(e)
LIABILITIES				
Current liabilities:				
Short-term Borrowings (including amounts of the consolidated VIE without recourse to the primary beneficiary of nil as of both June 30, 2024 and 2025)	10	-	11,100	1,550
Accounts payables (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB61,888 and RMB29,390 as of June 30, 2024 and 2025, respectively)	11	62,066	48,694	6,797
Accrued expenses and other current liabilities (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB151,918 and RMB83,819 as of June 30, 2024 and 2025, respectively)	12	190,508	151,806	21,191
Amounts due to related parties (including amounts of the consolidated VIE without recourse to the primary beneficiary of nil as of both June 30, 2024 and 2025)	23	-	3,321	464
Income tax payable (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB9,642 and RMB21,992 as of June 30, 2024 and 2025, respectively)		20,399	31,440	4,389
Contract liabilities, current portion (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB380,548 and RMB235,376 as of June 30, 2024 and 2025, respectively)		385,227	238,090	33,236
Advance from customers (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB159,806 and RMB109,013 as of June 30, 2024 and 2025, respectively)		162,257	113,134	15,793
Operating lease liabilities, current portion (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB23,782 and RMB6,400 as of June 30, 2024 and 2025, respectively)	13	49,099	16,428	2,293
Total current liabilities		869,556	614,013	85,713
Non-current liabilities:				
Contract liabilities, non-current portion (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB11,365 and RMB35,485 as of June 30, 2024 and 2025, respectively)		11,365	35,485	4,954
Operating lease liabilities, non-current portion (including amounts of the consolidated VIE without recourse to the primary beneficiary of RMB6,317 and RMB2,076 as of June 30, 2024 and 2025, respectively)	13	16,989	7,016	979
Deferred tax liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiary of nil and RMB29 as of June 30, 2024 and 2025, respectively)	16	11,625	72,042	10,057
Total non-current liabilities		39,979	114,543	15,990
TOTAL LIABILITIES		909,535	728,556	101,703

QUANTASING GROUP LIMITED

CONSOLIDATED BALANCE SHEETS (Continued)

(All amounts in thousands, except for share and per share data, or otherwise noted)

	Note	As of June 30,		
		2024	2025	2025
		RMB	RMB	US\$ Note 2(e)
Commitments and contingencies	24			
MEZZANINE EQUITY				
Non-controlling interests with liquidation preferences	19	-	40,999	5,723
SHAREHOLDERS' EQUITY				
Class A ordinary shares (US\$0.0001 par value; 430,000,000 shares authorized, 119,595,046 shares issued as of both June 30, 2024 and 2025, and 103,776,127 and 114,114,919 shares outstanding as of June 30, 2024 and June 30, 2025, respectively)	20	81	81	11
Class B ordinary shares (US\$0.0001 par value; 70,000,000 shares authorized, 49,859,049 shares issued and outstanding as of both June 30, 2024 and June 30, 2025)	20	34	34	5
Treasury stock	20	(109,257)	(49,054)	(6,848)
Additional paid-in capital		1,192,474	1,066,860	148,928
Accumulated other comprehensive income		17,313	16,507	2,304
Accumulative deficit		(584,161)	(225,431)	(31,469)
TOTAL QUANTASING GROUP LIMITED SHAREHOLDERS' EQUITY		516,484	808,997	112,931
Non-controlling interests		-	82,967	11,582
TOTAL SHAREHOLDERS' EQUITY		516,484	891,964	124,513
TOTAL LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' EQUITY		1,426,019	1,661,519	231,939

The accompanying notes are an integral part of these consolidated financial statements.

QUANTASING GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME

(All amounts in thousands, except for share data and per share data, or otherwise noted)

	Note	For the years ended June 30,			
		2023	2024	2025	2025
		RMB	RMB	RMB	US\$ Note 2(e)
Revenues (including revenue from related parties of 147,921, RMB34,107 and RMB1,583 for the years ended June 30, 2023, 2024 and 2025, respectively)	2(w)	3,081,381	3,795,331	2,725,592	380,478
Cost of revenues		(391,498)	(550,310)	(503,733)	(70,318)
Gross profit		2,689,883	3,245,021	2,221,859	310,160
Operating expenses:					
Sales and marketing expenses		(2,408,464)	(2,586,977)	(1,611,261)	(224,923)
Research and development expenses		(219,781)	(144,868)	(98,525)	(13,754)
General and administrative expenses		(175,246)	(125,765)	(115,172)	(16,077)
Impairment loss on long-lived assets		-	(2,652)	-	-
Impairment loss on goodwill		-	(7,389)	-	-
Total operating expenses		(2,803,491)	(2,867,651)	(1,824,958)	(254,754)
(Loss)/Income from operations		(113,608)	377,370	396,901	55,406
Other income:					
Interest income		5,328	10,520	4,999	698
Remeasurement gain of previously held equity interests in connection with step acquisition		-	-	8,109	1,132
Others, net	17	21,313	28,965	59,478	8,303
(Loss)/Income before income tax expense		(86,967)	416,855	469,487	65,539
Income tax expense	16	(21,685)	(31,328)	(112,919)	(15,763)
Net (loss)/income		(108,652)	385,527	356,568	49,776
Net loss attributable to non-controlling interests		115	-	2,162	302
Net (loss)/income attributable to QuantaSing Group Limited		(108,537)	385,527	358,730	50,078
Accretion of the Company's preferred shares		(22,379)	-	-	-
Net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited		(130,916)	385,527	358,730	50,078
Weighted average number of ordinary shares used in computing net (loss)/income per share					
—Basic	22	103,948,398	164,998,649	161,291,663	161,291,663
—Diluted	22	103,948,398	170,045,651	165,196,242	165,196,242
Net (loss)/income per ordinary share attributable to QuantaSing Group Limited					
—Basic	22	(1.26)	2.34	2.22	0.31
—Diluted	22	(1.26)	2.27	2.17	0.30
Comprehensive (loss)/income:					
Net (loss)/income		(108,652)	385,527	356,568	49,776
Other comprehensive income/(loss)					
Foreign currency translation adjustments, net of nil tax		20,343	(4,869)	(806)	(113)
Total other comprehensive income/(loss)		20,343	(4,869)	(806)	(113)
Total comprehensive (loss)/income		(88,309)	380,658	355,762	49,663
Comprehensive loss attributable to non-controlling interests		115	-	2,162	302
Comprehensive (loss)/income attributable to QuantaSing Group Limited		(88,194)	380,658	357,924	49,965

The accompanying notes are an integral part of these consolidated financial statements.

QUANTASING GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(All amounts in thousands, except for share data and per share data, or otherwise noted)

	Note	Attributable to the owners of QuantaSing Group Limited										Total equity RMB
		Class A ordinary shares		Class B ordinary shares		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficit	Non- controlling interests	
		Shares	Amount RMB	Shares	Amount RMB	Shares	Amount RMB	RMB	RMB	RMB	RMB	
Balance as of July 1, 2022		4,783,589	3	49,859,049	29	-	-	69,934	1,839	(861,151)	-	(789,346)
Issuance of ordinary shares upon Initial Public Offering ("IPO")	20	9,750,000	7	-	-	-	-	235,455	-	-	-	235,462
Issuance of ordinary shares upon exercise of underwriters' over-allotment option	20	382,188	-	-	-	-	-	9,984	-	-	-	9,984
Automatic conversion of preferred shares into ordinary shares upon IPO		100,843,631	68	-	-	-	-	686,471	-	-	-	686,539
Vesting of restricted shares	18	-	-	-	5	-	-	(5)	-	-	-	-
Share-based compensation	18	-	-	-	-	-	-	191,632	-	-	-	191,632
Accretion of the Company's preferred shares		-	-	-	-	-	-	(22,379)	-	-	-	(22,379)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	2,250	2,250
Net loss		-	-	-	-	-	-	-	-	(108,537)	(115)	(108,652)
Currency translation differences		-	-	-	-	-	-	-	20,343	-	-	20,343
Balance as of June 30, 2023		115,759,408	78	49,859,049	34	-	-	1,171,092	22,182	(969,688)	2,135	225,833
Balance as of June 30, 2023		115,759,408	78	49,859,049	34	-	-	1,171,092	22,182	(969,688)	2,135	225,833
Issuance of ordinary shares for share incentive plan	20	3,835,647	3	-	-	(3,835,647)	(3)	-	-	-	-	-
Cancellation of ordinary shares	20	(9)	-	-	-	-	-	-	-	-	-	-
Repurchase of American depositary shares ("ADSs")	20	-	-	-	-	(13,836,078)	(118,498)	-	-	-	-	(118,498)
Exercise of share options	18	-	-	-	-	1,852,806	9,244	(6,260)	-	-	-	2,984
Share-based compensation	18	-	-	-	-	-	-	27,757	-	-	-	27,757
Disposal of non-controlling interests		-	-	-	-	-	-	(115)	-	-	(2,135)	(2,250)
Net income		-	-	-	-	-	-	-	-	385,527	-	385,527
Currency translation differences		-	-	-	-	-	-	-	(4,869)	-	-	(4,869)
Balance as of June 30, 2024		119,595,046	81	49,859,049	34	(15,818,919)	(109,257)	1,192,474	17,313	(584,161)	-	516,484

QUANTASING GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
(All amounts in thousands, except for share data and per share data, or otherwise noted)

Attributable to the owners of QuantaSing Group Limited												
Note	Class A ordinary shares		Class B ordinary shares		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficit	Non- controlling interests	Total equity	
	Shares	Amount	Shares	Amount	Shares	Amount						
	RMB	RMB	RMB	RMB	RMB	RMB						
Balance as of June 30, 2024		119,595,046	81	49,859,049	34	(15,818,919)	(109,257)	1,192,474	17,313	(584,161)	-	516,484
Repurchase of ADSs	20	-	-	-	-	(1,026,708)	(17,986)	-	-	-	-	(17,986)
Exercise of share options	18	-	-	-	-	11,365,500	78,189	(66,796)	-	-	-	11,393
Share-based compensation	18	-	-	-	-	-	-	19,293	-	-	-	19,293
Acquisition of subsidiary with non-controlling interests	3	-	-	-	-	-	-	-	-	-	93,041	93,041
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	713	713
Acquisition of noncontrolling interest	18	-	-	-	-	-	-	-	-	-	(8,625)	(8,625)
Declaration of cash dividends	21	-	-	-	-	-	-	(78,111)	-	-	-	(78,111)
Net income		-	-	-	-	-	-	-	-	358,730	(2,162)	356,568
Currency translation differences		-	-	-	-	-	-	-	(806)	-	-	(806)
Balance as of June 30, 2025		119,595,046	81	49,859,049	34	(5,480,127)	(49,054)	1,066,860	16,507	(225,431)	82,967	891,964

The accompanying notes are an integral part of these consolidated financial statements.

QUANTASING GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(RMB in thousands, except for share data and per share data, or otherwise noted)

	For the years ended June 30,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(e)
Cash flows from operating activities:				
Net (loss)/income	(108,652)	385,527	356,568	49,776
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:				
Fair value changes of short-term investments	(40)	(2,446)	(5,324)	(743)
(Reversal)/provision of allowance for expected credit losses	(46)	(48)	1,249	174
Inventory obsolescence impairment	-	-	10,407	1,453
Purchase commitment loss	-	-	4,007	559
Depreciation of property and equipment	3,714	4,546	5,509	769
Amortization of intangible assets	-	468	3,041	425
Impairment loss on long-lived assets and goodwill	-	10,041	-	-
Loss on disposal of property, equipment and intangible assets	-	10	379	53
Share of profit from equity method investments, net of income tax	-	(2)	(1,388)	(194)
Remeasurement gain of previously held equity interests in connection with step acquisition	-	-	(8,109)	(1,132)
Fair value changes of long-term investments	-	-	(24,863)	(3,471)
Realized gains from short-term investments	(9,195)	(16,004)	(18,750)	(2,617)
Share-based compensation	191,632	27,757	20,501	2,861
Deferred income tax (benefit)/expense	(2,084)	12,862	44,264	6,179
Changes in operating assets and liabilities:				
Accounts receivable	(10,268)	(4,377)	(6,434)	(898)
Amounts due from related parties	(6,108)	24,628	3,400	475
Prepayments and other current assets	(21,121)	(67,624)	36,261	5,061
Operating lease right-of-use assets	(60,092)	25,286	41,375	5,776
Accounts payables	16,916	(28)	(26,559)	(3,707)
Accrued expenses and other current liabilities	62,370	14,109	(51,560)	(7,197)
Amounts due to related parties	-	-	2,621	366
Income tax payable	1,496	11,605	11,039	1,541
Contract liabilities	123,622	(124,603)	(123,017)	(17,173)
Advance from customers	(6,692)	15,415	(50,694)	(7,077)
Operating lease liabilities, current portion	24,761	7,858	(33,709)	(4,706)
Operating lease liabilities, non-current portion	46,274	(35,851)	(11,128)	(1,553)
Inventory, net	-	(6,345)	(11,845)	(1,653)
Other non-current assets	(10,866)	(64)	16,645	2,324
Net cash provided by operating activities	235,621	282,720	183,886	25,671

QUANTASING GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(RMB in thousands, except for share data and per share data, or otherwise noted)

	For the years ended June 30,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(e)
Cash flows from investing activities:				
Purchase of short-term investments	(2,891,452)	(5,162,236)	(5,870,907)	(819,547)
Proceeds from short-term investments	2,863,828	5,025,644	6,009,635	838,913
Purchase of one equity method investment that subsequently became the subsidiary of the Group	-	-	(35,000)	(4,886)
Purchase of other long-term investments	-	(6,563)	(20,000)	(2,792)
Purchase of property and equipment	(5,756)	(3,639)	(3,096)	(432)
Purchase of intangible assets	-	-	(65)	(9)
Investment income from short-term investments	9,195	16,004	19,949	2,785
Cash paid for business combination, net of cash and cash equivalents acquired	-	(1,998)	(106,822)	(14,912)
Collection of consideration from prior year disposal of subsidiaries	2,000	-	-	-
Disposal of property and equipment	-	4	-	-
Loan provided to related parties	(2,243)	-	(113)	(16)
Loan repaid by related parties	24,629	-	-	-
Net cash provided/ (used in) by investing activities	201	(132,784)	(6,419)	(896)
Cash flows from financing activities:				
Proceeds from issuance of Class A ordinary shares upon the completion of IPO (net of RMB15,917 issuance costs paid)	235,462	-	-	-
Proceeds from issuance of ordinary shares upon exercise of underwriters' over-allotment option	9,984	-	-	-
Proceeds from noncontrolling interests	2,250	-	713	100
Acquisition of noncontrolling interest of subsidiaries	-	(2,250)	(7,867)	(1,098)
Repurchase of ADSs	-	(130,409)	(25,771)	(3,597)
Proceeds from exercise of share options	-	2,467	7,696	1,074
Dividends paid to shareholders of the Company	-	-	(78,111)	(10,904)
Repayment of short-term borrowings	-	-	(3,400)	(475)
Other cash received relating to financing activities	-	-	1,113	155
Net cash provided by/ (used in) financing activities	247,696	(130,192)	(105,627)	(14,745)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	14,336	(3,934)	(707)	(99)
Net increase in cash, cash equivalents and restricted cash	497,854	15,810	71,133	9,931
Cash and cash equivalents at beginning of the year	266,427	764,281	780,091	108,896
Including:				
Cash and cash equivalents at beginning of the year	266,427	764,281	779,931	108,874
Restricted cash at beginning of the year	-	-	160	22
Cash, cash equivalents and restricted cash at end of the year	764,281	780,091	851,224	118,827
Including:				
Cash and cash equivalents at end of the year	764,281	779,931	830,159	115,886
Restricted cash at end of the year	-	160	21,065	2,941
Supplemental disclosure of cash flow information				
Cash paid for income tax	(22,273)	(6,861)	(57,614)	(8,043)
Cash paid for interest	-	-	(47)	(7)
Non-cash investing and financing activities				
Changes in payables for purchase of property and equipment	198	(198)	-	-
Accretion of the Company's preferred shares	(22,379)	-	-	-
Purchase of long-term investments with non-cash service consideration	-	(2,445)	-	-

The accompanying notes are an integral part of these consolidated financial statements.

QUANTASING GROUP LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities

(a) Nature of operations

QuantaSing Group Limited (the “Company” or “QuantaSing”) was incorporated in the Cayman Islands on February 9, 2022 as an exempted company with limited liability. The Company, its subsidiaries, the consolidated variable interest entities (the “VIEs”) and the VIEs’ subsidiaries are collectively referred to as the “Group”.

The Group is principally engaged in the operation of an online platform to provide individual online learning services to the individual learners and enterprise services to financial intermediary enterprises and small-to-medium entities, as well as provision of wellness products in the People’s Republic of China (the “PRC”, references to “PRC” are to the People’s Republic of China, excluding, for the purposes of the financial statements only, Taiwan, Hong Kong and Macau). On March 31, 2025, the Group completed an acquisition of 61.05% equity interest in Shenzhen Yiqi Culture Co., Ltd. (“Shenzhen Letsvan”) and started pop toy business (Note 3). Subsequent to the acquisition of Shenzhen Letsvan until June 30, 2025, the Group further acquired approximately 2.5% equity interests in Shenzhen Letsvan from Shenzhen Letsvan’s non-controlling shareholders (Note 18(c)).

As of June 30, 2025, the Company’s major subsidiaries, the VIEs and VIEs’ subsidiaries are as follows:

	<u>Date of incorporation</u>	<u>Place of incorporation</u>	<u>Percentage of direct or indirect economic interest</u>	<u>Principal activities</u>
Wholly owned subsidiaries (offshore):				
Hundreds of Mountains Limited	March 22, 2021	The BVI	100%	Investment holding
Witty Digital Technology Limited	March 29, 2021	Hong Kong	100%	Technical consulting and related service
CreaVerse Group Limited	February 6, 2024	Cayman Islands	100%	Investment holding
CreaVerse Group (BVI) Limited	February 8, 2024	The BVI	100%	Investment holding
CreaVerse Technology (Singapore) Pte. Limited	February 26, 2024	Singapore	100%	Investment holding
CreaVerse Technology (HK) Limited	March 11, 2024	Hong Kong	100%	Investment holding
Wholly owned subsidiaries (onshore):				
Beijing Liangzizhige Technology Co., Ltd. (the “WFOE”)	March 19, 2021	The PRC	100%	Technical consulting and related service
Shenzhen Chaowan World Information Technology Co., Ltd.	December 24, 2024	The PRC	100%	Pop toy business
Shenzhen Yiqi Culture Co., Ltd.	November 23, 2020	The PRC	63.5%	Pop toy business
VIEs:				
Feierlai (Beijing) Technology Co., Ltd. (“Beijing Feierlai”, or the “VIE 1”)	July 27, 2016	The PRC	100%*	Online learning services
Beijing Chuangyuqizhi Technology Co., Ltd. (“Beijing Chuangyuqizhi”, or the “VIE 2”)	April 26, 2024	The PRC	100%*	Technical consulting and related service
VIEs’ subsidiaries:				
Beijing Shijiwanhe Information Consultancy Co., Ltd.	August 28, 2019	The PRC	100%*	Online learning services
Beijing Denggaoerge Network Technology Co., Ltd.	December 24, 2020	The PRC	100%*	Online learning services
Mingde Jianyou (Beijing) Technology Co., Ltd.	October 19, 2023	The PRC	100%*	Consumer business

* The WFOE is the primary beneficiary and consolidate 100% of the VIEs (including their subsidiaries).

1. Organization and principal activities (Continued)

(b) Intra-Group Equity Transaction

During the year ended June 30, 2024, for the purpose of business expansion and diversification strategies, the Group undertook corporate restructuring, involving: (i) the equity transfer of Qiniuyouxuan (Beijing) Technology Co., Ltd. from VIE 1 to Beijing Ziranzhilu Liquor Industry Co., Ltd., executed through a two-step procedure; (ii) accompanied by the equity transfer of Beijing Zhixueduxing Technology Co., Ltd. (“Beijing Zhixueduxing”) from VIE 1 to Shenzhen Erwan Education Technology Co., Ltd. (“Shenzhen Erwan”), a series of contractual arrangements were entered into by and among Beijing Chuangyuqizhi, Beijing Zhixueduxing and its nominee shareholder, Shenzhen Erwan, enabling Beijing Chuangyuqizhi to consolidate Beijing Zhixueduxing.

During the year ended June 30, 2025, the Group undertook a series of equity restructuring initiatives to streamline its corporate ownership structure, included: (i) pursuant to the exercise of the exclusive option under the aforesaid contractual arrangements by Beijing Chuangyuqizhi, Shenzhen Erwan transferred all of the equity interests in Beijing Zhixueduxing to Beijing Denggaoerge Network Technology Co., Ltd. (“Beijing Denggaoerge”); (ii) accompanied by the equity transfer of Beijing Chuangyuqizhi, or the VIE 2, to its current legal shareholder (the same shareholder as VIE1), WFOE, VIE 2 and its current legal shareholder entered into a similar series of contractual arrangements in April 2025, enabling WFOE to consolidate VIE 2; and (iii) VIE 1 subsequently entered into share transfer agreements with VIE 2 to transfer its equity interests in certain subsidiaries to VIE 2, including Beijing Denggaoerge. As a result of the foregoing adjustments, the Group operated the individual online learning business and certain consumer and other business through the VIE 1 and the VIE 2, and their respective subsidiaries.

The changes in the VIE structure did not have an impact on the Company’s control over and consolidation of Beijing Zhixueduxing and Beijing Chuangyuqizhi.

(c) Variable interest entity

(1) Summary of the VIE contractual arrangements (the “VIE Contractual Agreements”)

The Company’s subsidiary Beijing Liangzizhige Technology Co., Ltd., or the WFOE has entered into a series of contractual arrangements with the VIE 1 and its shareholder, Shenzhen Erwan, an entity controlled by the Founder, which were effective in May 2021. Beijing Chuangyuqizhi, has entered into a similar series of contractual arrangements with Beijing Zhixueduxing and its nominee shareholder, Shenzhen Erwan, which were effective in May 2024. Pursuant to the exercise of the exclusive option under the contractual arrangements, Shenzhen Erwan transferred all of the equity interests in Beijing Zhixueduxing to Beijing Denggaoerge in March 2025. In addition, WFOE, has entered into a similar series of contractual arrangements with the VIE 2 and its shareholder, Shenzhen Erwan, which were effective in April 2025. These contractual agreements are collectively referred to as the VIE Contractual Agreements.

The VIE Contractual Arrangements provide the WFOE (and the Group) with a “controlling financial interest” in the VIEs, as defined in FASB ASC 810, making the Company the primary beneficiary of the VIEs. As such, the Company consolidates the VIEs and their subsidiaries. Through the VIE Contractual Agreements, the Company controls and receives substantially all of the economic benefits and residual returns of the VIEs and their subsidiaries.

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

Voting Rights Proxy Agreements

Pursuant to the voting rights proxy agreements entered into by and among the WFOE, the VIEs and their shareholder, the shareholder of the VIEs irrevocably appointed and authorized the WFOE or its designee(s) to act on its behalf as exclusive agent and attorney, to the extent permitted by PRC law, with respect to all matters concerning all equity interests held by such shareholder in the VIEs, including but not limited to the power to (1) attend shareholders' meetings, (2) exercise all shareholder's rights and shareholder's voting rights that it is entitled under relevant PRC laws and regulations and the articles of association of the VIEs, including but not limited to the right to sell, transfer, pledge of all the equity interests held in part or in whole, and (3) designate and appoint on its behalf the legal representative, directors, supervisors, chief executive officer and other senior management members of the VIEs. The voting rights proxy agreements are irrevocable and continuously effective from the execution date until the entire equity interests in the VIEs have been transferred to the WFOE or its designee pursuant to the exclusive option agreement or unless otherwise agreed to with written consent by all parties.

Exclusive consultancy and service agreements

Pursuant to the exclusive consultancy and service agreements entered into by and between the WFOE and the VIEs, the WFOE has the exclusive right, during the term of the exclusive consultancy and service agreements, to provide or designate its affiliates to provide complete business support and technical and consulting services to the VIEs. In exchange, the VIEs shall pay the WFOE in an amount equals to the VIEs' revenues minus any turnover tax, total costs incurred by the VIEs, any provisions for statutory reserves and retained earnings, which should be paid on a quarterly basis. The retained earnings should be zero unless the WFOE agrees in writing for any other amount. The WFOE shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of the agreements. The exclusive consultancy and service agreements shall remain effective for ten years from the execution date and shall be extended for another ten years unless confirmed otherwise in writing by the WFOE within three months prior to the expiration date.

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

Exclusive option agreements

Under the exclusive option agreements entered into by and between the WFOE, the VIEs and their shareholder, the shareholder of the VIEs irrevocably granted the WFOE an exclusive right to purchase, or designate any third-party to purchase, all of its equity interests in the VIEs at any time in part or in whole at the sole and absolute discretion of the WFOE to the extent permitted by PRC law and at a purchase price equal to the lowest price permitted by the then-applicable PRC law and regulations at the time of exercise of the options. The shareholder of the VIEs shall give all considerations they received within 10 days from the exercise of the options to the WFOE or its designee(s) in a legally compliant manner. Without the prior written consent of the WFOE, the VIEs and/or their shareholder shall not, among others (1) transfer or otherwise dispose of any equity, assets or business of the VIEs, or create any pledge or encumbrance on any equity, assets or business of the VIEs, (2) increase or decrease the VIEs' registered capital or change their structure of registered capital, (3) sell, transfer, mortgage, or dispose of in any other manner outside of ordinary course of business any assets of the VIEs or any legal or beneficial interests in the material business or revenues of the VIEs, or allow any encumbrances thereon of any security interests, (4) enter into any major contracts or terminate any material contracts to which the VIEs are one of the parties, or enter into any other contract that may result in any conflicts with the VIEs' existing materials contacts, (5) carry out any transactions that may substantially affect the VIEs' assets, business operations, shareholding structure, or equity investment in third-party entities, (6) appointment or replacement of any director, supervisor, or any management who could be appointed or dismissed by shareholder of the VIEs, (7) declare or distribute dividends, (8) dissolve or liquidate or terminate the VIEs, (9) amend the VIEs' articles of association, or (10) allow the VIEs to incur any borrowings or loans. These agreements shall remain in effect until all equity interests in the VIEs have been transferred to the WFOE and/or its designee(s) pursuant to these agreements.

Equity pledge agreements

Under the equity pledge agreements entered into by and among the WFOE, the VIEs and their shareholder, the shareholder of the VIEs agrees to pledge all of its equity interests in the VIEs to the WFOE as security for performance of the respective obligations of the VIEs and their shareholder hereunder and under the exclusive option agreements, the voting rights proxy agreements and the exclusive consultancy and service agreements, and for payment of all the losses and losses of anticipated profits suffered by the WFOE as a result of the VIEs or their shareholder's defaults. If any of the VIEs or their shareholder breach their contractual obligations, such WFOE, as the pledgee, may, upon issuing written notice, exercise certain remedy measures, including but not limited to being paid in priority with all pledged equity interests based on monetary evaluation or from the proceeds from auction or sale. The shareholder of the VIEs agrees that, without the WFOE's prior written consent, the shareholder of the VIEs shall not transfer the pledged equity interests or place or permit the existence of any security interests or other encumbrances over the pledged equity interest. The WFOE may assign all or any of its rights and obligations under the share pledge agreements to its designee(s) at any time. The equity pledge agreements pledge will become effective on the date thereof and will remain in effect until the fulfillment of all the obligations hereunder and under the exclusive option agreements, the voting rights proxy agreements and the exclusive consultancy and service agreements and the full payment of all the losses and losses of anticipated profits suffered by the relevant WFOE as a result the VIEs or their shareholder's default.

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

(2) Risks in relation to the VIE structures

The Group's business is conducted through the VIEs (including their subsidiaries) of the Group, of which the Company is the ultimate primary beneficiary. The Company has concluded that (i) the ownership structure of the VIEs and WFOE under the contractual arrangements are not in violation of any applicable PRC laws or regulations currently in effect and (ii) the Contractual Agreements between the WFOE, the VIEs and their shareholder governed by PRC laws and regulations were valid, binding, and enforceable and the historical contractual arrangements will not result in any violation of applicable PRC laws and regulations then in effect. However, there are substantial uncertainties regarding the interpretation and application of current PRC laws and regulations and it is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If the Company or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, and the Group could be subject to severe penalties.

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020, together with their implementation rules and ancillary regulations. The Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, but it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. It is unclear whether the Group's corporate structure will be seen as violating the foreign investment rules as the Group is currently leveraging the contractual arrangements to operate certain business in which foreign investors are prohibited from or restricted to investing. If variable interest entities fall within the definition of foreign investment entities, the Group's ability to use the contractual arrangements with the VIEs and the Group's ability to conduct business through the VIEs could be severely limited.

In addition, if the Group's corporate structure and the contractual arrangements with the VIEs through which the Group conducts its business in the PRC were found to be in violation of any existing or future PRC laws and regulations, the Group's relevant PRC regulatory authorities could:

- revoke the relevant business and/or operating licenses;
- discontinue or restrict any related-party transactions between the Company and its subsidiaries and the VIEs (if any);
- impose fines and penalties, confiscate the income that deemed to be obtained through illegal operations, or impose additional operational requirements which the Company and its subsidiaries or the VIEs may not be able to comply with;
- restrict or prohibit the Group's use of the proceeds of the initial public offering in January 2023 to finance the business and operations of the WFOE in China, particularly the expansion of the Group's business through strategic acquisitions;
- restrict the use of financing sources by the Company and its subsidiaries or the VIEs or otherwise restrict the Group's or VIEs' ability to conduct business; and
- take other regulatory or enforcement actions that could be harmful to the Group's business.

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIEs or the right to receive its economic benefits, the Group would no longer be able to consolidate the VIEs. The management believes that the likelihood for the Group to lose such ability is remote based on current facts and circumstances. However, the interpretation and implementation of the laws and regulations in the PRC and their application to an effect on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore the Company can make no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect, and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to rapidly evolve, it may lead to changes in PRC laws, regulations, and policies or in the interpretation and application of existing laws, regulations, and policies, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIEs or the shareholders of the VIEs fail to perform their obligations under those arrangements. In addition, shareholders of the VIEs are PRC holding entities beneficially owned by the Founder, chairman of the board of directors and chief executive officer of the Company. The enforceability, and therefore the benefits, of the contractual agreements between the Company and the VIEs depend on shareholder enforcing the contracts. There is a risk that shareholders of VIEs, who in some cases are also shareholders of the Company may have conflict of interests with the Company in the future or fails to perform their contractual obligations. Given the significance and importance of the VIEs, there would be a significant negative impact to the Company if these contracts were not enforced.

The Group's operations depend on the VIEs to honor their contractual agreements with the Group and the enforceability, and therefore the benefits, of the contractual agreements also depends on the authorization by the shareholder of the VIEs to exercise voting rights on all matters requiring shareholder approval in the VIEs. The Company believes that the agreements on authorization to exercise shareholder's voting power are enforceable against each party thereto in accordance with their terms and applicable PRC laws or regulations currently in effect and the possibility that it will no longer be able to be the primary beneficiary and consolidate the VIEs as a result of the aforementioned risks and uncertainties is remote.

In accordance with VIEs Contractual Agreements, the Company (1) could exercise all shareholder's rights of the VIEs and has power to direct the activities that most significantly affects the economic performance of the VIEs, and (2) receive the economic benefits of the VIEs that could be significant to the VIEs. Accordingly, the Company is considered as the ultimate primary beneficiary of the VIEs and has consolidated the VIEs' financial results of operations, assets, and liabilities in the Company's consolidated financial statements. Therefore, the Company considers that there are no assets in the VIEs that can be used only to settle obligations of the VIEs, except for the paid-in capital of the VIEs amounting to approximately nil as of both June 30, 2024 and 2025, as well as certain non-distributable statutory reserves amounting to approximately RMB9,387 and RMB17,088 as of June 30, 2024 and 2025, respectively. As the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors do not have recourse to the general credit of the Company for the liabilities of the VIEs. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIEs. As the Group is conducting certain business in the PRC through the VIEs, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

The VIEs holds assets with no carrying value in the consolidated balance sheet that are important to the Company's ability to produce revenue (referred to as unrecognized revenue-producing assets). Unrecognized revenue-producing assets held by the VIEs include self-developed App named QiNiu, QianChi and JiangZhen, self-developed courses.

The following consolidated financial information of the VIEs after the elimination of inter-company transactions between the VIEs and the subsidiaries of the VIEs was included in the accompanying consolidated financial statements of the Group as follows:

	As of June 30,	
	2024	2025
	RMB	RMB
ASSETS		
Current assets:		
Cash and cash equivalents	311,071	350,288
Restricted cash	-	241
Accounts receivable, net	16,083	16,324
Amounts due from related parties	4,488	-
Amounts due from intra-Group companies	149,820	174,849
Inventory, net	6	3,210
Prepayments and other current assets	180,818	120,341
Total current assets	662,286	665,253
Property and equipment, net	1,330	748
Operating lease right-of-use assets	26,848	6,526
Deferred tax assets	847	-
Other non-current assets	10,945	3,501
Total non-current assets	39,970	10,775
TOTAL ASSETS	702,256	676,028
LIABILITIES		
Accounts payables	61,888	29,390
Accrued expenses and other current liabilities	151,918	83,819
Amounts due to intra-Group companies	32,714	163,763
Income tax payable	9,642	21,992
Contract liabilities, current portion	380,548	235,376
Advance from customers	159,806	109,013
Operating lease liabilities, current portion	23,782	6,400
Total current liabilities	820,298	649,753
Contract liabilities, non-current portion	11,365	35,485
Operating lease liabilities, non-current portion	6,317	2,076
Deferred tax liabilities	-	29
Total non-current liabilities	17,682	37,590
TOTAL LIABILITIES	837,980	687,343

1. Organization and principal activities (Continued)

(c) Variable interest entity (Continued)

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Revenues:			
- earned from third-party customers	2,933,413	3,752,463	2,646,425
- earned from a related party	147,921	34,107	80
Total revenues	3,081,334	3,786,570	2,646,505
Cost of revenues and operating expenses			
- arising from non-intra-Group transactions	(2,701,287)	(3,052,384)	(1,922,440)
- arising from the intra-Group technical consulting and related service under VIE Contractual Agreements	(392,174)	(673,373)	(582,816)
Total cost of revenues and operating expenses	(3,093,461)	(3,725,757)	(2,505,256)
Net (loss)/income	(15,092)	69,773	124,212
	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Cash flows from operating activities:			
Net cash provided by transactions with third parties	548,728	644,984	543,230
Net cash used in transactions with intra-Group companies related to technical consulting and related service under VIE Contractual Agreements	(415,703)	(713,732)	(612,743)
Net cash used in other transactions with intra-Group companies	-	-	(4,907)
Net cash provided by/ (used in) operating activities	133,025	(68,748)	(74,420)
Cash flows from investing activities:			
Net cash provided by/ (used in) transactions with third parties	9,786	56,305	6,604
Net cash provided by transactions with related parties	24,386	-	-
Net cash provided by/ (used in) transactions with intra-Group companies	155,960	(141,984)	(25,029)
Net cash provided by/ (used in) investing activities	190,132	(85,679)	(18,425)
Cash flows from financing activities:			
Net cash (used in)/provided by transactions with third parties	(1,530)	(2,250)	1,312
Net cash provided by transactions with intra-Group companies	17,000	45,672	130,991
Net cash provided by financing activities	15,470	43,422	132,303

2. Summary of significant accounting policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

Change in segment

Subsequent to the acquisition of Shenzhen Letsvan (Note 3), a new reportable segment “pop toy business” was identified by the Group, resulting in three reportable segments: 1) learning service and others, 2) consumer business, and 3) pop toy business. Prior period segment results have been recast to conform to the current presentation. See Note 25 “Segment Information” for additional information.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the consolidated VIEs (including the VIEs’ subsidiaries).

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A consolidated VIE is an entity in which the Company, or its subsidiaries, through contractual arrangements, has the power to direct the activities that most significantly impact the entity’s economic performance, and the right to receive benefit from the entity that could potentially be significant to the entity, and therefore the Company or its subsidiaries shall be deemed to have a controlling financial interest in the entity and is the primary beneficiary of the entity.

All significant intercompany transactions and balances between the Company, its wholly owned subsidiaries and the consolidated VIEs have been eliminated upon consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities at the balance sheet date, and the reported revenues and expense during the reporting period and disclosed in the consolidated financial statements and accompanying notes.

Accounting estimates reflected in the Group’s consolidated financial statements include revenue recognition based on the estimated average learning period of the learners, estimate of refund liabilities, recognition of breakage revenue from inactive learners, variable consideration in revenue recognition, provision of credit losses of receivables, inventory write down, fair value of short-term investments and long term investments, initial measurement of leases, depreciation and amortization of long-lived assets, impairment of goodwill and long-lived assets, valuation of intangible assets and remeasurement of previously-held investments in connection with the business combination transaction, the valuation allowance of deferred tax assets, withholding tax on undistributed earnings, fair value of non-controlling interests, as well as the valuation and recognition of share-based compensation arrangements. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

2. Summary of significant accounting policies (Continued)

(d) Foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Company and the Group's subsidiaries incorporated in the Cayman Islands, BVI and Hong Kong is United States dollars ("US\$"). The Group's PRC subsidiaries determined their functional currency to be RMB. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in foreign currencies other than functional currency are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies other than functional currency are remeasured into the functional currency at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from foreign currency transactions are recorded in the consolidated statements of operations and comprehensive (loss)/income.

The financial statements of the Group's non-PRC entities are translated from their respective functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the average exchange rates for the relevant period.

The resulting foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income/(loss) in the consolidated statement of changes in shareholders' equity and a component of other comprehensive income/(loss) in the consolidated statement of operations and comprehensive (loss)/income.

(e) Convenience translation

Translations of the consolidated balance sheet, the consolidated statement of operations and comprehensive (loss)/income and the consolidated statement of cash flows from RMB into US\$ as of and for the year ended June 30, 2025 are solely for the convenience of the readers and have been calculated at the rate of US\$1.00=RMB7.1636, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized, or settled into US\$ at that rate on June 30, 2025, or at any other rate.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, time deposits, and funds held in deposit accounts with banks, which are highly liquid and have original maturities of three months or less and are unrestricted as to withdrawal or use.

(g) Restricted cash

Cash that is legally or contractually restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated balance sheets. In accordance with Accounting Standards Codification ("ASC") 230, the amounts generally described as restricted cash and restricted cash equivalents are included in the total cash, cash equivalents and restricted cash balances in the consolidated statements of cash flows.

2. Summary of significant accounting policies (Continued)

(h) Accounts receivable

Accounts receivable is recorded at the invoiced amount and do not bear interest. Accounts receivable mainly represent marketing service fees receivable from financial intermediary enterprises and trade receivable from customers for goods sold.

The Group's other receivables which were recorded as a component of the prepaid expenses and other current assets and other non-current assets are within the scope of ASC Topic 326.

To estimate expected credit losses, in accordance with ASC Topic 326, the Group has identified the relevant risk characteristics of its customers and the counterparties and the related accounts receivables and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the past collection experience, current economic conditions, future economic conditions (external data and macroeconomic factors) and changes in the Group's customer collection trends. This is assessed at each quarter based on the Group's specific facts and circumstances. The allowance for credit losses and corresponding receivables is written off when they are determined to be uncollectible.

(i) Inventories, net

Inventories, mainly consisting of products available for sale and raw materials, are recorded at the lower of cost or net realizable value. Cost of inventories is determined using the weighted average cost method. Net realizable value is based on estimated selling prices in the ordinary course of business, less reasonably predictable selling cost. Write-down is recorded when future estimated net realizable value is less than cost, which is recorded in cost of revenues in the consolidated statements of operations and comprehensive (loss)/income. The Group recorded RMB nil, RMB nil and RMB10,407 inventory obsolescence impairment and RMB nil, RMB nil and RMB4,007 purchase commitment loss for the years ended June 30, 2023, 2024 and 2025, respectively.

(j) Fair value measurement

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 applies to assets or liabilities for which there are quoted prices, in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

2. Summary of significant accounting policies (Continued)

(j) Fair value measurement (Continued)

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, other receivables, accounts payables, and accrued expenses and other current liabilities approximates their fair values because of their short-term nature. Operating lease liabilities are measured at amortized cost using discounted rates reflected time value of money, thus the carrying amount approximates its fair value. The Group's short-term investments mainly consisted of wealth management products which contain variable returns, and are measured at fair value (Note 2(k)). For investments in preferred shares that provide the Group redemption rights, the Group elected the fair value option in accordance with ASC 825 (Note 2(p)).

Accounting guidance also describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

The Group's non-financial assets, such as property and equipment, intangible assets and goodwill, would be measured at fair value only if they were determined to be impaired.

(k) Short-term investments

Short-term investments include (i) wealth management products with variable interest rates or principal non-guaranteed issued by certain financial institutions; (ii) investment in private fund with variable returns which is redeemable on demand after certain lock-up period; (iii) investment in structured notes with principal not protected and with variable returns referenced to performance of underlying assets issued by financial institutions; (iv) investment in equity securities of publicly listed companies for which the Group does not have significant influence. In accordance with ASC 825, Financial Instruments, for financial products with variable returns referenced to performance of underlying assets, the Group elected the fair value method at the date of initial recognition and carries these investments at fair value. Fair value is estimated based on quoted prices of similar products provided by financial institutions at the end of each reporting period. Investments in marketable securities are accounted for pursuant to ASC 321 and reported at their readily determinable fair value as quoted by market exchanges in the consolidated balance sheets with change in fair value recognized in earnings. Changes in the fair value of these investments are reflected in the consolidated statements of operations and comprehensive (loss)/income as investment income and included in "Others, net".

(l) Prepayments and other current assets

Prepayments and other current assets mainly consist of prepayments for promotion fees and other service fees, prepaid input value-added tax, deposits, and receivables from third party payment platforms (see Note 7). Prepayments and other current assets are stated at the historical carrying amount net of the allowance for credit losses. The Group reviews other assets on a periodic basis and makes allowances when there is doubt as to the collectability of individual balances. Other assets are written off when they are determined to be uncollectible.

2. Summary of significant accounting policies (Continued)

(m) Property and equipment, net

Property and equipment are recorded at cost, less accumulated depreciation and impairment. Depreciation of property and equipment is calculated on a straight-line basis, after consideration of expected useful lives and estimated residual values. The Group has not recorded any impairments of property and equipment for the period presented. The estimated useful lives of these assets are generally as follows:

Category	Estimated useful life
Leasehold improvement	Shorter of the lease term or estimated economic life
Computer and electronic equipment	3 years
Molds	3-5 years
Furniture	3-5 years
Motor vehicles	4 years

Repairs and maintenance costs are charged to expenses as incurred, whereas the costs of renewals and betterment that extend the useful lives of property, plant and equipment are capitalized as additions to the related assets. Gains and losses from the disposal of property and equipment are included in the consolidated statements of operations and comprehensive (loss)/income.

(n) Intangible assets

Intangible assets mainly include those acquired through business combinations and purchased intangible assets. Intangible assets acquired through business combinations are recognized as assets separate from goodwill if they satisfy either “contractual-legal” or “separability” criterion. Intangible assets arising from business combination are recognized and measured at fair value upon acquisition. Purchased intangible assets are initially recognized and measured at cost upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives based on either an accelerated method that reflects the pattern in which economic benefits of the intangible assets are consumed if that pattern can be reliably determined and results in higher amortization in the earlier years of the assets’ useful life, or using a straight-line method as follows:

Category	Estimated useful life
Software	1 year to 2 years
Brand name	5 years
Intellectual property rights (“IP Rights”)	10 years
Licensed intellectual properties (“Licensed IPs”)	2-10 years
Channel relationship	3 years

Separately identifiable amortizable intangible assets and other long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets is based on the amounts by which the carrying amounts of the assets exceed the fair values of the assets.

2. Summary of significant accounting policies (Continued)

(o) Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. Goodwill is not amortized, but tested for impairment annually or more frequently if event and circumstances indicate that it might be impaired.

Goodwill is tested for impairment at the reporting unit level on an annual basis (June 30 for the Group) and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. These events or circumstances include a significant change in stock prices, business environment, legal factors, financial performances, competition, or events affecting the reporting unit. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit.

The Group first assess qualitative factors to determine whether it is “more likely than not” that the fair value of a reporting unit is less than its carrying amount. If as a result of the qualitative assessment, it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the fair value of the reporting unit and its carrying amount will be recorded.

Based on the results of the quantitative goodwill impairment test, a full impairment charge in goodwill of RMB7,389 was recorded in the consolidated statements of operations and comprehensive (loss)/income for the year ended June 30, 2024. After the impairment provision, the carrying value of goodwill was reduced to nil as of June 30, 2024.

(p) Long-term investments

Investments accounted for at fair value

For investments in preferred shares that provide the Group redemption rights, the Group elected the fair value option in accordance with ASC Topic 825. The investments accounted for under the fair value option are carried at fair value with realized or unrealized gains and losses recorded on consolidated statements of operations and comprehensive (loss)/income in “Others, net”.

Investments accounted for using the equity method

Investments in common stock or in-substance common stock and limited-partnership investments in entities over which the Group can exercise significant influence but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC 323 Investments-Equity Method and Joint Ventures. The Group adjusts the carrying amount of equity method investment for its share of the income or losses of the investee and reports the recognized income or losses in the consolidated statements of comprehensive income/(loss). When the Group’s share of losses in the equity investee equals or exceeds its interest in the equity investee, the Group does not recognize further losses, unless the Group has incurred obligations or made payments or guarantees on behalf of the equity investee, or the Group holds other investments in the equity investee. The Group’s share of the income or losses of an investee is based on the shares of common stock and in-substance common stock held by the Group.

The Group continually reviews its investment in equity investees under the equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds.

2. Summary of significant accounting policies (Continued)

(q) Impairment of long-lived assets other than goodwill and indefinite-lived intangible assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will affect the future use of the assets) indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets.

During the year ended June 30, 2024, the Group recorded long-lived assets impairment of RMB2,652 related to the amortizable intangible assets.

(r) Operating Lease

The Group accounts for leases in accordance with ASC 842, Leases (“ASC 842”), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements.

The Group has operating leases primarily for office space and storage of goods. The determination of whether an arrangement is a lease or contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all the economic benefits from and has the ability to direct the use of the asset. The Group elects not to apply the recognition requirements of ASC 842 to short-term leases. Variable lease payments are the payments made by a lessee to a lessor for the right to use an underlying asset that vary because of changes in facts or circumstances occurring after the commencement date, other than the passage of time. Variable lease payments are recorded in the period in which the obligation for the payment is incurred. Other operating leases are included in operating lease right-of-use assets, operating lease liabilities, current portion, and operating lease liabilities, non-current portion on the consolidated balance sheets.

The Group uses the implicit rate when readily determinable, or its incremental borrowing rate based on the information available, at the commencement date in determining the present value of lease payments. Certain leases include renewal options and/or termination options. Renewal options are included in the lease term if the Group is reasonably certain to exercise those options while options to terminate the lease are only included in the lease term if the Group is reasonably certain not to exercise those options. Lease expenses are recorded on a straight-line basis over the lease term.

(s) Treasury stock

The Group accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury stock account on the consolidated balance sheets. Treasury stock is shown separately in the shareholders’ equity before the ultimate disposition of those shares acquired. When the treasury shares are reissued, the Group reduces treasury shares at an amount equal to its cost, and record the reissuance gain in additional paid-in capital; in the case of reissuance loss, the Group record the reissuance loss in additional paid-in capital to the extent of prior reissuance gains, the remaining is recorded against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. At retirement or cancellation of the treasury stock, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury stock over the aggregate par value is charged to retained earnings.

2. Summary of significant accounting policies (Continued)

(t) *Net (loss)/income per ordinary share*

Basic net (loss)/income per ordinary share is computed by dividing net (loss)/income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For the calculation of diluted net (loss)/income per ordinary share, the weighted average number of ordinary shares is adjusted by the effect of potential dilutive ordinary shares, including ordinary shares issuable upon the exercise of outstanding share options using the treasury stock method. The effect mentioned above is not included in the calculation of the diluted net (loss)/income per ordinary share when inclusion of such effect would be anti-dilutive.

The shares repurchased by the Company are excluded from the number of shares outstanding for purposes of computing basic and diluted net (loss)/income per ordinary share in accordance with ASC 260.

(u) *Non-controlling interests*

The Group's consolidated financial statements include entities in which the Company has a controlling financial interest. Earnings or losses attributable to non-controlling interest shareholders of its subsidiaries and VIEs are classified separately as "Non-controlling interests" in the Company's consolidated statements of operations and comprehensive (loss)/income.

(v) *Business combination*

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The purchase price of the acquisition is allocated to the tangible assets, liabilities, identifiable intangible assets acquired and non-controlling interest, if any, based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred.

Consideration transferred in a business combinations are measured at the fair value as of the date of acquisition. Where the consideration in an acquisition includes contingent consideration, and the payment of which depends on the achievement of certain specified conditions post-acquisition, the contingent consideration is recognized and measured at its fair value at the acquisition date and is recorded as a liability. It is subsequently carried at fair value with changes in fair value reflected in earnings.

In a business combination achieved in stages, the Group remeasures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the remeasurement gain or loss, if any, is recognized in the consolidated statements of operations and comprehensive (loss)/income.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition

The Group is principally engaged in the operation of an online platform to provide individual online learning services to the individual learners, enterprise services to financial intermediary enterprises, consumer business and pop toy business in the PRC.

Under ASC 606, the Group determined revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price, including the constraint on variable consideration;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when (or as) the Group satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided and goods supplied, stated net of discounts, sales incentives, refunds and value-added taxes ("VAT") collected from customers and remitted to tax authorities. Revenue is recognized when or as the control of the services and goods is transferred to the customer. If control of the services and goods transfers over time, revenue is recognized over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines the standalone selling prices based on the prices charged to customers. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

The Group earns its revenues primarily by providing: (i) online learning services of premium courses to learners through its own online platforms, (ii) enterprise services, including marketing and referral services to enterprise customers, (iii) consumer business, including sales of wellness products and other products, (iv) pop toy business, and (v) others.

(i) Online learning services

The self-operated online learning services refer to online courses whereby the course contents are designed and developed by the Group. The Group is responsible for fulfilling all obligations of the online course delivery according to its sales contracts with the learners. Therefore, the Group determines that the individual learners are the Group's customers and recognizes revenue on a gross basis.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(i) Online learning services (Continued)

The Group delivered the self-operated online courses through its own online platforms, including QiNiu, QianChi and JiangZhen, and there are two modes of delivery, namely (i) online community-based training camps or (ii) self-study e-learning. With respect to an online community-based training camp, it typically includes organized online interactions between the Group's tutors and the learners in a form of training camp communities or online mentoring, online access of pre-recorded lectures designated for the training camps and certain broadcasting lectures. The Company considered that these elements in a training camp are not separately identifiable from each other, as the training camp represents the combined output for which the learners have contracted. With respect to a self-study e-learning, it is delivered in a form of pre-recorded lessons for the learners to self-study. The promise to provide access to all lessons of the self e-learning is a series of distinct services as providing access each day is substantially the same. Therefore, each training camp and self-study e-learning is accounted for as a single performance obligation.

All contracts with the learners are billed in advance and upfront full payment of the fee by the learners is required prior to accessing any enrolled course contents. For sales of packages of training camps and self-study e-learning of different online courses, the Company allocated the transaction price of the package to the different online courses therein based on their relative standalone selling price.

Revenues of a training camp and of a self-study e-learning are recognized over time as the learners simultaneously receives and consumes the benefits provided by the online courses as they retain access to the course contents.

Contractually, through accessing to the Group's online platforms, the learners retain access to the training camps or self-study e-learning they purchased for a specified course period (typically ranging from 14 calendar days to 1 year for a training camp and 60 to 90 calendar days for a self-study e-learning) since the training camp commencement date or the purchase date of the e-learning. However, for certain courses, the Group in practice discretionally allows the learners to retain access to the course contents beyond the corresponding contractual expiry dates. Therefore, the Group recognizes online course revenue ratably over the agreed course period that it provides services to the learners, or, in the case that access beyond the contractual expiry dates is allowed in practice, over the longer of the corresponding contractual service period and the estimated average learning period (the "Average Learning Period") of the learners, starting when the online courses can be accessed by the learners and the full-refund period expires.

The Group considers a portfolio of relevant data, where available, when estimating the Average Learning Period of the learners for each individual online course, including the weighted-average number of days between the learners' first and last access to the course contents, and the weighted average total hours spent by the learners to learn the course. The Group believes that considering these factors enables it to determine the best estimation of the time period during which the learners access the online course content and therefore the service period over which the Group provides services to the learners. For the years ended June 30, 2023, 2024 and 2025, the Average Learning Period of the learners is estimated to be in the range of approximately one to five months. While the Group believes its estimates to be reasonable based on the currently available learners' information, it may revise such estimates in the future according to the change in pattern of the learners' learning behavior. Any adjustments arising from changes in the estimates of the Average Learning Periods is applied prospectively. Considering that the events or circumstances may change to suggest changes in the estimate made, the Group assesses the Average Learning Period for different courses on an annual basis or more frequently when there is an indicator for changes in circumstances.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(i) Online learning services (Continued)

For online community-based training camps, the learners start the learning process by selecting a camp and unlocking the courses in the camp. The Group's experience shows that a certain portion of learners (the "Inactive Learners") do not exercise their rights to unlock the training camps and start the learning process, these unexercised rights are referred to as "breakage". Due to limited historical experience and historical data, the Group currently cannot make a reliable estimation about the breakage amount expected to be entitled to, so the breakage amount is only recognized as revenue when the likelihood of the learners exercising their rights becomes remote in accordance with ASC 606-10-55-48.

The Group continuously observes and analyzes the behavior of those Inactive Learners after their purchase, to determined when it becomes remote that the learners will start the learning process. No breakage revenue was recognized for the years ended June 30, 2023 as the remote condition had not been met. In March 2023, the Group started to assign long term Inactive Learners to training camps and unlock the courses for them. The Group recognized breakage revenue of RMB161,467 and RMB 91,387 for the year ended June 30, 2024 and 2025 as learner behavior shows that remote condition has been met after the courses were unlocked.

The Group will be able to estimate the breakage amount expected to be entitled to when it has accumulated sufficient historical experience and data, and will recognize the expected breakage amount as revenue in proportion to the pattern of rights actual exercised by the learners.

(ii) Enterprise services

Revenue from enterprise services mainly includes marketing and referral fees earned from enterprise customers including financial intermediary enterprises which consist of insurance intermediaries and securities brokerage firms, and small-to-medium entities. The Group's online education content enables third party financial intermediary enterprises to place their sponsored links and reach learners who have desire to purchase insurance products, to open new security trading accounts, or to purchase other products or services provided by the financial intermediary enterprises and small-to-medium entities.

Performance-based online marketing service contracts are signed between the Group and enterprise customers to establish the service to be provided by the Group and relevant performance measures. The Group is responsible for referring the individual learners to the financial intermediary enterprises or referring the products provided by enterprise customers to the individual learners. No enterprise service contract is signed between the Group and the learners who click on the sponsored links.

The Group considered the enterprise customers as its customers, and recognized performance-based online marketing and referral service revenue at the point in time when the service is completed. The determination of the revenue from enterprise services is based on (i) the number of eligible leads referred to the financial intermediary enterprises and (ii) a percentage-based commission or standard unit price for each qualified lead referred. The eligible leads referred to an insurance intermediary are typically leads which successfully purchased insurance products through the insurance intermediary. The eligible leads to a securities brokerage firm are typically leads which successfully opened a brokerage account with the brokerage firm and satisfied quality requirements, including maintaining a minimum balance of average daily asset held by the referred learners in their brokerage accounts. For the variable considerations, the Group only includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transactions will not occur.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(iii) Consumer business

In early 2023, the Group began to engage in the consumer business through e-commerce leveraging the Group's existing market position and user base and primarily provide wellness products to seniors. Before 2025, the Group either controlled the wellness products sold before transferring them to the customers. Starting from 2025, the Group also worked with certain third-party merchants and provided a platform for third-party merchants and end customers for the provision of wellness products.

In accordance with ASC 606, the Group evaluates whether it is appropriate to record the gross amount of wellness products sold or the net amount earned as commissions. When the Group is a principal and when the Group obtains control of the specified goods or services before they are transferred to the customers, the revenues are recognized in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods transferred. When the Group is an agent and its obligation is to facilitate third parties in fulfilling their performance obligation for specified goods or services, the revenues are recognized in the net amount for the amount of commission which the Group earns in exchange for arranging for the specified goods or services to be provided by other parties. Revenues are recorded net of value added taxes.

Products revenue

The Group recognizes the wellness product revenue on a gross basis when the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified goods.

Net service revenue

The Group charges service fees to third-party merchants for participating in the Group's online marketplace, where the Group is generally acting as an agent and its performance obligation is to arrange for the provision of wellness products and other goods or services by those third-party merchants. Upon successful sales, the Group charges the third-party merchants a fixed rate commission fee based on the sales amount. Commission fee revenues are recognized on a net basis at the point of delivery of products, net of return allowances.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(iv) Pop toy business

On March 31, 2025, the Group completed the acquisition of Shenzhen Letsvan which primarily operates the pop toy business. The Group recognizes revenues from the sales of pop toy products primarily through online platform and third-party distributors.

When pop toys are sold through self-operated online platform or other third-party e-commercial platform, revenues are recognized when the control of the products has transferred to the end customers, which is the point of acceptance by the end customers. Revenues from these sales are recognized based on the price, net of the estimated sales discounts at the time of sale. Transactions are settled through online payment platforms and payments are made in advance when the end customers place the purchase order.

When pop toys are sold through third-party distributors, revenues are recognized when control of the products has transferred, being when products are delivered to the third-party distributors. The third-party distributors have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the third-party distributors' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the third-party distributors.

(v) Others

Other revenues for the year ended June 30, 2024 and 2025 are primarily derived from online language education for children provided by Kelly's Education Limited, which was acquired in September 2023. Each contract of language learning service is accounted for as a single performance obligation which is satisfied proportionately over the service period. Learning fee is generally collected in advance and is initially recorded as contract liability. The revenue is recognized proportionately as the learning sessions are delivered.

Practical expedients

The Group has used the following practical expedients as allowed under ASC 606:

- (i) The effects of a significant financing component have not been adjusted for contracts which the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.
- (ii) The Group expenses the costs to obtain a contract as incurred when the expected amortization period is one year or less.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment.

2. Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

Contract liabilities

Contract liability is related to the payments received by the Group in advance from customers for which the Group's revenue recognition criteria have not been met.

For online learning services, the service considerations are generally collected in advance and initially recorded as advance from customers during the contractual period where the Group allows the learners to ask for a full and unconditional refund. Subsequent to the expiry of the full-refund period, the balance of the advance from customers is reclassified as a contract liability, which is an obligation to transfer services to customers, after applying the constraints on variable consideration.

Revenue recognized during the years ended June 30, 2023, 2024 and 2025 that was included in the contract liabilities balances as of July 1, 2022, 2023 and 2024 amounted to approximately RMB384,729, RMB517,213 and RMB 385,227, respectively.

As of June 30, 2025, the aggregate amount of transaction price allocated to unsatisfied performance obligations is RMB 273,575 which represents balances of contract liabilities which will be recognized as revenue in future periods. The Group expects to recognize RMB238,090 of this balance as revenue over the next 12 months.

Refund liabilities, which is an obligation to transfer cash, represent the consideration collected by the Group which it expects to refund to its customers according to refund policy after the full-refund period. Refund liabilities are estimated based on the historical refund ratio of the revenue streams. In the event that the actual amount of refund made exceeds the estimation, such excessive amount will be deducted from net revenues.

Revenue Disaggregation

The following table sets forth a breakdown of the Group's revenues disaggregated by business line:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Online learning services			
- Financial literacy courses	1,874,627	1,307,365	881,370
- Skills upgrading courses	721,252	1,661,791	1,039,636
- Recreation and leisure courses	138,998	395,118	313,449
Subtotal	2,734,877	3,364,274	2,234,455
Consumer business	4,816	173,961	213,203
Enterprise services	340,934	247,732	187,253
Pop toy business	-	-	65,781
Others	754	9,364	24,900
Total revenues	3,081,381	3,795,331	2,725,592

2. Summary of significant accounting policies (Continued)

(x) Cost of revenues

Cost of revenues mainly consists of salaries and benefits (including share-based compensation expenses) of instructors and tutors who deliver premium courses, and the course content development staff who develop the premium courses, labor outsourcing costs, payment channel fees charged by third-party online payment providers, bandwidth costs, depreciation and amortization of properties and equipment, costs of course materials as well as cost of products sold, costs in relation to design and license, cost related to delivery of goods rendered to customers. The instructors and course content development staff are all full-time employees and their compensation primarily consists of base salary and bonus or performance-based compensations. The tutors consist of both full-time tutors and part-time tutors. Tutors' compensation primarily consists of base salary and performance-based compensations.

(y) Sales and marketing expenses

Sales and marketing expenses consist primarily of advertising and marketing promotion expenses, labor outsourcing costs, salaries and benefits (including share-based compensation expenses) of sales department staff who are also responsible for developing and delivering introductory courses, and other expenses incurred by the Group's sales and marketing personnel. Advertising expenses are generally paid to the third parties for online promotion and traffic acquisition and are expensed as sales and marketing expenses when the services are received. For the years ended June 30, 2023, 2024 and 2025, advertising and marketing promotion expenses were RMB1,743,473, RMB1,956,352 and RMB 1,146,771, respectively.

(z) General and administrative expenses

General and administrative expenses consist primarily of salaries and benefits (including share-based compensation expenses) and related expenses for employees involved in general corporate functions, including finance, legal and human resources, rental fees, and professional service fees.

(aa) Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits for research and development personnel, and (ii) office rental, general expenses and depreciation expenses associated with the research and development activities. The Group's research and development activities primarily consist of the development and enhancement of the Group's applications and platforms.

For internal use software, the Group expenses all costs incurred for the preliminary project stage and post implementation-operation stage of development. The amount of the Group's research and development expenses that qualify to be capitalized during the periods presented was immaterial, and as a result all development costs incurred for development of internal used software have been expensed as incurred.

2. Summary of significant accounting policies (Continued)

(ab) Share-based compensation expenses

All share-based awards granted to the founder, management, directors and employees, including restricted ordinary shares and share options, are measured at fair value on grant date. Share based compensation expense is recognized using the graded-vesting method over the requisite service period, which is the vesting period. The Group accounts for share-based compensation benefits granted to grantee in accordance with ASC 718 Stock Compensation. Information relating to the plans is set out in Note 18.

The Group uses the binomial option-pricing model or other appropriate methods to estimate the fair value of share options. The determination of estimated fair value of share-based payment awards on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected value volatility of the Company over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk-free interest rate, exercise multiple and expected dividend yield, if any.

Some awards are granted with service only conditions and some awards granted with both performance conditions and service conditions. For awards granted with performance conditions and service conditions, the Company evaluates the likelihood of performance conditions being met at each reporting period. Share-based compensation costs are recorded when the performance conditions are considered probable for the number of awards expected to vest on a graded-vesting basis, net of estimated forfeitures, over the requisite service period. The Group has chosen to account for forfeitures related to service condition aspects when they occur. The compensation cost of the awards granted with performance conditions and service conditions is measured based on the fair value of the awards when all conditions to establish the grant date have been met.

(ac) Employee benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries and the consolidated VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. Employee social security and welfare benefits included as expenses in the consolidated statements of operations and comprehensive (loss)/income amounted to RMB124,922, RMB73,812 and RMB40,205 for the years ended June 30, 2023, 2024 and 2025, respectively. The total balances of employee welfare benefits, including the accruals for estimated underpaid amounts, were approximately RMB41,687 and RMB22,343 as of June 30, 2024 and 2025, respectively.

2. Summary of significant accounting policies (Continued)

(ad) Taxation

Income taxes

Current income taxes are provided based on (loss)/income before income tax for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of comprehensive (loss)/income in the period of the enactment of the change.

The Group considers positive and negative evidence when determining whether a portion or all its deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, its experience with tax attributes expiring unused, and its tax planning strategies. The ultimate realization of deferred tax assets is dependent upon its ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, the Group has considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trend of profits expected to be reflected within the industry. The Group records a valuation allowance to reduce the amount of deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

Value added Tax ("VAT")

For services provided, the Group is subject to VAT at the rate of 6% depending on whether the entity is a general taxpayer, and related surcharges on revenue generated from providing services. For the sales of products, the Group is subject to VAT at the rate of 3% for small scale VAT taxpayer and 13% for general VAT payer. Entities that are VAT general taxpayers are allowed to offset qualified input VAT, paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in the line item of accrued expense and other liabilities on the face of balance sheet. The Group records revenue net of value added tax and the Group records the related surcharges as cost of revenues.

(ae) Comprehensive (loss)/income

Comprehensive (loss)/income is defined to include all changes in equity/(deficit) of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive (loss)/income includes net (loss)/income and foreign currency translation adjustments of the Group.

2. Summary of significant accounting policies (Continued)

(af) Segment reporting

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision-making group, in deciding how to allocate resources and in assessing performance. The Group’s CODM is the Chief Executive Officer. The CODM reviews separate financial information presented for the Company’s three segments: 1) Learning service and others, 2) Consumer business, and 3) pop toy business in order to allocate resources and evaluate the Company’s financial performance.

The CODM measures the performance of each segment primarily based on segment revenue and segment gross profit. The Group currently does not allocate operating expenses or assets to its segments for learning service and others and consumer business, as its CODM does not use such information to allocate resources or evaluate the performance of these two operating segments. As the Group’s long-lived assets are substantially all located in the PRC and substantial portion of the Group’s revenues are derived from the PRC, no geographical segments are presented.

(ag) Impact of newly adopted accounting pronouncement

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures, which adds a requirement for public entities to disclose its significant segment expense categories and amounts for each reportable segment for all periods presented. This information is required to be disclosed at both interim and annual periods. In addition, this ASU requires a public entity to disclose the title and position of CODM in the consolidated financial statements. Public entities are also required to disclose how the CODM uses each reported measure of segment profit or loss to assess performance and allocate resources to the segments. The ASU is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024. The Group included the applicable disclosures within Note 25 Segment Information.

(ah) Recently issued accounting pronouncements not yet adopted

The Group qualifies as an “emerging growth company”, or EGC, pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. As an EGC, the Group does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). The standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid, among other enhancements to improve the effectiveness of income tax disclosures. For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024. For entities other than public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2025; however, early adoption is permitted. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Group is currently evaluating the impact the adoption of ASU 2023-09 will have on the consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, “Income Statement –Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires entities to disaggregate operating expenses into specific categories such as employee compensation, depreciation, and intangible asset amortization, by relevant expense caption on the statement of operations. The standard is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted on either a prospective or retrospective basis. The Company is currently evaluating the impact of adopting ASU 2024-03 on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses for Accounts Receivable and Contract Assets”, which provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The standard is effective for interim and annual periods beginning after December 15, 2025. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Group is currently evaluating the impact of adopting ASU 2025-05.

3. Business combination

Business combinations during the year ended June 30, 2024:

In September 2023, the Group acquired 100% equity interests of Kelly's Education Limited, an online language education platform headquartered in Hong Kong. The total purchase price was RMB1,842 (HKD2,000), which was paid by the Group on September 28, 2023 (the acquisition date).

The result of operations for the acquired entity has been included in the Group's consolidated financial statements from its acquisition date. The acquisition was recorded using the acquisition method of accounting. Accordingly, the acquired assets and liabilities were recorded at their fair value on the date of acquisition. The purchase price was allocated on the date of acquisition as follows:

	<u>RMB</u>
Cash and cash equivalents	3,515
Other current assets	604
Property and equipment, net	279
Intangible assets	3,120
Operating lease right-of-use assets	166
Goodwill	7,389
Operating lease liabilities, current portion	(149)
Other current liabilities	(13,082)
Total purchase consideration	<u>1,842</u>

Results of operations attributable to the acquisition of Kelly's Education Limited and pro forma results of operations for the acquisition of Kelly's Education Limited have not been presented because they are not material to the consolidated statements of operations and comprehensive (loss)/income for the years ended June 30, 2024.

Business combinations during the year ended June 30, 2025:

Acquisition of Shenzhen Letsvan

Founded in 2020, Shenzhen Letsvan is principally engaged in IP incubation, copyright commercialization, and the promotion and sales of pop toys.

During the year ended June 30, 2025, the Group entered into a series of transactions with Shenzhen Letsvan and its then existing shareholders, pursuant to which the Group acquired a total of 61.05% equity interest in Shenzhen Letsvan after step acquisition ("Shenzhen Letsvan Acquisition"). Upon the completion of a series of transactions, including a convertible bond agreement, an equity transfer agreement, and a shares purchase agreement signed in December 2024, along with a debt-to-equity conversion agreement signed in March 2025, the Group held approximately 14.73% of the equity in Shenzhen Letsvan. At the end of March 2025, the Group entered into another equity transfer agreement and shares purchase agreement to acquire an additional 46.32% equity interests in Shenzhen Letsvan for a total cash consideration of RMB200.0 million. Upon the closing of these transactions on March 31, 2025 (the acquisition date), the Group held, approximately 61.05% of Shenzhen Letsvan's interests and obtained the control in Shenzhen Letsvan. The Group accounted for the transactions as business combination and consolidated its financial results into the Group's consolidated financial statements since the acquisition date.

3. Business combination (Continued)

The acquisition of Shenzhen Letsvan was accounted for using the acquisition method, and the purchase price allocation was made based on the fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition. The fair values of the identifiable intangible assets acquired were determined using various valuation techniques, including the fair value of the channel relationship was determined using the Multi-period Excess Earnings Method, and the fair value of IP Rights was determined using Relief from Royalty Method, all of which were under the income approach. The fair value measurements were primarily based on significant inputs that are not directly observable in the market and are considered Level 3 under the fair value measurements and disclosure framework. Key assumptions include cash flow projections for Shenzhen Letsvan and the discount rate applied to those cash flows. Identifiable intangible assets with finite lives are amortized over their useful lives. The carrying value of the other tangible assets acquired and liabilities assumed approximate their fair value. The excess of the purchase price and the fair value of non-controlling interests over the estimated fair values of the identifiable net assets acquired was recorded as goodwill. The Fair value of the non-controlling interest was estimated with reference to the price per share as of the acquisition date.

The following is a summary of the fair value of the purchase price and the final allocation of the purchase price to the assets acquired and liabilities assumed:

	<u>RMB</u>
Cash and cash equivalents	93,450
Short-term investments	20,000
Accounts receivable, net	23,100
Other current assets	24,968
Property and equipment, net	7,488
Newly identified intangible assets (IP Rights)	49,000
Newly identified intangible assets (channel relationship)	19,000
Goodwill	187,598
Other non-current assets	7,423
Short-term borrowings	(14,500)
Other current liabilities	(22,223)
Other non-current liabilities	(1,155)
Deferred tax liabilities	(17,000)
Non-controlling interests-equity	(93,041)
Non-controlling interests- mezzanine equity	(40,999)
Total purchase consideration	243,109
Total purchase price is comprised of:	
-Cash	200,000
-Fair value of previously held equity interests	43,109
Total	243,109

In connection with the Shenzhen Letsvan Acquisition, the Group recorded goodwill of RMB187.6 million, which is primarily attributable to expected synergies, expanded market opportunities, and other expected benefits that the Group believes it will result from combining its operations with the operations of Shenzhen Letsvan. The incremental goodwill created as a result of the acquisition is not deductible for tax purposes. Goodwill has been allocated to the pop toy business segment.

3. Business combination (Continued)

Supplemental pro forma information

The following unaudited pro forma consolidated financial information is prepared as if the business acquisition occurred on July 1, 2023. For the business acquisition, amortization have been included in the calculation of the pro forma information provided below, based on the results of purchase price allocation. Amortization is computed on the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

This supplemental pro forma information is presented for illustrative purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Company consummated the acquisitions on July 1, 2023, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	For the years ended	
	June 30,	
	2024	2025
	RMB	RMB
Pro forma total net revenues	3,921,965	2,823,284
Pro forma net income	404,094	336,936

Other acquisition during the year ended June 30, 2025

During the year ended June 30, 2025, the Group also made another business acquisition, for which the result of the operations has been included in the Group's consolidated financial statements from its acquisition date and was not material to the Group's consolidated financial statements.

4. Concentration and risks

Concentration of foreign currency risk

The Group's operating transactions are mainly denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only through authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other PRC foreign exchange regulatory bodies which require certain supporting documents in order to affect the remittances. As of June 30, 2024, the Group's cash and cash equivalents, restricted cash and short-term investments denominated in RMB were RMB890,644, accounting for 86.78% of the Group's total cash and cash equivalents, restricted cash and short-term investments. As of June 30, 2025, the Group's cash and cash equivalents, restricted cash and short-term investments denominated in RMB were RMB873,020, accounting for 83.87% of the Group's total cash and cash equivalents, restricted cash and short-term investments.

4. Concentration and risks (Continued)

Concentration of customers and suppliers

There were no customers accounted for more than 10% of the Group's total revenues for the years ended June 30, 2023, 2024 and 2025 respectively. There were four and three customers individually accounted for more than 10% of the Group's net accounts receivable as of June 30, 2024 and 2025, respectively.

Accounts receivables, net	As of June 30,	
	2024	2025
Customer A**	21.2%	*
Customer B	24.6%	*
Customer C	23.7%	*
Customer D	10.9%	*
Customer E	*	21.0%
Customer F	*	19.4%
Customer G	*	14.8%

* The percentage was below 10% for the period.

** Customer A is Beijing Baichuan Insurance Brokerage Co., Ltd., a related party of the Group, from which the gross accounts receivable for enterprise services were RMB4,488 and nil as of June 30, 2024 and 2025, respectively, which were recorded in "Amounts due from related parties", and represents 21.2% and nil of all accounts receivables from third parties and related parties as of June 30, 2024 and 2025, respectively.

There was one and one supplier, i.e. an advertising and marketing promotion agency, which individually accounted for 10.1% and 13.5% of the Group's total costs and expenses for the year ended June 30, 2024 and 2025, respectively. There was no supplier which individually accounted for more than 10% of the Group's total costs and expenses for the years ended June 30, 2023.

Credit and concentration risk

Financial instruments that potentially expose the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash and short-term investment. As of June 30, 2024, and 2025, substantially all the Group's cash and cash equivalents, restricted cash and short-term investments were held in major financial institutions located in Mainland China and Hong Kong, which management considered to be of high credit quality.

5. Accounts receivable, net

The accounts receivable, net, as of June 30, 2024 and 2025, consists of the following:

	As of June 30,	
	2024	2025
	RMB	RMB
Pop toys business	-	29,909
Enterprise services	16,661	16,121
Others	112	317
Accounts receivable	16,773	46,347
Less: allowance for credit losses	(97)	(454)
Accounts receivable, net	16,676	45,893

Accounts receivable, net are non-interest bearing and generally on terms between 15 days to 90 days.

The movements in the allowance for credit losses are as follows:

	For the years ended June 30,	
	2024	2025
	RMB	RMB
Balance at beginning of the year	(59)	(97)
Additions	(38)	(357)
Write-offs	-	-
Balance at end of the year	(97)	(454)

6. Inventory, net

Inventory, net, as of June 30, 2024 and 2025, consist of the following:

	For the years ended June 30,	
	2024	2025
	RMB	RMB
Products	4,381	24,000
Raw materials, Packing materials and others	1,975	7,879
Inventory	6,356	31,879
Provisions for inventory	(11)	(10,418)
Inventory, net	6,345	21,461

7. Prepayments and other current assets

Prepaid expenses and other current assets, as of June 30, 2024 and 2025, consist of the following:

	As of June 30,	
	2024	2025
	RMB	RMB
Receivables from third party payment platforms ⁽ⁱ⁾	94,138	63,509
Prepayments for promotion fees	67,163	43,276
Deposits	5,101	20,356
Receivables from financial institutions security account ⁽ⁱⁱ⁾	11,972	19,849
Receivables from ESOP platform for share option exercise Proceeds (on behalf of employees)	251	18,145
Prepaid input value-added tax ⁽ⁱⁱⁱ⁾	12,358	12,671
Prepaid other service fees	21,122	10,186
Prepayments for products procurement	974	6,532
Receivable from an issuer of matured structured notes	58,213	-
Others	4,257	8,375
Total	275,549	202,899

- (i) Receivables from third-party payment platforms represents the considerations received and held by the third-party payment platforms relating to online learning business, pop toy business and consumer business. The Group subsequently transferred the full receivables from the third-party payment platforms to its bank accounts.
- (ii) Receivables from financial institutions security account consists of deposit in financial institutions security account for share repurchase purposes.
- (iii) Prepaid input value-added tax consists of VAT input that is expected to offset with VAT output tax.

8. Property and equipment, net

Property and equipment, net as of June 30, 2024 and 2025, consist of the following:

	As of June 30,	
	2024	2025
	RMB	RMB
Leasehold improvement	8,032	7,790
Computer and electronic equipment	7,234	8,323
Molds	88	9,111
Others	-	362
Total	15,354	25,586
Less: Accumulated depreciation	(8,785)	(14,294)
Property and equipment, net	6,569	11,292

Depreciation expenses for the years ended June 30, 2023, 2024 and 2025 were RMB3,714, RMB4,546 and RMB5,509 respectively.

9. Intangible assets, net

Intangible assets, net, as of June 30, 2024 and 2025, consist of the following:

	As of June 30,	
	2024	2025
	RMB	RMB
IP Rights	-	49,000
Channel relationship	-	19,000
Brand	3,120	3,120
Software	-	65
Licensed IPs	-	914
Total	3,120	72,099
Less: accumulated amortization	(468)	(3,509)
Less: accumulated impairment	(2,652)	(2,652)
Intangible assets, net	-	65,938

Amortization expenses for intangible assets were nil, RMB468 and RMB3,041 for the years ended December 31, 2023, 2024 and 2025, respectively.

IP Rights and channel relationships are being amortized using an accelerated amortization method based on the expected economic benefits over the estimated life which range from 3 to 10 years.

10. Short-term borrowings

As of June 30, 2025, the contractual maturities of the borrowings are all within one year.

The Group's short-term borrowings are all from Shenzhen Lestvan component (Note 3). As of June 30, 2025, the Group's short-term borrowings primarily consisted of (i) an unsecured revolving credit line for a total credit of up to RMB6,000, in which all the credit line of RMB6,000 was drawn down and outstanding as short-term loans, bearing an interest rate of 2.22% per annum and maturing in November 2025; and (ii) a secured loan with carrying amount of RMB5,100 and an fixed interest rate of 2.95% per annum and a monthly payment schedule of RMB300, which was guaranteed by a third party guarantee company and the founder of Shenzhen Letsvan and secured by certain intellectual property certificates of the Group and is due in March 2026.

11. Accounts payables

These amounts represent liabilities for services provided to and products purchased by the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Accounts payables are mainly comprised of marketing promotion expenses payables and payable for purchase of raw materials and finished goods for pop toy business and purchases of wellness products from third parties as of June 30, 2024 and 2025.

12. Accrued expenses and other current liabilities

The following table summarized the Group's outstanding accrued expenses and other current liabilities as of June 30, 2024 and 2025, respectively:

	As of June 30,	
	2024	2025
	RMB	RMB
Accrued employee payroll and welfare benefits	75,686	57,142
Other accrued expense	72,846	45,935
Other tax payable	21,201	22,256
Payable to employees related to share option exercise Proceeds	-	13,780
Refund liability ⁽ⁱ⁾	19,282	10,213
Others	1,493	2,480
Total accrued expenses and other current liabilities	190,508	151,806

- (i) Refund liability represents the estimated amounts of consideration collected by the Group which it expects to refund to its customers according to refund policy as described in Note 2(w).

13. Lease

The Group has operating leases for corporate offices and storage of goods with the lease terms from within 6 months to 3 years. For operating leases with terms greater than 12 months, the Group records the related assets and lease liability at the present value of lease payments over the terms.

	As of June 30,	
	2024	2025
	RMB	RMB
Operating lease right-of-use assets, net	58,889	19,898
Operating lease liabilities-current	49,099	16,428
Operating lease liabilities-non-current	16,989	7,016

The following table provides a summary of the Group's operating lease expenses and short-term lease expenses as of June 30, 2023, 2024 and 2025:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Operating lease expenses	37,484	44,854	42,831
Short-term lease expenses	2,272	227	241

13. Lease (Continued)

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Cash paid for amounts included in the measurement of operating lease liabilities	25,151	48,176	45,817
Right-of-use assets obtained in exchange for operating lease obligations	95,206	16,258	3,683

The following table provides a summary of the Group's operating lease terms and discount rates as of June 30, 2024 and 2025:

	As of June 30,	
	2024	2025
Weighted average remaining lease term (in years)	1.44	0.97
Weighted average discount rate	4.75%	4.61%

Maturities of operating lease liabilities as of June 30, 2025 were as follows:

	Amounts RMB
For the year ended June 30, 2026	21,367
For the year ended June 30, 2027	2,376
Total operating lease payments	23,743
Less: imputed interest	(299)
Present value of operating lease liabilities	23,444

14. Short-term investments

The following table presents the fair value hierarchy for the Group's short-term investments that are measured and recorded at fair value on a recurring basis as of June 30, 2024 and 2025:

	Quoted Prices in Active Market for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Other Unobservable Inputs (Level 3) RMB	Balance at Fair Value RMB
June 30, 2024				
Assets				
Wealth management products ⁽ⁱ⁾	-	246,195	-	246,195
Total	-	246,195	-	246,195

14. Short-term investments (Continued)

June 30, 2025	Quoted Prices in Active Market for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Other Unobservable Inputs (Level 3) RMB	Balance at Fair Value RMB
Assets				
Wealth management products ⁽ⁱ⁾	-	137,431	-	137,431
Investment in private fund ⁽ⁱⁱ⁾	-	-	43,775	43,775
Equity securities of publicly listed companies	8,491	-	-	8,491
Total	8,491	137,431	43,775	189,697

- (i) The Group's short-term investments in wealth management products were issued by financial institutions in the PRC and Hong Kong with variable returns indexed to the performance of underlying assets. The wealth management products invested by the Group can be redeemed at any time after the respective lock-up period. To estimate the fair value of wealth management products, the Group uses the quoted net asset values published by the financial institutions or by discounting the future cash flows at the expected yield rate with reference to the expected benchmark yield rates published by the financial institutions. As there are no quoted prices in active markets for the investments. The Company classifies the valuation techniques that use these inputs as Level 2 of fair value measurement.
- (ii) The Group's investment in private fund was issued by a private fund with variable returns indexed to the performance of underlying assets, mainly U.S. treasury bonds. The investment can be redeemed at any time at the Group's option. Fair value is estimated according to the net asset value provided by the private fund based on the expected cash flows using the unobservable expected return. The Company classifies the valuation techniques that use these inputs as Level 3 of fair value measurement.

The following table summarizes the activities related to fair value of the investments classified as a Level 3 measurement:

	For the years ended June 30,	
	2024 RMB	2025 RMB
Fair value of Level 3 investments at beginning of the year	58,223	-
Investment made	-	42,952
Transfer from Level 2 investments	57,867	-
Redemption	(116,270)	-
Gain	1,274	823
Exchange adjustment	(1,094)	-
Fair value of Level 3 investments at end of the year	-	43,775

For the years ended June 30, 2023, 2024 and 2025, the Company recorded gains or losses resulting from changes in the fair values of short-term investments in the line item "Others, net" in the consolidated statements of operations and comprehensive (loss)/income. As of June 30, 2024 and 2025, none of these short-term investments were frozen, guaranteed or subject to other restrictions.

15. Long-term investments

Long term investments as of June 30, 2024 and 2025 consist of the following:

	As of June 30,	
	2024	2025
	RMB	RMB
Equity investment (i)	3,002	28,254
Investment accounted for at fair value (ii)	6,008	30,812
Total	9,010	59,066

- (i) In March 2024, the Group entered into a partnership agreement with third party investors in China to form a limited partnership enterprise (the “Partnership Enterprise”) for future investing activities in the consumer market in China. In accordance with the agreement, the Group served as one of the limited partners and agreed to subscribe for 43.29% of the equity interests in the Partnership Enterprise by contributing a sum of RMB100,000 aggregately as the capital of the Partnership Enterprise. The Group applied equity method of accounting to this investment in accordance with ASC 323 because the Group has significant influence over the Partnership Enterprise but does not have a controlling financial interest. As of June 30, 2024 and 2025, RMB3,000 and RMB23,000 was paid by the Group as part of the agreed capital contribution to the Partnership Enterprise.

During the year ended June 30, 2025, the Group acquired Shenzhen Letsvan (Note 3), who held a 49% equity interest in a PRC private company (the “Investee”) and had the ability to exercise significant influence over the Investee. The equity investment of the Investee amounted to RMB5,094 as of June 30, 2025.

For the years ended June 30, 2024 and 2025, the Company recognized the share of profit from equity method investments of RMB2 and RMB1,388, respectively.

- (ii) In May 2024, the Group completed an investment in 12,500,000 series angel preferred shares issued by an unlisted technology company (the “Investee”) by (i) paying US\$500 in cash and (ii) contracting to provide future advertising services with fair value of US\$343 at the contract inception date. The Group has the right to request the Investee to redeem all or part of the outstanding preferred shares at any time upon the occurrence of certain redemption events.

The Group accounted for the investment in the preferred shares under the fair value option in accordance with ASC 825. The fair value of the investment in the preferred shares was estimated by using the back-solve method, which derives the implied equity value of a company by referencing to the transaction price of a recent, arm’s length transaction of the company’s own security. Under the back-solve method, option-pricing model is employed to allocate the implied equity value to different classes of shares (with consideration of their individual rights and preferences) so as to come up with the fair value of each class of shares. This method requires making assumptions on the probability of different liquidity events and the expected time to the liquidity events, volatility, and risk-free rate. The Group classifies the valuation techniques that use these inputs as Level 3 of fair value measurement.

The Group determined that there was no material change in fair value of the investment in the preferred shares during the period from investment completion date to June 30, 2024. For the year ended June 30, 2025, the Company recorded RMB24.9 million fair value gain in “Others, net” in the consolidated statements of operations and comprehensive (loss)/income.

16. Taxation

Cayman Islands

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands (“BVI”)

Subsidiaries in the BVI are exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Hong Kong profits tax rate is 16.5% up to April 1, 2018. When the two-tiered profits tax regime took effect on April 1, 2018, the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK\$2,000 and 16.5% for any assessable profits in excess of HK\$2,000. During the years ended June 30, 2023, 2024 and 2025, Hong Kong profits tax was not provided as there were no taxable profits deriving from Hong Kong.

PRC

Under the PRC Enterprise Income Tax Law (“EIT Law”), the standard enterprise income tax rate is 25%. Entities qualifying as High and New Technology Enterprises (“HNTE”) qualify for a preferential tax rate of 15% subject to a requirement that they re-apply for HNTE status every three years. The WFOE qualified as a HNTE in the calendar year 2022 and is eligible for a preferential enterprise income tax rate of 15% as a “high and new technology enterprise” under the EIT Law from the period of 2022 to 2025. Since the qualification will expire in November 2025, the WFOE has re-applied for the HNTE qualification in June 2025 and are highly confident that the new HNTE certificate will become effective to maintain the preferential enterprise income tax rate of 15%.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the “de facto management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, of a non-PRC company is located”. Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%.

16. Taxation (Continued)

Withholding tax on undistributed earnings

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise (“FIE”) to its immediate holding company outside the PRC, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within the PRC or if the received dividends have no connection with the establishment or place of such immediate holding company within the PRC, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have such tax treaty with the PRC. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (“HK DTA”) in August 2006, dividends paid by an FIE in the PRC to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5%. As of June 30, 2022, and 2023, the Group did not record any withholding tax on undistributed earnings as the PRC entities were still in accumulated deficit position. To the extent that subsidiaries and the consolidated VIE (including its subsidiaries) of the Group have undistributed earnings, the Group will accrue appropriate expected withholding tax associated with repatriation of such undistributed earnings.

During the year ended June 30, 2024 and 2025, the WFOE, an onshore subsidiary of the Group, distributed a portion of its retained earnings of approximate US\$5,263 and US\$10,000 to its immediate holding company, Witty Digital Technology Limited, an offshore subsidiary of the Company in Hong Kong, respectively. As of June 30, 2024, the Group had applied withholding tax rate of 5% based on the facts and circumstances of the offshore subsidiary and management’s interpretation of the HK DTA back then. During the year ended June 30, 2025, as there were new changes in relevant facts and circumstances, the Group accrued withholding tax on undistributed earnings as of June 30, 2025 using a 10% tax rate to reflect the management’s estimation accordingly.

The following table sets forth the component of income tax expenses of the Group for the years ended June 30, 2023, 2024 and 2025:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Current tax expense	(23,769)	(18,466)	(68,655)
Deferred tax benefit/(expense)	2,084	(12,862)	(44,264)
Income tax expense	(21,685)	(31,328)	(112,919)

The following table sets forth reconciliation between the statutory EIT rate and the effective tax rates:

	For the years ended June 30,		
	2023	2024	2025
Statutory income tax rate in PRC	25.0%	25.0%	25.0%
Effect of income tax exemptions and preferential tax rates	11.8%	(8.3)%	(5.8)%
Effect of income tax rate difference in other jurisdictions	-	1.9%	(3.4)%
Effect of PRC withholding tax	-	1.0%	9.4%
Permanent differences	(35.5)%	(3.0)%	(0.3)%
Changes in valuation allowance	(26.2)%	(9.1)%	(0.8)%
Effective tax rate	(24.9)%	7.5%	24.1%

16. Taxation (Continued)

Deferred tax assets and liabilities

	As of June 30,	
	2024	2025
	RMB	RMB
Deferred tax assets:		
Allowances of credit losses	28	5
Allowance for inventory write-down	-	513
Operating lease liabilities	11,948	3,114
Deductible temporary difference related to advertising expenses	16,185	8,478
Net operating tax losses carried forward	38,430	11,030
Subtotal	66,591	23,140
Less: valuation allowance	(55,144)	(19,703)
Total deferred tax assets, net	11,447	3,437

	As of June 30,	
	2024	2025
	RMB	RMB
Deferred tax liabilities:		
Operating lease right-of-use assets	10,600	3,332
Newly identified intangible assets arising from business combination	-	16,259
Unrealized investment income	-	297
Withholding tax on undistributed earnings	11,625	55,591
Total deferred tax liabilities	22,225	75,479

The tax losses of the Group expire over different time intervals depending on the local jurisdiction. According to PRC tax regulations, the PRC enterprise net operating loss can generally carry forward for no longer than five years, and HNTE's net operating losses can be carried forward for no more than 10 years, starting from the year subsequent to the year in which the loss was incurred. As of June 30, 2025, certain entities of the Group had net operating tax losses carried forward, which if not utilized, will expire as follows:

	2025 RMB
Loss expiring for the year ended December 31, 2026	29,900
Loss expiring for the year ended December 31, 2027	54,061
Loss expiring for the year ended December 31, 2028	76,033
Loss expiring for the year ended December 31, 2029	42,840
Loss expiring for the year ended December 31, 2030	-
Loss expiring for the year ended December 31, 2031	-
Loss expiring for the year ended December 31, 2032	-
Loss expiring for the year ended December 31, 2033	-
Loss expiring for the year ended December 31, 2034 and thereafter	7,454
Subtotal	210,288

16. Taxation (Continued)

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated equity, existence of taxable temporary differences and reversal periods.

Changes in valuation allowance are as follows:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Balance at beginning of the year	(84,406)	(94,975)	(55,144)
(Additions)/Reversal	(10,569)	39,831	35,441
Balance at end of the year	(94,975)	(55,144)	(19,703)

The major jurisdiction in which the Group is subject to potential examination is the PRC. In general, the PRC tax authorities have up to five years and in certain cases up to ten years to conduct examinations of the tax filings of the Group. All these related tax years remain subject to examination by the PRC tax authorities potentially.

17. Others, net

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Government grants	415	3,506	2,341
Fair value changes and investment gain of short-term investments	9,235	18,452	24,074
Share of net income of investments accounted for using equity method	-	-	1,388
Fair value changes of long-term investments	-	-	24,863
Others	11,663	7,007	6,812
Total	21,313	28,965	59,478

18. Share based compensation expenses

Compensation expenses recognized for share-based compensation awards granted by the Company were as follows:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Included in:			
Cost of revenues	26,486	13,651	6,119
Sales and marketing expenses	51,742	(2,902)	1,399
Research and development expenses	49,046	1,887	2,459
General and administrative expenses	64,358	15,121	10,524
Total	191,632	27,757	20,501
(a) Share options	191,583	27,757	19,293
(b) Restricted ordinary shares held by the Founder	49	-	-
(c) Acquisition of equity interests from non-controlling shareholders	-	-	1,208
Total	191,632	27,757	20,501

(a) Share options

On May 31, 2022, the Company adopted the 2018 Employee Share Incentive Plan (the “2018 Plan”) and the 2021 Global Share Plan (the “2021 Plan”), whereby the maximum aggregate number of ordinary shares that can be issued under the 2018 Plan and the 2021 Plan was 21,717,118 shares. On December 20, 2022, the Company’s board of directors authorized an expansion of the reserved shares pool for the 2021 Plan with an addition number of 16,523,627 ordinary shares.

In connection with the reorganization undertaken in anticipation of the initial public offering (the “IPO”), the Company reissued share options under the 2021 Plan to substitute all outstanding share options previously granted by the Group’s predecessor entities. Except for the inclusion of a mandatory equitable adjustment provision, the terms, exercise price and vesting conditions of the replacement options were substantially equivalent to those of the original options.

On August 31, 2022, the Company granted 70,000 share options to employees pursuant to the 2021 Plan. These options were to be vested in four equal installments, with 25% of the total options becoming vested on each of the first, second, third and fourth anniversary of the vesting commencement date with certain performance conditions.

On November 30, 2022, the Company granted 3,305,000 share options to employees pursuant to the 2021 Plan, with the same vesting conditions with those granted in August 2022. In addition, made following modifications of the previously granted awards:

- The Company reduced the exercise prices of 7,190,000 share options granted to employees before September 30, 2022 under the 2021 Plan, and all other terms of these options remain unchanged. The incremental fair value resulted from the modification of these share options was RMB17,224, of which RMB7,460 was recognized immediately upon the modification.
- 500,000 share options previously granted to an executive officer was accelerated vested and the incremental fair value from the modification was RMB6,449, which was wholly recognized upon the modification.

18. Share based compensation expenses (Continued)

(a) Share options (Continued)

A summary of activities of share options of the Company for the years ended June 30, 2023, 2024 and 2025 is presented below:

	Options Outstanding	Weighted Average Exercise Price (US\$)	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (RMB)
Outstanding as of July 1, 2022	15,710,312	0.3861	7.90	346,142
Granted	3,375,000	0.1270		
Forfeited	(860,061)	0.5991		
Outstanding as of June 30, 2023	18,225,251	0.1831	9.01	346,378
Options vested and exercisable as of June 30,2023	10,478,605	0.1484	8.92	201,781
Outstanding as of July 1, 2023	18,225,251	0.1831	9.01	346,378
Granted	4,217,652	0.4066		
Exercised	(1,852,806)	0.2261		
Forfeited	(2,807,954)	0.2507		
Expired	(120,003)	0.7162		
Outstanding as of June 30, 2024	17,662,140	0.2176	8.37	44,127
Options vested and exercisable as of June 30,2024	11,871,925	0.1573	8.01	34,836
Outstanding as of July 1, 2024	17,662,140	0.2176	8.37	44,127
Granted	680,000	0.4000		
Exercised	(11,365,500)	0.1402		
Forfeited	(940,214)	0.4594		
Expired	(137,361)	0.7030		
Outstanding as of June 30, 2025	5,899,065	0.3380	8.13	118,750
Options vested and exercisable as of June 30,2025	2,505,209	0.3486	7.63	50,239

There were 3,375,000, 4,217,652 and 680,000 options granted for the years ended June 30, 2023,2024 and 2025. The weighted average grant date fair value of options granted for the years ended June 30, 2023, 2024 and 2025 were US\$3.77, US\$0.39 and US\$0.62 per share, respectively.

For the year ended June 30, 2023, 2024 and 2025, share-based compensation expenses recognized associated with share options granted to directors and employees by the Company were RMB191,583, RMB27,757 and RMB19,293.

18. Share based compensation expenses (Continued)**(a) Share options (Continued)**

On May 31, 2022, the Company granted 510,500 share options to employees of the Group's related parties controlled by the same shareholders with the Company under the 2021 Plan, to replace all outstanding share options previously granted by the Group's predecessor entities in connection with the reorganization undertaken in anticipation for the IPO. On December 29, 2023, the Company granted 57,791 share options to employees of the Group's related parties controlled by the same shareholders with the Company under the 2021 Plan. As of June 30, 2024 and 2025, 230,577 and 31,181 share options of the Company were held by the employees of the Group's related parties with the weighted average exercise price of US\$0.66 and US\$0.59 per option and weighted average remaining contractual years of 8.23 and 7.26 years, out of which 144,382 and 19,912 options were vested and exercisable with the weighted average exercise price of US\$0.69 and US\$0.65 per option and weighted average remaining contractual years of 8.03 and 7.31 years. The aggregate intrinsic value of the outstanding options as of June 30, 2024 and 2025 are RMB49 and RMB573 respectively. The aggregate intrinsic value of the exercisable options as of June 30, 2024 and 2025 are RMB11 and RMB356 respectively. The share awards were measured based on the fair value as of May 31, 2022 and December 29, 2023 respectively. The share options granted to employees of the Group's related parties were accounted for as deemed dividend from the Company to its shareholders, as these employees of the related parties do not provide services to the Company. The amount recognized as deemed dividend was nil for the years ended June 30, 2023, 2024 and 2025, respectively.

As of June 30, 2023, 2024 and 2025, there were RMB119,847, RMB38,162 and RMB14,939 of unrecognized share-based compensation expenses related to the share options granted. The expenses are expected to be recognized over a weighted-average period of 1.46 years, 1.99 years and 2.05 years, which may be adjusted for future change in forfeitures.

The estimated fair value of each option grant is estimated on the date of grant using the Binominal option-pricing model with the following assumptions:

	For the years ended June 30,		
	2023	2024	2025
Expected volatility	46.00%-48.00%	81.85%-83.12%	90.10%-91.20%
Risk-free interest rate (per annum)	3.15%-3.80%	3.84%-4.27%	3.70%-4.30%
Expected dividend yield	0.00%	0.00%	0.00%
Expected term (in years)	10	10	10
Fair value of the underlying shares on the date of option grants (US\$)	3.80-3.93	0.53-1.20	0.38-0.80

18. Share based compensation expenses (Continued)

(b) Restricted ordinary shares held by the Founder

On May 31, 2022, the Company issued 6,830,330 restricted shares to the Founder of the Group to replace all outstanding restricted shares previously granted by the Group's predecessor entities in connection with the reorganization undertaken in anticipation for the IPO.

On June 1, 2022, the remaining 75,000 shares of these unvested restricted shares were approved to be vested immediately, and the remaining RMB71 of share-based compensation expenses were recognized immediately.

On August 13, 2022, all of the remaining 6,755,330 restricted shares were fully vested.

Such restriction is deemed as a compensatory arrangement for services to be provided by the Founder, and therefore accounted for as a share-based compensation arrangement. The share-based compensation expenses related to restricted shares are recognized on a graded vesting basis.

A summary of activities of restricted shares for the year ended June 30, 2023 is presented below. There were no activities of restricted shares for the years ended June 30, 2024 and 2025.

	Number of shares	Weighted- Average Grant Date Fair Value (in US\$)
Unvested at July 1, 2022	6,755,330	0.06
Vested	(6,755,330)	0.06
Unvested at June 30, 2023	-	-

(c) Acquisition of equity interests from non-controlling shareholders

In June 2025, the Group, through one of its wholly-owned subsidiaries, further acquired approximately 2.5% equity interests in Shenzhen Letsvan from Shenzhen Letsvan's non-controlling shareholders for a total cash consideration of RMB9.8 million.

The acquisition was accounted for as an equity transaction as this is a transaction among the shareholders, whereby the difference of the consideration paid to the non-controlling shareholders over the fair value of the equity interests acquired, of RMB1,208, was accounted as compensation expense.

19 Noncontrolling interests and noncontrolling interests with liquidation preferences

In connection with the Group's acquisition of Shenzhen Letsvan (Note 3), there are certain non-controlling interest shareholders. Pursuant to the shareholder agreement, certain non-controlling shareholders of Shenzhen Letsvan held preferred shares that entitled these shareholders certain preferences and privileges, such as liquidation preferences. The Group determined that the preferred shares should be accounted for as mezzanine equity on the Group's consolidated balance sheets since they are contingently redeemable upon the occurrence of a conditional event or a deemed redemption event, which is not solely within the control of the Group. The other noncontrolling interests with no preferential rights held by non-controlling interest shareholders are classified under equity in the Group's consolidated balance sheets. All the non-controlling interests were initially recorded at the acquisition date fair value and subsequently adjusted by the attribution of its share of net income or loss pursuant to the shareholder agreement.

20 Ordinary shares and treasury stock

On February 9, 2022, the Company was incorporated in the Cayman Islands with an authorized share capital of US\$50,000, divided into 500,000,000 shares with a par value of US\$0.0001 each.

On January 27, 2023, the Company completed the IPO. Immediately prior to the completion of the IPO, the Company's authorized share capital was changed into US\$70,000 consisting of 700,000,000 shares, divided into: (i) 430,000,000 Class A ordinary shares of a par value of US\$0.0001 each, (ii) 70,000,000 Class B ordinary shares of a par value of US\$0.0001 each, and (iii) 200,000,000 shares of a par value of US\$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with the Company's post-offering memorandum and articles of association. Immediately prior to the completion of the IPO, all of the Company's issued and outstanding preferred shares and ordinary shares were converted into, and re-designated and re-classified, as Class A ordinary shares on a one-for-one basis, except that the 49,859,049 shares beneficially owned by Mr. Peng Li continue to be Class B ordinary shares. Holders of Class A and Class B ordinary shares have the same rights, preferences, privileges and restrictions except for voting rights and conversion rights, whereby each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of the Company and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of the Company.

During the IPO, the Company issued a total of 3,250,000 ADSs, with one ADSs representing three Class A ordinary share of the Company with par value of US\$0.0001 per share. The Company received a total of approximately US\$ 37,172 of net proceeds after deducting the underwriter commissions.

On February 16, 2023, the underwriters exercised their option to purchase 127,396 additional ADSs and the Company received a total of approximately US\$1,457 of net proceeds after deducting the underwriter commissions.

During the year ended June 30, 2024, 9 Class A ordinary shares were cancelled as fractional shares in connection with ADS conversion.

During the year ended June 30, 2024, 3,835,647 Class A ordinary shares were issued and reserved for future issuance upon exercise of share options, which were recorded as treasury stock on the consolidated balance sheets.

20 Ordinary shares and treasury stock (Continued)

In June 2023, the Board of Directors of the Group authorized a share repurchase program (“2023 share repurchase program”) to repurchase up to US\$20,000 worth of its own American depositary shares (“ADSs”) over the following 12 months. In June 2024, the Board of Directors of the Group authorized another share repurchase program (“2024 share repurchase program”) to repurchase up to US\$20,000 worth of its own ADSs over the following 12 months. In June 2025, the Board of Directors of the Group authorized another share repurchase program (“2025 share repurchase program”) to repurchase up to US\$20,000 worth of its own ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by the management.

As of June 30, 2025, the Group had repurchased an aggregate of 14,862,786 Class A ordinary shares under the aforementioned share repurchase programs, at an average price of US\$ 3.9 per ADS, or US\$1.3 per share for a total consideration US\$19,105 (including commission to broker).

During the year ended June 30, 2024 and 2025, 4,681,353 and 7,622,283 Class A ordinary shares repurchased by the Company were transferred from the Company to the ESOP Platform and reserved for future issuance upon the exercise of share options.

The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders’ equity.

As of June 30, 2025, 13,218,306 Class A ordinary shares have been re-issued from the treasury stock upon exercise of share options.

21 Special cash dividends

In October, 2024, the Company declared a special cash dividend in the amount of US\$0.067 per ordinary share, or US\$0.201 per ADS. The aggregate amount of the special dividend was approximately US\$10.9 million, which was fully paid out from the share premium account of the Company in November 2024. Dividends are recognized as reduction of additional paid-in capital when declared.

No dividends had been declared by the Company for the years ended June 30, 2023 and 2024.

22. (Loss)/Income per share

Basic net (loss)/income per share is the amount of net loss available to each share of ordinary shares outstanding during the reporting period. Diluted net loss per share is the amount of net loss available to each share of ordinary shares outstanding during the reporting period adjusted to include the effect of potentially dilutive ordinary equivalent shares.

Basic net (loss)/income per share and diluted net (loss)/income per share were calculated in accordance with ASC 260 Earnings per share for the years ended June 30, 2023, 2024 and 2025 as below:

	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
Numerator:			
Net (loss)/income	(108,652)	385,527	356,568
Net loss attributable to noncontrolling interests	115	-	2,162
Net (loss)/Income attributable to QuantaSing Group Limited	(108,537)	385,527	358,730
Accretion of the Company's preferred shares	(22,379)	-	-
Net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited	(130,916)	385,527	358,730
Denominator:			
Weighted average number of ordinary shares outstanding (i)			
— basic	103,948,398	164,998,649	161,291,663
— diluted	103,948,398	170,045,651	165,196,242
Net (loss)/income per share			
— basic	(1.26)	2.34	2.22
— diluted	(1.26)	2.27	2.17

- (i) Basic and diluted net (loss)/income per share are computed using the weighted average number of ordinary shares outstanding during the period, including 3,318,369, 3,092,516 and 810,696 vested options with nominal exercise price for the years ended June 30, 2023, 2024 and 2025.

For the years ended June 30, 2023, the Company had potential ordinary shares, including preferred shares, share options and restricted shares. On a weighted average basis, 58,295,907 preferred shares, 14,040,780 share options, and 814,341 restricted shares were excluded from the computation of diluted net (loss)/income per ordinary share because including them would have had an anti-dilutive effect for the years ended June 30, 2023.

23. Related party transactions

The table below sets forth the major related parties and their relationships with the Group as of June 30, 2024 and June 30, 2025:

Name of related parties	Relationship with the Group
Mr. Peng Li	The Founder and controlling shareholder of the Company (i)
Mr. Huiyu Zhan	The Founder of Shenzhen Letsvan
Beijing Baichuan Insurance Brokerage Co., Ltd. (“Beijing Baichuan”)	Entity controlled by the same shareholders with the Company and significantly influenced by the Founder
Beijing Shanronghaina Network Technology Co., Ltd.	Entity controlled by the same shareholders with the Company and significantly influenced by the Founder
Beijing Baichuanxianghai Technology Co., Ltd.	Entity controlled by the same shareholders with the Company and significantly influenced by the Founder
Yuhuatongxing (Beijing) Cultural Development Co., Ltd. (“Yuhuatongxing”)	Entity significantly influenced by the Group

(i) Upon the IPO, the Founder became controlling shareholder of the Company through his majority voting right.

(a) The related party transactions entered into during the years ended June 30, 2023, 2024 and 2025 were as follows:

Transactions	For the years ended June 30,		
	2023	2024	2025
	RMB	RMB	RMB
<i>(i) Transactions recorded in revenue</i>			
- Beijing Baichuan ⁽¹⁾	147,921	34,107	80
- Yuhuatongxing ⁽²⁾	-	-	1,503
<i>(ii) Transactions recorded in cost and expenses</i>			
- Yuhuatongxing ⁽²⁾	-	-	2,472
<i>(iii) Other transactions</i>			
—Lending to related parties	(2,243)	-	113
—Repayment of lending to related parties	24,629	-	-
—Collection of consideration from prior year disposal of subsidiaries to a related party ⁽³⁾	2,000	-	-
—Payment for acquisition of non-controlling interest of one subsidiary from a related party ⁽⁴⁾	-	-	(2,800)
—Capital contribution of non-controlling interest from a related party	-	-	513

23. Related party transactions (Continued)

(b) The outstanding balance due from/to related parties as of June 30, 2024 and 2025 were as follows:

	As of June 30,	
	2024	2025
	RMB	RMB
Due from related parties	4,488	1,577
Due from Beijing Baichuan. ⁽¹⁾	4,488	-
Due from Yuhuatongxing ⁽²⁾	-	1,440
Due from other related parties	-	137
	As of June 30,	
	2024	2025
	RMB	RMB
Due to related parties	-	3,321
Due to Yuhuatongxing ⁽²⁾	-	2,621
Due to a related party ⁽⁴⁾	-	700

Note:

- (1) Beijing Feierlai has been providing marketing services to Beijing Baichuan Insurance Brokerage Co., Ltd. by referring learners to purchase insurance policies and earned commissions for the service, which was recorded as revenues from related parties. Beijing Feierlai ceased to provide the marketing services to Beijing Baichuan since the first quarter of fiscal year 2025.
- (2) The Group sells pop toys and provides e-commerce platform operation services Yuhuatongxing (Beijing) Cultural Development Co., Ltd., which are both recorded as revenues from related parties. Yuhuatongxing (Beijing) Cultural Development Co., Ltd. provides brand and products promotion services to the Group, which is recorded as operating expense.
- (3) The Group disposed of ChangYou Star to Beijing Shanronghaina Network Technology Co., Ltd. at a consideration of RMB22,000 in March 2022, of which the remaining balance of RMB2,000 was received during the year ended June 30, 2023.
- (4) The Group acquired the 0.88% equity interests of Shenzhen Letsvan from a related party with a total consideration of RMB3,500, of which RMB2,800 was paid during the year ended June 30, 2025 and the remaining RMB700 to be paid in July 2025.

(c) Loans guaranteed by a related party as of June 30, 2024 and 2025 were as follows:

	As of June 30,	
	2024	2025
	RMB	RMB
Due from other related parties	-	5,100

24. Commitments and contingencies

Operating lease commitment

Upon the adoption of ASC 842, Leases, future minimum lease payments for operating lease liabilities as of June 30, 2024 and 2025 are disclosed in Note 13.

Legal Proceedings

From time to time, the Company may be involved in various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. The Company did not have other material commitments, long-term obligations, significant contingencies or guarantees as of June 30, 2024 and 2025.

25. Segment Information

(a) Description of segment

As disclosed in Note 2(a), operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision-making group, in deciding how to allocate resources and in assessing performance.

For the year ended June 30, 2024, the Group identified two operating segments, including learning service and others and consumer business. Effective from the fourth quarter of fiscal year 2025, the Group identified one more operating segment, pop toy business, as a result of the acquisition of Shenzhen Letsvan in March 2025 (Note 3). The Group now operates its business in three reportable segments, including: 1) Learning service and others, 2) Consumer business, and 3) Pop toy business. This change in segment reporting reflects the operational adjustment and aligns with the manner in which the Group’s CODM currently receives and uses financial information to allocate resources and evaluate the performance of operating segments. This change in segment presentation does not affect consolidated balance sheets, consolidated statements of operations and comprehensive (loss)/income or consolidated statements of cash flows.

The CODM discloses segment revenue and segment gross profit as its measure of performance, reconciled to income/(loss) from operations. The Group currently does not allocate operating expenses or assets for learning service and others and consumer business, as its CODM does not use such information to allocate resources or evaluate the performance of these two operating segments.

The Group’s CODM reviews segment revenue and segment gross profit to evaluate performance and allocate resources, predominately in the budgeting, planning, and forecasting processes. For segment gross profit, the Group’s CODM reviews the month-over-month and quarter-over-quarter change, sequential change, and change from internal forecasts/budgets. Expenses information is provided to and reviewed by the CODM on a consolidated basis to evaluate cost efficiency and company level performance.

25. Segment Information (Continued)

(b) Segment data

The Group retrospectively revised prior period segment information, to conform to current period presentation. The tables below provide a summary of the Group's segment results for the years ended June 30, 2023, 2024 and 2025.

	For the year Ended June 30, 2025		
	Learning service and others and consumer business RMB	Pop toy business RMB	Total RMB
Revenues			
Learning service and others	2,446,608	-	2,446,608
Consumer business	213,203	-	213,203
Pop toy business	-	65,781	65,781
Total revenues	2,659,811	65,781	2,725,592
Cost of revenues			
Learning service and others	(354,276)	-	(354,276)
Consumer business	(106,487)	-	(106,487)
Pop toy business	-	(42,970)	(42,970)
Total cost of revenue	(460,763)	(42,970)	(503,733)
Gross Profit			
Learning service and others	2,092,332	-	2,092,332
Consumer business	106,716	-	106,716
Pop toy business	-	22,811	22,811
Total gross profit	2,199,048	22,811	2,221,859
<i>Reconciliation of profit or loss (segment gross profit)</i>			
Amounts not allocated to segments:			
Sales and marketing expenses	(1,592,601)	(18,660)	(1,611,261)
Research and development expenses	(96,648)	(1,877)	(98,525)
General and administrative expenses	(107,680)	(7,492)	(115,172)
Total operating expenses	(1,796,929)	(28,029)	(1,824,958)
Income/(loss) from operations	402,119	(5,218)	396,901
Net Income	360,274	(3,706)	356,568

25. Segment Information (Continued)

(b) Segment data (Continued)

For the year Ended June 30, 2024			
	Learning service and others and consumer business	Pop toy business	Total
	RMB	RMB	RMB
Revenues			
Learning service and others	3,621,370	-	3,621,370
Consumer business	173,961	-	173,961
Pop toy business	-	-	-
Total revenues	3,795,331	-	3,795,331
Cost of revenues			
Learning service and others	(447,753)	-	(447,753)
Consumer business	(102,557)	-	(102,557)
Pop toy business	-	-	-
Total cost of revenue	(550,310)	-	(550,310)
Gross Profit			
Learning service and others	3,173,617	-	3,173,617
Consumer business	71,404	-	71,404
Pop toy business	-	-	-
Total gross profit	3,245,021	-	3,245,021
<i>Reconciliation of profit or loss (segment gross profit)</i>			
Amounts not allocated to segments:			
Sales and marketing expenses	(2,586,977)	-	(2,586,977)
Research and development expenses	(144,868)	-	(144,868)
General and administrative expenses	(125,765)	-	(125,765)
Impairment loss on long-lived assets	(2,652)	-	(2,652)
Impairment loss on goodwill	(7,389)	-	(7,389)
Total operating expenses	(2,867,651)	-	(2,867,651)
Income from operations	377,370	-	377,370
Net Income	385,527	-	385,527

25. Segment Information (Continued)

(b) Segment data (Continued)

For the year Ended June 30, 2023			
	Learning service and others and consumer business	Pop toy business	Total
	RMB	RMB	RMB
Revenues			
Learning service and others	3,076,565	-	3,076,565
Consumer business	4,816	-	4,816
Pop toy business	-	-	-
Total revenues	3,081,381	-	3,081,381
Cost of revenues			
Learning service and others	(387,576)	-	(387,576)
Consumer business	(3,922)	-	(3,922)
Pop toy business	-	-	-
Total cost of revenue	(391,498)	-	(391,498)
Gross Profit			
Learning service and others	2,688,989	-	2,688,989
Consumer business	894	-	894
Pop toy business	-	-	-
Total gross profit	2,689,883	-	2,689,883
<i>Reconciliation of profit or loss (segment gross profit)</i>			
Amounts not allocated to segments:			
Sales and marketing expenses	(2,408,464)	-	(2,408,464)
Research and development expenses	(219,781)	-	(219,781)
General and administrative expenses	(175,246)	-	(175,246)
Total operating expenses	(2,803,491)	-	(2,803,491)
Loss from operations	(113,608)	-	(113,608)
Net Loss	(108,652)	-	(108,652)

The Group does not allocate assets to segments as the CODM does not evaluate the performance of segments using assets information.

As substantially all of the Group's long-lived assets are located in the PRC and substantially all of the Group's revenue of reportable segments are derived from China based on geographic locations where services and products are provided to customers, no geographic information is presented.

26. Subsequent events

Share repurchase program

Subsequent to June 30, 2025 and as of October 21, 2025, the Company had repurchased 955,812 Class A ordinary shares for approximately US\$2.8 million under 2025 share repurchase program.

Acquisition of non-controlling interests in Shenzhen Letsvan

Subsequent to the balance sheet date of June 30, 2025, the Group, through one of its wholly-owned subsidiaries, entered into a series of agreements to acquire all of the remaining non-controlling interests of Shenzhen Letsvan from the minority shareholders through a mix of cash and stock consideration. The aggregate cash consideration to the minority shareholders amounted to RMB383.5 million. For the stock consideration and by way of private placement, the Group will issue an aggregate of 18,219,330 Class A ordinary shares to Mr. Huiyu Zhan as consideration for his remaining interests in Shenzhen Letsvan. The share issuance will take place in three installments and be subject to certain restrictions and limitations, including respective vesting schedules and lock-up requirements. The Group already had control over Shenzhen Letsvan prior to this acquisition. Upon the consummation of this acquisition, Shenzhen Letsvan will become a wholly-owned subsidiary of the Group. As of the date of this annual report, certain portion of this acquisition still remain in progress and we hold 76.3% of the equity interests in Shenzhen Letsvan.

This transaction will be accounted for as an equity transaction in the consolidated financial statements. For certain third-party minority shareholders, the difference between the consideration transferred and the carrying amount of the non-controlling interests acquired will be recorded as an adjustment to additional paid-in capital and non-controlling interests in the consolidated statements of changes in equity upon completion of the acquisition. No gain or loss will be recognized in the consolidated statements of income as a result of this transaction. For the minority shareholders who are the affiliate or employees of the Group, a portion of the consideration will be recognized as compensation expense under ASC 718, as the purchase price exceeded the carrying value of the equity interest acquired and the excess is deemed to be compensation for post-combination services.

26. Subsequent events (Continued)

Disposal of Equity Interests in learning service and others and consumer business

In furtherance of the Group's strategy to pursue product-driven growth with the pop toy business, the Group restructured the established businesses (business operations established prior to the acquisition of Shenzhen Letsvan) through a series of transactions from September 2025. On September 30, 2025, Beijing Liangzizhige, entered into the VIE Termination Agreement with Beijing Feierlai and Beijing Chuangyuqizhi (together with Beijing Feierlai and their respective subsidiaries are referred to as the "affiliated entities"), and the respective nominee shareholder of Beijing Feierlai and Beijing Chuangyuqizhi, to terminate the contractual arrangements among these parties, including the termination of the voting rights proxy agreements, equity pledge agreements, exclusive consultancy and service agreements and exclusive option agreements. The termination of the VIE Agreements took effect on September 30, 2025. As part of the business restructuring and in connection with the termination of the VIE Agreements, the Group entered into share transfer agreements with the relevant entities of a third-party buyer (the "Buyer") on September 30, 2025, pursuant to which Beijing Liangzizhige instructs the nominee shareholder to transfer all of its equity interests in Beijing Feierlai and Beijing Chuangyuqizhi to the Buyer, and the Company transfers all of its equity interests in QuantaSing International limited and Rare River Group Limited (together with Beijing Feierlai and Beijing Chuangyuqizhi and their respective subsidiaries, the "Target Entities ") to the Buyer, for an aggregate consideration of approximately equivalent to RMB180 million.

Upon the completion of the transaction, the Group loses control on the Target Entities which will be deconsolidated from the Group's consolidated financial statements and the Group will recognize the difference between the consideration and the assets and liabilities of the Target Entities in the Group's consolidated statements of operations and comprehensive (loss)/income accordingly.

The disposal of the Target Entities will be accounted for as discontinued operations in accordance with ASC 205-20 since it represents a strategic shift that has a major effect on the Group's operations and financial results. Accordingly, the historical financial results of the Target Entities will be reflected in the Group's consolidated financial statements as discontinued operations, and the related assets and liabilities associated with discontinued operations in the prior year consolidated balance sheets will be classified as assets/liabilities held for sale.

As a result of the business restructuring, the Group ceased to engage in any individual online learning services business in the PRC or overseas or any other consumer businesses or enterprise service business, and continued to operate the pop toy business through Shenzhen Letsvan, together with all other remaining entities following the restructuring of the established businesses.

The Group has evaluated subsequent events through October 31, 2025, which is the date the consolidated financial statements are issued, with no other material events or transactions identified that should have been recorded or disclosed in the consolidated financial statements.

27. Restricted net assets and parent company only condensed financial information

The Group's ability to pay dividends is primarily dependent on the Group receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's subsidiaries and the consolidated VIEs incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's subsidiaries.

In accordance with the PRC laws and regulations, statutory reserve funds shall be made and can only be used for specific purposes and are not distributable as cash dividends. As a result of these PRC laws and regulations that require annual appropriations of 10% of net after-tax profits to be set aside prior to payment of dividends as general reserve fund or statutory surplus fund, the Group's PRC subsidiaries and the consolidated VIE are restricted in their ability to transfer a portion of their net assets to the Company. The restricted portion was RMB283,351 as of June 30, 2025.

The Company performed a test on the restricted net assets of its subsidiaries and the consolidated VIEs (the "restricted net assets") in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the condensed financial information for the parent company for the years ended June 30, 2023, 2024 and 2025.

27. **Restricted net assets and parent company only condensed financial information (Continued)**

For the purpose of presenting parent only financial information, the Company records its investments in its subsidiaries under the equity method of accounting. Such investments are presented on the separate condensed balance sheets of the Company as “Investment in subsidiaries” and the (loss)/ income of the subsidiaries is presented as “share of (loss)/income of subsidiaries”. The Company’s net financial interests in the consolidated VIEs are presented on the separate condensed balance sheets of the Company as “Net liabilities of the VIEs, and the income/(loss) of the VIEs is presented as “Income/(Loss) from the VIEs”. The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company. The Company did not have significant capital and other commitments or guarantees as of June 30, 2025.

Condensed balance sheets

	As of June 30,		
	2024	2025	2025
	RMB	RMB	US\$
ASSETS			
Current assets:			
Cash and cash equivalents	64,689	61,483	8,583
Short-term investments	-	124	17
Amounts due from intra-Group companies	62,153	89,638	12,513
Prepayments and other current assets	75,760	26,497	3,699
Total current assets	202,602	177,742	24,812
Investment in subsidiaries	453,384	707,892	98,818
Total non-current assets	453,384	707,892	98,818
TOTAL ASSETS	655,986	885,634	123,630
LIABILITIES			
Accrued expenses and other current liabilities	300	300	42
Amounts due to intra-Group companies	3,478	64,820	9,049
Total current liabilities	3,778	65,120	9,091
Net liabilities of the VIE	135,724	11,517	1,608
Total non-current liabilities	135,724	11,517	1,608
TOTAL LIABILITIES	139,502	76,637	10,699
SHAREHOLDERS' EQUITY			
Class A ordinary shares	81	81	11
Class B ordinary shares	34	34	5
Treasury stock	(109,257)	(49,054)	(6,848)
Additional paid-in capital	1,192,474	1,066,860	148,928
Accumulated other comprehensive income	17,313	16,507	2,304
Accumulative deficit	(584,161)	(225,431)	(31,469)
TOTAL SHAREHOLDERS' EQUITY	516,484	808,997	112,931
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	655,986	885,634	123,630

27. Restricted net assets and parent company only condensed financial information (Continued)

Condensed statements of operations and comprehensive (loss)/income

	For the years ended June 30,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$
Revenues	-	-	-	-
Cost of revenues	(26,486)	(13,651)	(6,120)	(854)
Gross Profit	(26,486)	(13,651)	(6,120)	(854)
Operating expenses:				
Sales and marketing expenses	(52,182)	2,653	(1,398)	(195)
Research and development expenses	(49,047)	(1,887)	(17,797)	(2,484)
General and administrative expenses	(72,164)	(28,706)	(2,460)	(343)
Total operating expenses	(173,393)	(27,940)	(21,655)	(3,022)
Loss from operations	(199,879)	(41,591)	(27,775)	(3,876)
Other (loss)/income:				
Interest income	74	2,020	1,844	257
Others, net	680	6,841	4,041	564
Share of income from subsidiaries	105,565	348,484	254,246	35,492
(Loss) /income from the VIE	(14,977)	69,773	124,212	17,339
(Loss)/Income before income tax	(108,537)	385,527	356,568	49,776
Income tax expense	-	-	-	-
Net (loss)/income	(108,537)	385,527	356,568	49,776
Accretion of the Company's preferred shares	(22,379)	-	-	-
Net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited	(130,916)	385,527	356,568	49,776
Net (loss)/income	(108,537)	385,527	356,568	49,776
Other comprehensive income/(loss)				
Foreign currency translation adjustments, net of nil tax	20,343	(4,869)	(806)	(113)
Total other comprehensive income/(loss)	20,343	(4,869)	(806)	(113)
Total comprehensive (loss)/income	(88,194)	380,658	355,762	49,663

27. Restricted net assets and parent company only condensed financial information (Continued)

Condensed statements of cash flows

	For the years ended June 30,			
	2023 RMB	2024 RMB	2025 RMB	2025 US\$
Net cash used in operating activities	(13,082)	(8,427)	104	15
Cash flows from investing activities:				
Loan provided to subsidiaries	(215,277)	(117,217)	(56,763)	(7,924)
Loan repaid by subsidiaries	100,937	235,424	30,009	4,189
Purchase of short-term investments	(145,652)	-	-	-
Proceeds from short-term investments	36,300	59,520	58,132	8,115
Net cash (used in)/provided by investing activities	(223,692)	177,727	31,378	4,380
Cash flows from financing activities:				
Loan from subsidiaries	-	-	170,707	23,830
Repayments of loan from subsidiaries	-	-	(108,874)	(15,198)
Proceeds from exercise of share options	-	2,467	7,696	1,074
Repurchase of ADSs	-	(130,409)	(25,771)	(3,597)
Dividends paid to equity holders of the Company	-	-	(78,111)	(10,904)
Proceeds from issuance of Class A ordinary shares upon the completion of IPO (net of issuance costs paid)	256,764	-	-	-
Net cash provided by/ (used in) financing activities	256,764	(127,942)	(34,353)	(4,795)
Effect of exchange rate changes on cash and cash equivalents	3,461	(138)	(335)	(47)
Net increase in cash and cash equivalents	23,451	41,220	(3,206)	(447)
Cash and cash equivalents at beginning of the year	18	23,469	64,689	9,030
Cash and cash equivalents at end of the year	23,469	64,689	61,483	8,583

**Description of rights of securities
registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)**

American depositary shares (“ADSs”), each of which represents three Class A ordinary shares of QuantaSing Group Limited (“we,” “us,” “our company,” or “our”), are listed and traded on the Nasdaq Stock Market and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (1) the holders of Class A ordinary shares and (2) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by Citibank, N.A., as depositary, and holders of ADSs will not be treated as holders of Class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective second amended and restated memorandum and articles of association (the “Articles”) as well as the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”) insofar as they relate to the material terms of our Class A ordinary shares. As it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Articles, which has been filed with the Securities and Exchange Commission (the “SEC”) as an exhibit to our registration statement on Form F-1 (File No. 333-268907), as amended, initially filed with the SEC on December 20, 2022.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

The par value of Class A ordinary shares is US\$0.0001 per share. The number of Class A ordinary shares that had been issued as of the date of the annual report on Form 20-F for the fiscal year ended June 30, 2025 is provided on the cover thereof. Our Class A ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are not Cayman Islands residents may freely hold and vote their shares.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and our Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by our shareholders at any general meeting of our company. Each Class A ordinary share shall be entitled to one vote, and each Class B ordinary share shall be entitled to ten votes, on all matters subject to a vote at general meetings of our company. Due to the additional votes attached to the Class B ordinary shares, the voting power of the Class A ordinary shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Ordinary shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to ten votes on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Any number of Class B ordinary shares held by a holder thereof will be automatically and immediately converted into an equal number of Class A ordinary shares upon the occurrence of (1) any sale, transfer, assignment or disposition of any Class B ordinary shares by the holder thereof to any person that is not Mr. Peng Li or his controlled entity, or (2) upon a change of ultimate beneficial ownership of any Class B ordinary share to any person that is not Mr. Peng Li or his controlled entity. In addition, all issued and outstanding Class B ordinary shares will automatically convert into Class A ordinary shares upon the first to occur of: (1) the death or incapacity of Mr. Peng Li; (2) the date upon which Mr. Peng Li is no longer employed as our chief executive officer for cause; (3) if Mr. Peng Li was not employed as our chief executive officer for at least five years following the consummation of our initial public offering, the date when he is no longer employed as our chief executive officer; and (4) if Mr. Peng Li was employed as our chief executive officer for at least five years following the consummation of the initial public offering, the earlier of: (a) the date Mr. Peng Li ceases to be employed as our chief executive officer and ceases to be a member of our board of directors; and (b) if Mr. Peng Li continues to be a member of our board of directors, the second anniversary after Mr. Peng Li ceases to be employed as our chief executive officer without regard to whether he is a member of our board of directors on such second anniversary.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our Articles provide that dividends may be declared and paid out of our lawfully available funds. Under the laws of the Cayman Islands, our company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting rights. Voting at any meeting of shareholders is by show of hands unless a poll (before or on the declaration of the result of the show of hands) is demanded. A poll may be demanded by the chairperson of such meeting or any one shareholder present in person or by proxy. With respect to all matters subject to a shareholders' vote, on a show of hands every shareholder present at the meeting shall each have one vote, and on a poll, every shareholder present at the meeting shall have one vote for each Class A ordinary share, and ten votes for each Class B ordinary share, voting together as one class on all matters submitted to a vote by our shareholders at any general meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding and issued ordinary shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our Articles. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General meetings of shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our Articles provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairperson of our board of directors or a majority of our board of directors (acting by a resolution of our board of directors). Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of one or more shareholder present in person or by proxy, representing not less than a majority of all votes attaching to our issued and outstanding shares entitled to attend and vote at the general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Articles provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than two-thirds of all votes attaching to the issued and outstanding shares of our company entitled to attend and vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our Articles do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of ordinary shares. Subject to the restrictions set out in our Articles as set out below, any of our shareholders may transfer all or any of her or his ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on shares and forfeiture of shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, repurchase and surrender of shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Issuance of additional shares. Our Articles authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent out of available authorized but unissued ordinary shares.

Our Articles also authorize our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent out of authorized but unissued preferred shares. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of books and records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (save for our register of mortgages and charges, our memorandum and articles of association and special resolutions of our shareholders). However, we will provide our shareholders with annual audited financial statements.

Exempted company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are given for a period of up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of rights of shares. If at any time, our share capital is divided into different classes of shares, the rights attached to any class may be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares or the redemption or purchase of any shares of any class by the company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations imposed by our Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Articles that require our company to disclose shareholder ownership above any particularly ownership threshold.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-takeover provisions. Some provisions of our Articles may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Articles for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions in our Articles that require our company to disclose shareholder ownership above any particularly ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a declaration as to the assets and liabilities of each constituent company, and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by (a) 75% in value of shareholders or class of shareholders, as the case may be, or (b) a majority in number of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of directors and executive officers and limitation of liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Articles provide that we shall indemnify our directors and officers, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Articles.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' fiduciary duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder action by written consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Articles provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Articles allow any one or more of our shareholders holding shares which carry in aggregate not less than two-thirds of the total number votes attaching to all issued and outstanding shares of our company as of the date of the deposit that are entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Articles do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our Articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Articles, directors may be removed by an ordinary resolution of our shareholders. An appointment of a director may be on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the company and the director, if any; but no such term shall be implied in the absence of express provision. In addition, a director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with interested shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of rights of shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our Articles, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of governing documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our Articles, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of non-resident or foreign shareholders. There are no limitations imposed by our Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Articles that require our company to disclose shareholder ownership above any particular ownership threshold.

Changes in Capital (Item 10.B.10 of Form 20-F)

We may from time to time by ordinary resolution in accordance with the Companies Act:

- increase our capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of larger amounts than our existing shares;
- cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act;
- sub-divide our shares or any of them into shares of smaller amount than is fixed by our Articles, subject nevertheless to the Companies Act; and
- divide shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares, attach to the shares respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions that in the absence of any such determination in a general meeting may be determined by our directors.

We may, by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner authorized by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Citibank, N.A. has agreed to act as the depositary for the American Depositary Shares. The depositary offices are located at 388 Greenwich Street, New York, New York, 10013. American Depositary Shares are frequently referred to as “ADSs” and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as “American Depositary Receipts” or “ADRs.” The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. - Hong Kong, located at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depositary pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC’s website (www.sec.gov). Please refer to Registration Number 333-268984 when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in three Class A ordinary share(s) that are on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-Class A ordinary share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of Class A ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the Class A ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A ordinary shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancelation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Class A Ordinary Shares

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to-Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if we request such rights be made available to holders of ADSs, it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary;
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if we request and it is reasonably practicable, and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we request such rights be made available to you and provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will not distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you;
- We do not deliver satisfactory documents to the depositary; or
- The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

Changes Affecting Class A Ordinary shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For instance, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of our assets.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A Ordinary Shares

The depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian and provide the certifications and documentation required by the deposit agreement. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands law considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in "Description of Class A Ordinary Shares."

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event* of voting by show of hands, the depositary will instruct the custodian to refrain from voting and the voting instructions (or the deemed voting instructions) received from holders of ADSs shall lapse.
- *In the event* of voting by poll, the depositary will vote (or cause the custodian to vote) the Class A ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except (a) as set forth above in the case voting is by show of hands, (b) in the event of voting by poll, holders of ADSs in respect of which no timely voting instructions have been received shall be deemed to have instructed the depositary to give a proxy to a person designated by us to vote the Class A ordinary shares represented by such holders' ADSs in a manner consistent with the recommendation(s) made by the company's board of directors as set forth in the proxy statement or other voting materials in connection with the matter(s) submitted for voting; provided, however, that no such proxy shall be given with respect to any matter to be voted upon as to which we inform the depositary that (i) we do not wish such proxy to be given, (ii) substantial opposition exists, or (iii) the rights of holders of Class A ordinary shares may be adversely affected, and (c) as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Services	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to US\$0.05 per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason)	Up to US\$0.05 per ADS canceled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US\$0.05 per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US\$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US\$0.05 per ADS held
• ADS Services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US\$0.05 per ADS transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa).	Up to US\$0.05 per ADS converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;

- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with foreign currency conversions, compliance with exchange control regulations and other regulatory requirements;
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are canceled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being canceled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay.

In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the depositary of such Class A ordinary shares into an unsponsored American depositary share program established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees and expenses.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary also disclaim any liability for any action or inaction of any clearing or settlement system (and any participant thereof) for the ADSs or deposited securities.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.

- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our memorandum and articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our memorandum and articles of association or in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.
- Nothing in the deposit agreement precludes the depositary (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates the depositary to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the Class A ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

As a party to the deposit agreement, you irrevocably waive, to the fullest extent permitted by applicable law, your right to trial by jury in any legal proceeding arising out of or related to the deposit agreement or the ADRs, or the transactions contemplated therein, against us and/or the depositary.

Such waiver of your right to trial by jury would apply to any claim under U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, whether the ADS holder purchased the ADSs in the initial public offering or secondary transactions, even if the ADS holder subsequently withdraws the underlying Class A ordinary shares. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of the applicable case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Jurisdiction

We have agreed with the depositary that the federal or state courts in the City of New York shall have the non-exclusive jurisdiction to hear and determine any dispute between us and the depositary arising from or relating in any way to the deposit agreement (including claims arising under the Exchange Act or the Securities Act).

The deposit agreement provides that, by holding an ADS or an interest therein, you irrevocably agree that any legal suit, action or proceeding against or involving us or the depositary arising out of or related in any way to the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby or by virtue of ownership thereof, may only be instituted in the United States District Court for the Southern District of New York (or, if the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts of New York County, New York), and by holding an ADS or an interest therein you irrevocably waive any objection which you may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding. The deposit agreement also provides that the foregoing agreement and waiver shall survive your ownership of ADSs or interests therein.

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Beijing Chuangyuqizhi Technology Co., Ltd.

Shenzhen Erwan Education Technology Co., Ltd.

and

Beijing Zhixueduxing Technology Co., Ltd.

Equity Pledge Agreement

May 8, 2024

Equity Pledge Agreement

This Equity Pledge Agreement (the “Agreement”) is executed by and among the following Parties on May 8, 2024:

- (1) Shenzhen Erwan Education Technology Co., Ltd. (the “Pledgor”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at 2802, Qianhai Shimao Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People’s Republic of China;
- (2) Beijing Chuangyuqizhi Technology Co., Ltd. (the “Pledgee”), a wholly foreign-owned company duly incorporated and validly existing under the laws of the People’s Republic of China, with its registered address at Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China; and
- (3) Beijing Zhixueduxing Technology Co., Ltd. (the “Company”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at Room 202, 2/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

(In this Agreement, the above parties are individually referred to as a “Party” and collectively referred to as the “Parties”).

Whereas,

1. The Pledgor has formally executed the Equity Transfer Agreement on May 8, 2024 with Feierlai (Beijing) Technology Co., Ltd. (“Beijing Feierlai”), In accordance with the terms of the *Equity Transfer Agreement*, the Pledgor has legally assumed all the equity interests of the Company. As registered shareholder of the Company, the Pledgor holds 100% of equity in the Company (“Company Equity”) according to law, the capital contribution and shareholding ratio of which being as set out in Annex I hereto.
2. In accordance with the *Exclusive Option Agreement* (as may be amended from time to time, the “Exclusive Option Agreement”) signed by and among the Parties, the Pledgor shall, to the extent permitted by PRC Laws, transfer at the request of the Pledgee all or part of their equity in the Company to the Pledgee and/or any other person designated by the Pledgee, and the Company shall, to the extent permitted by PRC Laws, transfer at the request of the Pledgee all or part of its assets and businesses to the Pledgee and/or any other person designated by the Pledgee.
3. In accordance with the *Voting Rights Proxy Agreement* (“Proxy Agreement”) signed by and among the Parties, the Pledgor has granted a general power of attorney to the Pledgee or such person as may then be appointed by the Pledgee to exercise all of its shareholder voting rights in the Company on behalf of the Pledgor.

4. In accordance with the *Exclusive Consultancy and Service Agreement* (as may be amended from time to time, the “Service Agreement”) signed by and between the Company and the Pledgee, the Company has, on an exclusive basis, engaged the Pledgee to provide it with relevant technical consulting and services and agreed to pay relevant service fees to the Pledgee for such technical consulting and services.
5. As a guarantee for the performance by the Pledgor and the Company of their Contractual Obligations (as defined below) and their satisfaction of the Secured Indebtedness (as defined below), the Pledgor intends to pledge all of its equity in the Company to the Pledgee and create first ranking right of pledge in favor of the Pledgee.

Now therefore, after friendly consultations, the Parties agree as follows:

1 Definitions

1.1 Unless otherwise required by the context, the following terms shall have the following meanings in this Agreement:

- “Contractual Obligations”:** means all contractual obligations of the Pledgor and the Company under the Service Agreement, the Exclusive Option Agreement and the Proxy Agreement (as such documents may be amended and restated from time to time, collectively referred to as the “Transaction Agreements”); and all contractual obligations of the Pledgor under this Agreement.
- “Secured Indebtedness”:** means all service fees, interest, liquidated damages and compensation due to the Pledgee under the Transaction Agreements, including any and all direct, indirect or consequential losses and loss of predictable benefits as may be suffered by the Pledgee as a result of any Event of Default of the Pledgor and/or the Company (the basis of which including but not limited to reasonable business plan, profit forecast of the Pledgee and all costs as may be incurred by the Pledgee in connection with its enforcement of the performance of the Contractual Obligations against the Pledgor and/or the Company), and the cost of realizing the pledge of equity and all other expenses payable (including but not limited to attorney’s fees, arbitration fees, supervision, evaluation and auction fees as well as any taxes and dues).
- “Event of Default”:** means a breach by the Pledgor or the Company of any of its Contractual Obligations under the Transaction Agreements and/or this Agreement.
- “Pledged Equity”:** means all of the Pledgor’s equity in the Company as lawfully owned by the Pledgor as of the effectiveness hereof and pledged hereunder to the Pledgee as security for the Pledgor’s and the Company’s performance of their respective Contractual Obligations and any increased capital contribution, any dividend received under Sections 2.6 and 2.7 hereof and the Additional Equity (if applicable) set forth in Article 9.6 hereof.

“Industry and Commerce”: means the competent market supervision and administration department.

“PRC Laws”: means the then effective laws, administrative regulations, administrative rules, local statutes, judicial interpretations and other binding normative documents of the People’s Republic of China.

1.2 In this Agreement, any reference to any PRC Law shall be deemed to include (1) a reference to such PRC Law as modified, amended, supplemented or reenacted, effective either before or after the date hereof; and (2) a reference to any other decision, circular or rule made thereunder or effective as a result thereof.

1.3 Unless otherwise required by the context, a reference to a provision, clause, section or paragraph shall be a reference to a provision, clause, section or paragraph of this Agreement.

2 Equity Pledge

2.1 The Pledgor hereby agrees to pledge, in accordance with the terms hereof, its lawfully owned and rightfully disposable Pledged Equity to the Pledgee as security for the timely and complete performance of Contractual Obligations and the repayment of the Secured Indebtedness. The Company hereby agrees for the Pledgor to pledge the Pledged Equity to the Pledgee in accordance with the terms hereof in the form of first priority pledge.

2.2 The Pledgor shall record the equity pledge arrangement (“Equity Pledge”) hereunder in the shareholders’ register of the Company as of the signing date of this Agreement, and shall provide the Pledgee with proof of such registration in form satisfactory to the Pledgee. Within 15 days from the date hereof or within other time limit agreed by all Parties, the Pledgor shall provide the Pledgee with the industrial and commercial registration documents in connection with the Equity Pledge for filing. The Pledgee shall keep such items for the entire pledge period stipulated in this Agreement. The Pledgor may keep photocopies of such items.

2.3 During the term of this Agreement, the Pledgee shall not be liable in whatsoever manner for any diminution in value of the Pledged Equity and the Pledgor shall have no right to seek any form of recourse or bring any claim against the Pledgee’s other personal property in connection therewith, except where such diminution arises out of any willful conduct of the Pledgee or out of its material omission having immediate causal link with such result.

2.4 Subject to Section 2.3 above, if the Pledged Equity is likely to suffer such a manifest value diminution as to impair the rights of the Pledgee, the Pledgee may require the Pledgor to provide the corresponding security, or may at any time auction or sell the Pledged Equity on behalf of the Pledgor and may, as agreed with the Pledgor, apply the proceeds from such auction or sale towards early full satisfaction of the Secured Indebtedness, or deposit (entirely at the cost of the Pledgor) such proceeds with a notary organ of the place of the Pledgee.

- 2.5** The Pledgee has the first ranking security interest in the Pledged Equity. Upon occurrence of any Event of Default, the Pledgee shall be entitled to dispose of the Pledged Equity in such manner as prescribed in Section 4 hereof.
- 2.6** The Pledgor may not increase the capital of the Company except with the prior written consent of the Pledgee. Any increase in the capital contributed by the Pledgor to the registered capital of the Company as a result of any capital increase shall also become part of the Pledged Equity, which shall be registered as soon as possible in accordance with Section 2.2 of this agreement.
- 2.7** The Pledgee shall have the right to collect bonus or dividends generated by the equity during the term of pledge. The Pledgor may not receive any dividend or bonus in respect of the Pledged Equity except with the prior written consent of the Pledgee. After deduction of the individual income tax paid by the Pledgor, any dividend or bonus received by the Pledgor in respect of the Pledged Equity shall be, at the request of the Pledgee: (1) deposited into an account designated by the Pledgee, which will be under the supervision of the Pledgee, and used to secure the Contractual Obligations and to first satisfy the Secured Indebtedness; or (2) without prejudice to PRC Laws, unconditionally donated to the Pledgee or the person designated by the Pledgee.
- 2.8** Upon occurrence of an Event of Default, the Pledgee shall be entitled to dispose of any Pledged Equity of any Pledgor in accordance with the terms hereof.
- 2.9** If the Company needs to be dissolved or liquidated in accordance with the mandatory provisions of PRC Laws, after such dissolution or liquidation procedures are completed according to law, any proceeds received by the Pledgor from the Company according to law shall be, at the request of the Pledgee: (1) deposited into an account designated by the Pledgee, which will be under the supervision of the Pledgee, and used to secure the Contractual Obligations and to first satisfy the Secured Indebtedness; or (2) without prejudice to PRC Laws, unconditionally donated to the Pledgee or the person designated by the Pledgee.

3 Release of Pledge

Upon full and complete performance by the Pledgor and the Company of all of their Contractual Obligations and full satisfaction of all Secured Indebtedness, the Pledgee shall, at the request of the Pledgor, release the Equity Pledge hereunder and cooperate with the Pledgor in relation to both the deregistration of the Equity Pledge in the shareholders' register of the Company and the deregistration of the Equity Pledge with the relevant industry and commerce administration; reasonable costs arising from such release of Equity Pledge shall be borne by the Pledgee.

4 Disposal of Pledged Equity

- 4.1** The Parties hereby agree that, upon occurrence of any Event of Default, the Pledgee shall be entitled to exercise, upon written notice to the Pledgor, all of the remedies, rights and powers available to it under PRC Laws, the Transaction Agreements and this Agreement, including but not limited to: (a) to the extent permitted by PRC laws and regulations, at the request of the Pledgee, the right to procure the Pledgor to transfer to the Pledgee and/or any other person designated by it all or part of their Equity Pledged at the lowest transfer price permitted by PRC Laws; (b) the right to sell the Pledged Equity for prior satisfaction of claims by discount or auction; or (c) other means to realize the pledge as permitted by PRC Laws. Once the Pledgee chooses to exercise the pledge, the Pledgor shall no longer have any right or interest in the Equity Pledged.

- 4.2** The Pledgee shall be entitled to appoint, in writing, its counsels or other agents to exercise any and all of its foregoing rights and powers and neither the Pledgor nor the Company shall object thereto.
- 4.3** All reasonable costs incurred by it in connection with the Pledgee's exercise of any or all of its foregoing rights and powers shall be borne by the Pledgor, and the Pledgee shall have the right to fully deduct such costs from the proceeds obtained as a result of such exercise of rights and powers.
- 4.4** The proceeds obtained as a result of the exercise by the Pledgee of its rights and powers shall be applied in the following order of precedence:
- Firstly, towards payment of all costs arising out of the disposal of the Pledged Equity and the exercise by the Pledgee of its rights and powers (including fees paid to its counsels and agents);
- Secondly, towards payment of the taxes payable in connection with the disposal of the Pledged Equity; and
- Thirdly, towards repayment of the Secured Indebtedness to the Pledgee.
- Any balance after the deduction of the foregoing payments shall either be returned by the Pledgee to the Pledgor or any other person who may be entitled to such balance under relevant laws and regulations or be deposited by the Pledgee with a notary organ of the place of the Pledgee (any costs arising out of such deposit shall be borne by the Pledgor).
- The value of the Secured Indebtedness shall be determined on the basis of the aggregate due and outstanding Secured Indebtedness on the most recent date before the occurrence of any Event of Default or on the date of occurrence.
- 4.5** The Pledgee shall not be required to first exercise other remedies for breach of contract prior to exercising its right to auction or sell the Pledged Equity. Neither the Pledgor nor the Company have the right to raise objections to whether the Pledgee exercises part of its pledge rights or the exercise sequence of pledge rights.
- 4.6** When the Pledgee disposes of the Equity Pledged in accordance with this Agreement, the Pledgor and the Company shall provide necessary assistance, so that the Pledgee may realize the pledge of equity in accordance with the terms hereof.

- 4.7 The Pledgee may issue a notice of default to the Pledgor upon or at any time after the occurrence of any Event of Default, requiring the Pledgor to immediately pay all outstanding payments due and payable under the Transaction Agreements and all other amounts due and payable to the Pledgee, and/or to dispose of the pledge in accordance with Section 4 hereof.

5 Costs and Expenses

Any and all actual costs and expenses arising in connection with the creation of the Equity Pledge hereunder, including (without limitation) the stamp duty and any other taxes and all legal costs, shall be borne by the Company, except for those to be borne by the Pledgee as required by law.

6 Continuing Guarantee and Non-Waiver

The Equity Pledge created hereunder shall constitute a continuing guarantee and shall remain valid until full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness. Neither any waiver or grace granted by the Pledgee with respect to any breach of the Pledgor nor any delay of the Pledgee in its exercise of any of its rights under the Transaction Agreements and this Agreement shall affect the right of the Pledgee under this Agreement, relevant PRC Laws and the Transaction Agreements to require at any time thereafter the Pledgor to strictly perform the Transaction Agreements and this Agreement or any right that may be available to the Pledgee as a result of any subsequent breach by the Pledgor of the Transaction Agreements and/or this Agreement.

7 Representations and Warranties by the Pledgor

The Pledgor represents and warrants to the Pledgee that:

- 7.1 The Pledgor is a Chinese enterprise with full capacity to act; it has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation.
- 7.2 The Company in which the Pledgor hold equity interest is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China, with independent legal personality. The Company has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation. It has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.
- 7.3 All reports, documents and information provided by the Pledgor to the Pledgee prior to the effectiveness of this Agreement with respect to matters pertaining to the Pledgor or required by this Agreement are true, correct and valid in all material respects as of the effectiveness of this Agreement.

- 7.4** All reports, documents and information provided by the Pledgor to the Pledgee subsequent to the effectiveness of this Agreement with respect to matters pertaining to the Pledgor or required by this Agreement are true, correct and valid in all material respects as of the time of provision of the same.
- 7.5** As of the effectiveness of this Agreement, the Pledgor is the sole lawful owner of the Pledged Equity free from any ongoing dispute as to the ownership thereof, the Pledged Equity is not subject to seizure or other legal procedures or similar threats, and may be used for pledge and transfer in accordance with applicable laws. The Pledgor has the right to dispose of the Pledged Equity or any part thereof.
- 7.6** Other than the security interest created on the Pledged Equity hereunder and the rights created under the Transaction Agreements, the Pledged Equity is free from any other security interest, third party right or interest or other encumbrances.
- 7.7** The Pledged Equity may be lawfully pledged and transferred, and the Pledgor has full rights and powers to pledge the Pledged Equity to the Pledgee in accordance with the terms hereof.
- 7.8** Once duly executed by the Pledgor, this Agreement will constitute lawful, valid and binding obligations of the Pledgor.
- 7.9** Any consent, permission, waiver or authorization by any third party or any approval, license or exemption from or any registration or filing formalities with any governmental body (if required by law), requisite in each case for the execution and performance of this Agreement and the creation of the Equity Pledge hereunder, have been obtained or are being pursued and will remain fully valid during the term of this Agreement.
- 7.10** The execution and performance by the Pledgor of this Agreement will not violate or conflict with any law applicable to the Pledgor, any agreement to which any Pledgor is a party or by which its assets is bound, any court judgment, any arbitral award, or any decision of any administrative authority.
- 7.11** The pledge hereunder constitutes a first ranking security interest on the Pledged Equity.
- 7.12** All taxes and costs payable in connection with the securing of the Pledged Equity have been paid in full by the Pledgor and the Company.
- 7.13** There is no pending, or to the knowledge of the Pledgor, threatened, suit, legal proceeding or claim before any court or arbitral tribunal or by any governmental body or administrative authority against the Pledgor or its properties or the Pledged Equity having a material or adverse effect on the financial condition of the Pledgor or their ability to fulfill its obligations and the guarantee liability hereunder.

- 7.14** The execution by the Pledgor of the Agreement, the exercise of its rights hereunder, or the performance of its obligations hereunder, will not violate any law, regulation, any agreement or contract to which any Pledgor is a party, or any commitment made by any Pledgor to any third party.
- 7.15** The Pledgor hereby warrants to the Pledgee that the foregoing representations and warranties will remain true and correct and fully complied with under all circumstances at any time prior to full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness.

8 Representations and Warranties by the Company

The Company hereby represents and warrants to the Pledgee that:

- 8.1** The Company is a limited liability company duly incorporated and validly existing under PRC Laws with independent legal personality; and has full and independent legal status and capacity to execute, deliver and perform this Agreement and may sue or be sued as an independent party.
- 8.2** All reports, documents and information provided by the Company to the Pledgee prior to the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true, correct and valid in all material respects as of the effectiveness of this Agreement.
- 8.3** All reports, documents and information provided by the Company to the Pledgee subsequent to the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true, correct and valid in all material respects as of the time of provision of the same.
- 8.4** It has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.
- 8.5** There is no pending, or to the knowledge of the Company, threatened, suit, legal proceeding or claim before any court or arbitral tribunal or by any governmental body or administrative authority against the Company, its equity or its assets (including but not limited to the Pledged Equity) having a material adverse effect on the financial condition of the Company or the ability of the Company to fulfill its obligations and the guarantee liability hereunder.
- 8.6** The Company hereby agrees to be severally and jointly liable to the Pledgee for the representations and warranties made by the Pledgor hereunder.

- 8.7** All taxes and costs payable in connection with the securing of the Pledged Equity have been paid in full by the Pledgor and the Company.
- 8.8** The assets owned by the Company are free from any significant security interest or other encumbrances that may affect the rights and interests of the Pledgee in the equity.
- 8.9** The Company hereby warrants to the Pledgee that the foregoing representations and warranties will remain true and correct and fully complied with under all circumstances at any time prior to full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness.

9 Undertakings by Pledgor

The Pledgor undertakes to the Pledgee that:

- 9.1** Except for performing the Exclusive Option Agreement, without the prior written consent of the Pledgee, the Pledgor will not transfer or permit to be transferred all or part of the Equity, or create or permit to be created any security interest or other encumbrances that may affect the rights and interests of the Pledgee in the Equity, and any pledge or any other security interest imposed on all or part of the Pledged Equity without the prior written consent of the Pledgee shall be null and void.
- 9.2** Without the prior written notice to and the prior written consent from the Pledgee, the Pledgor will not transfer the Pledged Equity and all purported transfer of the Pledged Equity by the Pledgor shall be null and void. The proceeds received by the Pledgor from the transfer of the Pledged Equity with prior written consent from the Pledgee shall be first applied towards early full repayment to the Pledgee of the Secured Indebtedness or shall be deposited with a third party to be agreed with the Pledgee.
- 9.3** Should there arises any suit, arbitration or other claims which are likely to have an adverse effect on the Pledgor's or the Pledgee's interest under the Transaction Agreements and this Agreement or on the Pledged Equity, the Pledgor undertakes that it will notify the Pledgee in writing of the same as promptly as possible without delay and will, at the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity.
- 9.4** The Pledgor will not do or permit to be done any act or omission likely to have a material adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity.
- 9.5** In the event of a possibility that the value of Pledged Equity will decrease and sufficiently endanger the rights of the Pledgee, the Pledgee may require the Pledgor to provide additional mortgage or guarantee. If the Pledgor fails to provide the same, the Pledgee may auction or sell the Pledged Equity at any time, the proceeds received therefrom shall be first applied towards early full repayment to the Pledgee of the Secured Indebtedness or shall be deposited with a third party; any costs incurred therefrom shall be borne by the Pledgor.

- 9.6** Without the prior written consent of the Pledgee, the Pledgor and/or the Company may not (by itself or assist others to) increase, decrease, transfer, or create any encumbrance on (including on the Equity) the Company's registered capital (or its capital contribution to the Company). Subject to the foregoing provisions, the equity registered and acquired by the Pledgor after the date hereof shall be referred to as "Additional Equity". The Pledgor and the Company shall immediately sign a supplementary equity pledge agreement with the Pledgee in respect of the Additional Equity when the Pledgor acquire the same, shall urge the Company's board of directors and shareholders' meetings to approve the supplementary equity pledge agreement, and shall submit all documents required for the supplementary equity pledge agreement, including but not limited to the original capital contribution certificates issued by the Company in respect of the Additional Equity. The Pledgor and the Company shall have the pledge of the Additional Equity registered in accordance with Section 2.2 of this Agreement.
- 9.7** The Pledgor will take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements to this Agreement) at the reasonable request of the Pledgee to guarantee the Pledgee's rights and interests in the Pledged Equity and the exercise and realization of such rights.
- 9.8** Should the exercise of the rights of pledge hereunder result in a transfer of any Pledged Equity, the Pledgor will take all measures to enable the realization of such transfer.
- 9.9** Unless the Pledgee issues a written instruction to the contrary in advance, the Pledgor and/or the Company agree that, if part or all of the Equity is transferred between the Pledgor and any third party ("Transferee") in violation of this Agreement (including by division and inheritance), the Pledgor and/or the Company shall ensure that the Transferee unconditionally recognizes the pledge and goes through the necessary pledge registration alteration procedures (including but not limited to signing relevant documents) to ensure the survival of the pledge .
- 9.10** If the Pledgee provides a loan to the Company, the Pledgor and/or the Company agree to grant the Pledgee a pledge on the equity to guarantee such further loan, and to perform the relevant procedures at the soonest time possible in accordance with the requirements of laws and regulations (if any), including but not limited to signing relevant documents and handling relevant pledge creation (or alteration) registration procedures.
- 9.11** To protect or improve the security interest granted hereunder, the Pledgor hereby promises to sign in good faith and to urge other parties interested in the pledge to sign all the certificates, agreements, deeds and/or commitments required by the Pledgee. The Pledgor also promises to perform and urge other parties interested in the pledge to carry out the actions required by the Pledgee, to promote the Pledgee to exercise the rights and authorizations granted to it hereunder, and to sign with the Pledgee or the person designated by the Pledgee all relevant documents in respect of the Equity ownership. The Pledgor agrees to provide the Pledgee with all notices, orders and decisions on the pledge at the requested of the Pledgee within a reasonable period of time.

- 9.12** If the Company needs to be dissolved or liquidated in accordance with the mandatory provisions of applicable laws, after such dissolution or liquidation procedures are completed according to law, any proceeds received by the Pledgor from the Company according to law shall be granted to the Pledgee or the person designated by the Pledgee subject to PRC Laws.
- 9.13** If the equity pledged hereunder is subject to any compulsory measures implemented by the court or other government departments for any reason, the Pledgor shall make all efforts, including (but not limited to) providing other guarantees to the court or taking other measures to release such compulsory measures taken by the court or other departments against the equity.
- 9.14** The Pledgor hereby warrants to the Pledgee that it will abide by and perform all warranties, commitments, agreements, statements and conditions under this Agreement. If the Pledgor fails to perform or partially performs its warranties, commitments, agreements, statements and conditions, the Pledgor shall compensate the Pledgee for all its losses suffered therefrom.

10 Undertakings by the Company

- 10.1** The Company will use every effort to assist with the obtaining of any consent, permission, waiver, authorization of any third party or any approval, license or exemption from any governmental body or the completion of any registration or filing formalities with any governmental body (if required by law), requisite in each case for the execution and performance of this Agreement and the creation of the Equity Pledge hereunder; and will maintain the same in full force and effect during the term hereof.
- 10.2** Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to create any new pledge or any other security interest on the Pledged Equity.
- 10.3** Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to transfer the Pledged Equity.
- 10.4** Without the prior written consent of the Pledgee, the Company shall not transfer its assets or create or permit to be created any security interest or other encumbrances that may affect the rights and interests of the Pledgee in the Equity.
- 10.5** Should there arises any suit, arbitration or other claims which are likely to have an adverse effect on the Company, the Pledged Equity or the Pledgee's interest under the Transaction Agreements and this Agreement, the Company undertakes that it will notify the Pledgee in writing of the same as promptly as possible without delay and will, in accordance with the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's pledge rights and interests in and to the Pledged Equity.

- 10.6** The Company will not do or permit to be done any act or action likely to have an adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity.
- 10.7** The Company will, during the first month of each calendar quarter, submit to the Pledgee the financial statements of the Company for the preceding calendar quarter, including (without limitation) the balance sheet, the income statement and the cash flow statement.
- 10.8** The Company will, in accordance with the reasonable request of the Pledgee, take all steps and execute all documents (including without limitation any supplement hereto) necessary to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity as well as the exercise and realization by the Pledgee of such rights and interests.
- 10.9** Should the exercise of the rights of pledge hereunder result in a transfer of any Pledged Equity, the Company undertakes that it will take all measures to enable the realization of such transfer.
- 10.10** The Company agrees to be severally and jointly liable to the Pledgee for the undertakings made by the Pledgor hereunder.

11 Fundamental Changes of Circumstances

As a supplementary agreement and without contravening other provisions of the Transaction Agreements and this Agreement, if, at any time, in the opinion of the Pledgee, as a result of any promulgation of or amendment to any PRC Law, regulation or rule, or of any change in the interpretation or application of such laws, regulations or rules, or of any change in relevant registration procedures, the maintaining of the validity of this Agreement and/or the disposal of the Pledged Equity in the manner prescribed hereunder becomes illegal or contravenes such laws, regulations or rules, the Pledgor and the Company shall, on the Pledgee's written instruction and in accordance with its reasonable request, immediately take any action and/or execute any agreement or other documents so as to:

- (1) maintain the validity of this Agreement;
- (2) facilitate the disposal of the Pledged Equity in the manner prescribed hereunder; and/or
- (3) maintain or realize the security created or purported to be created hereunder.

12 Confidentiality

12.1 Irrespective of whether this Agreement has been terminated, each of the Parties shall maintain in strict confidence the following information:

- (1) The execution and performance of this Agreement and the content of this Agreement;

- (2) The trade secrets, proprietary information, and customer information of the Company or the Pledgee (hereinafter together with (1) collectively referred to as the “Confidential Information”) that it learns or receives due to the execution and performance of this Agreement.

Each Party may use such Confidential Information only for the purpose of fulfilling its obligations hereunder. Without the written permission of the other Parties, no Party may disclose the above-mentioned Confidential Information to any third party, or it shall bear the liability for breach of contract and compensate for the losses of the other Parties.

- 12.2** After the termination of this Agreement, each Party shall return, destroy or otherwise deal with all documents, materials or software containing Confidential Information, and stop using such Confidential Information, at the request of any other Party.

- 12.3** Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any dissolution or termination of this Agreement.

13 Effectiveness and Term of Agreement

- 13.1** This Agreement shall become effective when the Pledgor has legally consumed all the equity interests of the Company in accordance with the Equity Transfer Agreement.

- 13.2** The term of this Agreement shall end when the Contractual Obligations shall have been performed in full and when the Secured Indebtedness shall have been satisfied in full by the Pledgor and the Company.

14 Notice

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, a commercial courier service or facsimile transmission to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

Notices given by personal delivery, courier service, registered mail or prepaid postage shall be deemed effectively given on the date of delivery.

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Chuangyuqizhi Technology Co., Ltd.
Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China
Recipient: Jinshan Li
Email: [***]

Shenzhen Erwan Education Technology Co., Ltd.

Address: 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People's Republic of China

Recipient: Peng Li

Email: [***]Beijing Zhixueduxing Technology Co., Ltd.

Address: Room 202, 2/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Yiming Pan

Email: [***]

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

15 Miscellaneous

- 15.1** Without the prior written consent of the Pledgee, neither the Pledgor nor the Company may assign its rights, obligations or liabilities hereunder to any third party. This Agreement shall be binding upon and inure to the benefit of the Pledgor and its respective successors and permitted assigns.

However, the Pledgee may, immediately upon notice to the Pledgor and the Company, assign its rights, obligations or liabilities hereunder to any third party, without the consent of the Pledgor or the Company. The successors or permitted assignees (if any) of the Pledgor and the Company shall be obligated to continue to perform each Pledgor's and the Company's respective obligations hereunder. If the Pledgee is changed due to such assignment, at the request of the Pledgee, the Pledgor and the new pledgee shall sign a new pledge contract on the same terms and conditions as this Agreement.

- 15.2** The sum of the Secured Indebtedness determined by the Parties through negotiation shall constitute the conclusive evidence for the Secured Indebtedness hereunder.

- 15.3** This Agreement is made in Chinese with three (3) originals, one (1) for each Party, each original has the same legal effect, and additional originals may be signed for registration or filing purposes (if required).

- 15.4** The execution, effectiveness, performance, amendment, construction and termination of this Agreement shall be governed by the laws of the PRC.

- 15.5** Any dispute arising out of or in connection with this Agreement shall be settled by the Parties through consultations and shall, in the absence of an agreement being reached by the Parties within 30 days of its occurrence, be brought before the China International Economic and Trade Arbitration Commission for arbitration in Beijing according to its arbitration rules, and the arbitration award shall be final and binding on the Parties.

- 15.6** No right, power or remedy empowered to any Party by any provision of this Agreement shall preclude any other right, power or remedy available to such Party in accordance with law or any other provision hereof and no exercise by a Party of any of its rights, powers and remedies shall preclude its exercise of its other rights, powers and remedies.
- 15.7** No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws (“Party’s Rights”) shall result in a waiver of such rights; and no single or partial waiver by a Party of the Party’s Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party’s Rights.
- 15.8** The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 15.9** Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 15.10** Any amendment or supplement to this Agreement shall be made in writing and except where the Pledgee assigns its rights hereunder in accordance with Section 15.1, such amendments or supplements shall take effect only when properly signed by the Parties hereto.
- 15.11** This Agreement shall be binding on the legal successors of the Parties.

[No text below]

Annex I:

Company Profile

Company Name: Beijing Zhixueduxing Technology Co., Ltd.

Registered address: Room 202, 2/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

Registered capital: RMB 1.0 million

Legal representative: Yiming Pan

Ownership structure:

No.	Name of shareholder	Capital contribution (RMB10,000)	Ratio of contributions
1	Shenzhen Erwan Education Technology Co.,Ltd.	100	100%
Total		100	100%

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Beijing Chuangyuqizhi Technology Co., Ltd.

Shenzhen Erwan Education Technology Co., Ltd.

and

Beijing Zhixueduxing Technology Co., Ltd.

Voting Rights Proxy Agreement

May 8, 2024

Voting Rights Proxy Agreement

This Voting Rights Proxy Agreement (the “Agreement”) is executed by and among the following Parties on **May 8, 2024**:

1. Beijing Chuangyuqizhi Technology Co., Ltd. (the “WFOE”), a wholly foreign-owned company duly incorporated and validly existing under the laws of the People’s Republic of China, with its registered address at Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China;
2. Shenzhen Erwan Education Technology Co., Ltd. (the “Shareholder”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People’s Republic of China; and
3. Beijing Zhixueduxing Technology Co., Ltd. (the “Company”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at Room 202, 2/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

(In this Agreement, the above parties are individually referred to as a “Party” and collectively referred to as the “Parties”).

Whereas,

1. Shenzhen Erwan Education Technology Co., Ltd., who has formally executed the Equity Transfer Agreement on May 8, 2024 with Feierlai (Beijing) Technology Co., Ltd. (“Beijing Feierlai”) and has legally assumed all the equity interests of the Company, is the existing Shareholder of the Company, jointly holding 100% of the equity interest in the Company; and
2. The Shareholder intends to entrust the WFOE or the individual designated by the WFOE to exercise all rights related to equity they have in the Company as the shareholder of the Company, and the WFOE intends to accept such entrustment hereunder.

NOW, THEREFORE, the Parties, after friendly negotiations, hereby agree below:

1. Voting Right Entrustment

- 1.1 The Shareholder hereby unconditionally and irrevocably authorize and entrust the WFOE or the individual designated by the WFOE (hereinafter, the “Agent”) as the sole agent and attorney of the Shareholder, to act on behalf of the Shareholder in respect of all matters relating to shareholders’ equity pursuant to the then-effective articles of association of the Company, including but not limited to exercise the following rights (collectively the “Entrusted Rights”):
 - (1) Attending shareholders’ meetings of the Company as proxy of the Shareholders (including but not limited to extraordinary shareholders’ meetings);

- (2) Exercising voting rights on behalf of the Shareholders on all issues (including but not limited to appointment, election and removal of the legal representative, directors, supervisors, employment and dismissal of general manager, deputy general managers, officer in charge of finance and other senior management of the Company) required to be discussed and resolved by the shareholders' meeting, and selling, transferring or pledging all or part of the shareholders' equity in the Company;
 - (3) Proposing to convene shareholders' meetings (including but not limited to extraordinary shareholders' meetings); and
 - (4) Other shareholder rights under the articles of association of the Company (including such other shareholder rights as provided after amendment to such articles of association).
- 1.2 The Shareholder shall execute a Power of Attorney (in the format set forth in Annex I to this Agreement, hereinafter referred to as the "Power of Attorney") upon the execution of this Agreement. When a written notice is issued by the WFOE to the Shareholder with respect to the removal of the Agent, the Shareholder shall immediately entrust any other individual then designated by the WFOE to exercise the Entrusted Rights and execute a Power of Attorney. The new Power of Attorney shall supersede the previous one once it is executed. Except for the above circumstances, the Shareholder shall not revoke the authorization and entrustment to the Agent.
- 1.3 The Agent shall perform the entrusted obligations lawfully with diligence and duty of care within the authorization scope hereunder. The Shareholder shall acknowledge and be liable to any legal consequences arising from the Agent's exercise of the aforesaid Entrusted Rights. All acts of the Agent in respect of the Company's equity shall be deemed to be acts of the Shareholder, and all documents signed by the Agent shall be deemed to have been signed by the Shareholder, which the Shareholder shall recognize. During the term of this Agreement, the Shareholder hereby waives all rights granted to the Agent in respect of its equity by this Agreement, who shall not exercise such rights by itself.
- 1.4 The Shareholder hereby acknowledges that in exercising the aforesaid Entrusted Rights, the Agent is not required to seek the prior opinions of the Shareholder, provided that an advance notice shall be given. The Agent shall inform the Shareholder in a timely manner of any resolution or proposal on convening a shareholders' meeting (including but not limited to an extraordinary shareholders' meeting).
- 1.5 The Shareholder agrees that, the WFOE has the right to delegate or assign its rights relating to the above matters to any other person at its discretion without prior notice to or consent from the Shareholder.

2. Right to Information

For the purpose of exercising the Entrusted Rights hereunder, the Agent is entitled to have access to the information including the Company's operation, business, clients, finance, staff, etc. and access to relevant materials of the Company. The Company shall fully cooperate with the Agent in this regard.

3. Exercise of Entrusted Rights

- 3.1 The Shareholder shall provide sufficient assistance to the Agent for its exercise of the Entrusted Rights, including prompt execution of the resolutions of the shareholders' meeting of the Company or other related legal documents made by the Agent when necessary (e.g., when the submission of such documents is necessary for the approval of, or registration or filing with government authorities). If any government department requires the relevant documents to be executed by the Shareholder itself, the Shareholder shall execute such documents and take corresponding actions as instructed by the Agent.
- 3.2 If at any time within the term of this Agreement, the granting or exercise of the Entrusted Rights hereunder is unenforceable for any reason (except for default by the Shareholder or the Company), the Parties shall immediately seek a most similar substitute for the provision unenforceable and, if necessary, enter into a supplementary agreement to amend or adjust the provisions herein, so as to ensure the fulfillment of the purpose hereof.

4. Exemption and Indemnification

- 4.1 The Parties acknowledge that, in no circumstance, the Agent shall be required to be liable for or make any economic or other indemnification to any other Party hereto or any third party as a result of the exercise of the Entrusted Rights hereunder.
- 4.2 The Company and the Shareholder agree to indemnify and hold harmless the Agent against all losses which it suffers or may suffer in connection with the Agent's exercise of the Entrusted Rights, including but not limited to, any loss resulting from any litigation, demand, arbitration, claim initiated by any third party against them, and losses from administrative investigation or penalty by government authorities. However, losses suffered as a result of the intentional misconduct or gross negligence of the Agent shall not be indemnified.

5. Representations and Warranties

- 5.1 The Shareholder hereby respectively represents and warrants as follows:
- 5.1.1 The Shareholder is a Chinese enterprise with full capacity and with full and independent legal status and legal capacity, and may act independently as a subject of actions.

- 5.1.2 The Shareholder has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.
- 5.1.3 This Agreement shall be duly and lawfully executed and delivered by the Shareholder and shall constitute the legal and binding obligations, enforceable against it in accordance with the terms hereof.
- 5.1.4 The Shareholder is the registered lawful shareholder of the Company as of the effective date hereof, and except the rights created by this Agreement, the *Equity Pledge Agreement (as may be amended from time to time)* between the Shareholder and the WFOE and the *Exclusive Option Agreement* among the Shareholder, the Company and the WFOE, there is no third-party rights on the Entrusted Rights. Pursuant to this Agreement, the Agent may completely and sufficiently exercise the Entrusted Rights in accordance with the then-effective articles of association of the Company.
- 5.2 The WFOE and the Company hereby respectively represent and warrant as follows:
- 5.2.1 Each of them is a limited liability company duly registered and validly existing under the PRC laws, with an independent corporate personality, and has full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a subject of actions.
- 5.2.2 Each of them has the full internal power and authority to execute and deliver this Agreement and all other documents to be entered into by it related to the transaction contemplated hereunder, and has the full power and authority to consummate such transaction hereunder.
- 5.3 The Company further represents and warrants that the Shareholder is the registered lawful shareholder of the Company as of the effective date of this Agreement. Pursuant to this Agreement, the Agent may completely and sufficiently exercise the Entrusted Rights in accordance with the then-effective articles of association of the Company.
- 6. Confidentiality**
- 6.1 Irrespective of whether this Agreement has been terminated, each of the Parties shall maintain in strict confidence the following information:
- (1) The execution and performance of this Agreement and the content of this Agreement;

- (2) The trade secrets, proprietary information and customer information about the Company or the WFOE coming into its knowledge during the entry into and performance of this Agreement. (Hereinafter together with (1) referred to as “Confidential Information”).

Each Party may use such Confidential Information only for the purpose of fulfilling its obligations hereunder. Without the written permission of the other Party, no Party may disclose the above-mentioned Confidential Information to any third party, or it shall bear the liability for breach of contract and compensate for the losses of the other Party.

- 6.2 After the termination of this Agreement, each Party shall return, destroy or otherwise deal with all documents, materials or software containing Confidential Information, and stop using such Confidential Information, at the request of the other Party.
- 6.3 Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any suspension or termination of this Agreement.

7. Term

- 7.1 This Agreement becomes effective when the Shareholder has legally consumed all the equity interests of the Company in accordance with the Equity Transfer Agreement, and shall continue in force until it is terminated in advance by written agreement of the Parties or automatically terminated in accordance with the provisions of Section 7.2 hereof or early terminated in accordance with the provisions of Section 9.1 hereof.
- 7.2 This Agreement will be automatically terminated when the equity in the Company is fully transferred to the WFOE and/or the person designated by the WFOE in accordance with the *Exclusive Option Agreement* executed by the Parties.

8. Notice

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, a commercial courier service or facsimile transmission to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

Notices given by personal delivery, courier service, registered mail or prepaid postage shall be deemed effectively given on the date of delivery.

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Chuangyuqizhi Technology Co., Ltd.
Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China
Recipient: Jinshan Li
Email: [***]

Shenzhen Erwan Education Technology Co., Ltd.

Address: 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People's Republic of China

Recipient: Peng Li

Email: [***]

Beijing Zhixueduxing Technology Co., Ltd.

Address: Room 202, 2/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Yiming Pan

Email: [***]

Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

9. Default Liabilities

- 9.1 The Parties agree and acknowledge that, if any Party (hereinafter the “Defaulting Party”) commits material breach of any provision hereof, or materially fails to perform any obligation hereunder, such breach or failure shall constitute a default under this Agreement (hereinafter a “Default”), then the non-defaulting Party (hereinafter the “Non-defaulting Party”) shall be entitled to demand the Defaulting Party to rectify such Default or take remedial measures within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial measures within such reasonable period or within 15 days following the written notice issued by the Non-defaulting Party and the rectification requirement, the Non-defaulting Party shall be entitled to decide to, at its discretion: (1) dissolve this Agreement and require the Defaulting Party to indemnify all the damages; or (2) require the performance of the obligations hereunder and require the Defaulting Party to indemnify all the damages.
- 9.2 The Parties agree and acknowledge that, notwithstanding the provisions of Section 9.1 above, the Shareholder or the Company shall in no circumstance be entitled to demand for termination of this Agreement in advance unless otherwise provided by law.
- 9.3 Notwithstanding any other provisions herein, the validity of this section shall survive the dissolution or termination of this Agreement.

10. Miscellaneous

- 10.1 This Agreement is made in Chinese with three (3) originals, and one (1) for each Party. Each original has the same legal effect.
- 10.2 The execution, effectiveness, performance, amendment, construction and termination of this Agreement shall be governed by the laws of the PRC.
- 10.3 Any dispute arising from and in connection with this Agreement shall be settled through consultations among the Parties, and if the Parties fail to reach an agreement regarding such dispute within 30 days upon its occurrence, such dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the arbitration rules thereof. The arbitral award shall be final and binding on all the Parties.
- 10.4 Any rights, powers and remedies granted to any Party by any provision herein shall not preclude any other rights, powers and remedies available to such Party in accordance with laws and other provisions under this Agreement, and a Party's exercise of any of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies.
- 10.5 No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws ("Party's Rights") shall result in a waiver of such rights; and no single or partial waiver by a Party of the Party's Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party's Rights.
- 10.6 The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 10.7 Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 10.8 Any amendment or supplement to this Agreement shall be made in writing and shall take effect only when properly signed by the Parties hereto.
- 10.9 No shareholder or the Company may assign any of its rights and/or obligations hereunder to any third party without the written consent of the WFOE.
- 10.10 This Agreement shall be binding on the legal successors of the Parties.

[No text below]

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Chuangyuqizhi Technology Co., Ltd.

Authorized signatory: /s/ Jinshan Li

/s/ Seal

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Shenzhen Erwan Education Technology Co., Ltd.

Authorized signatory: /s/ Li Meng

/s/ Seal

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Zhixueduxing Technology Co., Ltd.

Authorized signatory: /s/ Yiming Pan

/s/ Seal

Power of Attorney

This Power of Attorney (hereinafter referred to as the “**Power of Attorney**”) was signed by Shenzhen Erwan Education Technology Co., Ltd. (unified social credit code: 91440300MA5G5ND978) (hereinafter, the “**Company**”) on _____ and issued to [_____] (ID number/ unified social credit code: [_____] (hereinafter, the “**Agent**”).

The Company, hereby grants the Agent the full right to, as the Agent of the Company and in the name of the Company, exercise all rights of the Company as the shareholder of Beijing Zhixueduxing Technology Co., Ltd. (hereinafter, the “Beijing Zhixueduxing”), including but not limited to:

- (1) Attending shareholders’ meetings (including but not limited to extraordinary shareholders’ meetings) of Beijing Zhixueduxing as the Agent of the Company;
- (2) Exercising voting rights on behalf of the Company on all issues (including but not limited to appointment, election and removal of the legal representative, directors, supervisors, employment and dismissal of general manager, deputy general managers, officer in charge of finance and other senior management of the Company) required to be discussed and resolved at shareholders’ meetings, and selling, transferring or pledging all or part of the equity held by the Company in Beijing Zhixueduxing;
- (3) Proposing to convene shareholders’ meetings (including but not limited to extraordinary shareholders’ meetings) as the Agent of the Company;
- (4) As the Agent of the Company, exercising the other shareholder rights under the articles of association of Beijing Zhixueduxing (including such other shareholder rights as provided after amendment to such articles of association).

The Company hereby irrevocably acknowledges that unless Beijing Chuangyuqizhi Technology Co., Ltd. (hereinafter, the “**WFOE**”) directs the Company to change the Agent, this Power of Attorney shall continue in force from the signing date hereof until the expiration or premature termination of the Voting Rights Proxy Agreement dated [_____], 2024 by and among the WFOE, Beijing Zhixueduxing and the Company.

The Company acknowledges and is liable to any legal consequences arising from the Agent’s exercise of the aforesaid Entrusted Rights. All acts of the Agent in respect of Beijing Zhixueduxing’s equity shall be deemed to be acts of the Company, and all documents signed by the Agent shall be deemed to have been signed by the Company, which the Company agrees to recognize. During the term of this Power of Attorney, the Company hereby waives all rights granted to the Agent in respect of its equity in Beijing Zhixueduxing, which the Company shall not exercise by itself.

It is hereby authorized.

Shenzhen Erwan Education Technology Co., Ltd.
(signature/seal)

Authorized signatory: _____
Date: _____

Exclusive Consultancy and Service Agreement

This Exclusive Consultancy and Service Agreement (“**Agreement**”) is made and entered into by the following parties on April 2, 2025:

Beijing Liangzizhige Technology Co., Ltd. (“Party A”)

Registered address: Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People’s Republic of China

Beijing Chuangyuqizhi Technology Co., Ltd. (“Party B”)

Registered address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China

Whereas,

1. Party A is a wholly foreign-owned enterprise established in Beijing, People’s Republic of China (hereinafter referred to as “**PRC**”, for the purpose of this Agreement, excluding Hong Kong, Macau and Taiwan), which owns computer technology, computer software service, and necessary resource for enterprise management consultancy, and has experience in providing professional technical and consultancy services;
2. Party B is a domestic limited liability company registered in Beijing, PRC. Shenzhen Erwan Education Technology Co., Ltd. (“Shenzhen Erwan”) and CreaVerse Technology (HK) Limited have formally executed the *Equity Transfer Agreement* on April 2, 2025. Pursuant to this agreement, Shenzhen Erwan has legally assumed all equity interests of Party B, previously held by CreaVerse Technology (HK) Limited;
3. Party A shall be the provider of technical and consultancy services to Party B, and Party B hereby agrees to accept such technical and consultancy services;

Therefore, after friendly consultations between both Parties on the principle of equality and mutual benefit, the Parties hereby agree as follows:

1. Technical and consultancy services; and exclusive and sole rights and interests

- 1.1 During the term of this Agreement, Party A agrees to provide Party B with relevant consultancy and services as an exclusive consultancy and service provider under the terms of this Agreement (Details see Annex 1).
 - 1.2 Party B agrees to accept the consultancy and services provided by Party A, and shall provide appropriate cooperation for Party A to complete the aforementioned work, including but not limited to providing relevant data, the required technical requirements, instructions, etc. Party B further agrees that, during the term of this Agreement, unless with Party A’s prior written consent, Party B will not accept the technical or consultancy services provided by any third party on the above-mentioned matters hereunder, nor shall it be licensed or assigned from any third-party services or improvement identical or similar to such technical and consultancy services, unless with the prior written permission of Party A.
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- 1.3 Party A shall be the sole and exclusive owner of all rights, title and interests and intellectual property rights arising from the performance of this Agreement, including, but not limited to, any copyright, patent, know-how, trade secrets and otherwise, whether developed by Party A, or by Party B based on Party A's intellectual property or by Party A based on Party B's intellectual property, for which Party B may not claim against Party A. It is acknowledged that, this section shall survive the alteration, dissolution or termination of the Agreement.
- 1.4 Party B promises that, if it intends to conduct any business cooperation with any other company, the prior written consent of Party A shall be obtained, and under the same conditions, Party A or its affiliates have the priority to cooperate. Party A has the right to independently decide/appoint any third party (including but not limited to Party A's affiliate) to provide Party B with the technical or consultancy services hereunder. For the avoidance of doubt, both parties hereby confirm that Party A may provide similar services to any third party within or outside China to the extent permitted by relevant laws, regarding which Party B shall not raise any objection.

2. Obligations of the Parties

2.1 Obligations of Party A

Party A agrees that, within the term of this Agreement, Party A or any other party designated by it will promptly provide Party B with technical and consultancy services in accordance with the terms of this Agreement.

2.2 Obligations of Party B

2.2.1 Party B agrees to determine and timely pay Party A the fees for the technical and consultancy services (hereinafter referred to as "**Service Fees**") hereunder based on the methods set forth in Annex 2.

2.2.2 Party B shall appropriately and reasonably accept and use the technical and consultancy services provided by Party A.

2.2.3 Upon the occurrence of any event that affects Party B's normal operations, Party B shall notify Party A in a timely manner.

- 2.2.4 Party B hereby grants Party A or any person authorized by Party A access to its office or other business premises within a reasonable time.
- 2.2.5 Party B shall not take, and shall procure that no other third party take, any action that may adversely affect the ownership or intellectual property rights of the services provided by Party A hereunder.
- 2.2.6 Party B shall be responsible for obtaining all relevant approvals and permits (if required) from the relevant government for Party A's performance of its obligations hereunder.
- 2.2.7 Party B shall prepare financial statements acceptable to Party A in accordance with the requirements of laws and commercial practices.
- 2.2.8 Party B shall provide Party A with its quarterly financial statements (audited and certified by an independent certified public accountant approved by Party A), documents, accounts, records, data, etc. within 5 business days after the end of each quarter, so that Party A may audit Party B's accounts and determine the amount of Service Fees.
- 2.2.9 Upon notification by Party A five (5) working days in advance, Party B shall allow Party A and/or its designated auditor to audit Party B's relevant accounts and records and copy the required part thereof at Party B's principal place of business, so as to verify the accuracy of Party B's income and statements.
- 2.2.10 In addition to Service Fees, Party B shall bear and indemnify Party A for all reasonable expenses, advance payments and out-of-pocket expenses in any form paid or incurred by Party A when performing or providing services.

3. Representations and Warranties

- 3.1 Party A hereby represents and warrants as follows:
 - 3.1.1 Party A is a company duly registered and validly existing under the laws of the PRC;
 - 3.1.2 Party A's execution and performance of this Agreement is within the scope of its corporate power and business operations; Party A has taken necessary corporate actions and given appropriate authorization and has obtained the consent and approval from third parties and government agencies, and will not violate the restrictions of laws and contracts binding or having an impact on it;
 - 3.1.3 The Agreement shall constitute Party A's legitimate, valid and binding obligations once it is executed, and shall be enforceable against it.

3.2 Party B hereby represents and warrants as follows:

3.2.1 Party B is a company duly registered and validly existing under the laws of the PRC.

3.2.2 Party B's execution and performance of this Agreement is within the scope of its corporate power and business operations; Party B has taken necessary corporate actions and given appropriate authorization and has obtained the consent and approval from third parties and government agencies, and will not violate the restrictions of laws and contracts binding or having an impact on it.

3.2.3 The Agreement shall constitute Party B's legitimate, valid and binding obligations once it is executed, and shall be enforceable against it.

3.2.4 The provision of services by Party A and Party B's acceptance of such services require no consent or approval from or registration with any government department or agency.

4. Confidentiality Clause and Others

4.1 Party B agrees to maintain the confidentiality of any oral or written materials and information (hereinafter referred to as "**Confidential Information**") of Party A that Party B learns or has access to due to its acceptance of Party A's exclusive technical and consultancy services, and shall take various security measures designed to maintain such confidentiality; without the prior written consent of Party A, Party B shall not disclose, give or transfer such Confidential Information to any third party. Upon the termination of this Agreement, Party B shall return to Party A any document, material or software that contains such Confidential Information at Party A's request, or shall destroy the same on its own and shall delete any Confidential Information from the relevant memory devices and may no longer use such Confidential Information. Party B shall take necessary measures to disclose the Confidential Information only to its employees, agents or professional consultants on a need-to-know basis and procure such employees, agents or professional consultants to abide by confidentiality obligations no less strictive than those set forth herein. The failure of such persons or institutions engaged by Party B to abide by any confidentiality obligations hereunder shall be deemed as Party B's breach of such confidentiality obligations.

4.2 The restrictions above are not applicable to:

4.2.1 any information that has become generally available to the public at the time of disclosure;

4.2.2 any information that comes into public domain through no fault of Party B after the disclosure;

- 4.2.3 any information that can be proved by Party B to have been acquired before the disclosure, and which has not been acquired directly or indirectly from Party A, Party A's affiliates, shareholders or ultimate shareholders;
- 4.2.4 any information that Party B is obliged to disclose to relevant government departments, stock exchange institutions, etc., in accordance with legal requirements, or that is disclosed by Party B to its direct legal advisors and financial advisors due to normal business needs, provided that Party B shall procure such legal consultants and financial advisers to abide by the confidentiality obligations hereunder.
- 4.3 Party B may not directly or indirectly carry out business beyond the scope permitted by its business license and relevant business permits, nor may it carry out any business beyond the scope permitted by Party A in writing.
- 4.4 It is acknowledged that, this section shall survive the alteration, dissolution or termination of the Agreement.

5. Default

- 5.1 If either Party is in breach of any provisions herein or fails to perform its obligations hereunder, such breach or failure shall constitute a default under this Agreement. In such event, Party A may issue a written notice to Party B, requesting Party B to promptly rectify the default, take timely and effective measures to eliminate the consequences of such default and compensate Party A for the losses suffered therefrom in accordance with applicable laws and the provisions of this Agreement.
- 5.2 Upon occurrence of any default by Party B, if Party A, based on reasonable and objective judgment, believes that such default has caused it impossible or unfair for Party A to perform its corresponding obligations hereunder, then Party A may notify the Party B in writing that it will suspend its performance of obligations hereunder, until Party B has stopped its default, taken effective measures to eliminate the effect thus caused, and indemnified Party A any losses suffered therefrom in accordance with applicable laws and the provisions hereof.
- 5.3 No waiver of rights in respect of any default hereunder shall be valid unless it is made in writing. No failure to exercise or delay in exercising any right or remedy by any party under this Agreement shall operate as a waiver thereof, nor shall any partial exercise of any right or remedy preclude the exercise of any other right or remedy.
- 5.4 Party B shall fully indemnify and hold harmless Party A from and against any loss, damage, obligation and expense arising out of any litigation, claim or other demand against Party A resulting from the content of the technical and consultancy services requested by Party B.

- 5.5 Party A's losses to be indemnified by Party B as mentioned in this section shall include all direct economic losses, any foreseeable and reasonable indirect economic losses and related expenses arising therefrom, including but not limited to attorney's fees, legal costs, arbitration fees and travel expenses.
- 5.6 Party B recognizes and agrees that, any violation of its obligations hereunder may cause irreparable damage to Party A for which indemnification made by Party B according to law and/or this Agreement may not be sufficient. Therefore, upon the occurrence of any such violation or potential violation, in addition to the remedies provided in this Agreement and applicable laws, Party A has the right to require Party B to continue to perform its obligations hereunder.
- 5.7 If Party B fails to pay the Service Fees to Party A on schedule as stipulated in this Agreement, Party A shall have the right to collect from Party B liquidated damages equivalent to 0.1% of the outstanding Service Fees per day. The above-mentioned liquidated damages shall be calculated from the due date to the actual payment date; this Section 5.7 shall not preclude any other right available to Party A under this Agreement and in accordance with applicable laws.
- 5.8 If Party B materially violates or fails to perform any of its covenants, obligations or undertakings made hereunder, or the representations and warranties made are seriously inaccurate, Party A has the right to terminate this Agreement and/or require Party B to compensate for its losses.
- 5.9 The validity of this section shall not be affected by the termination or dissolution of this Agreement.

6. Effectiveness and Term

- 6.1 This Agreement shall become effective as of the date when Shenzhen Erwan has successfully acquired and legally assumed all equity interests of Party B in accordance with the *Equity Transfer Agreement*, and unless terminates early in accordance with the terms of this Agreement or the relevant agreement entered into by and between the parties, this Agreement shall remain valid for a period of ten years.
- 6.2 This Agreement will be automatically extended for additional successive terms of ten years, unless Party A gives Party B its written objection to the extension three months prior to the expiration of this Agreement, and so on.

7. Amendment and Termination

- 7.1 Any amendment of this Agreement shall come into force only after a written agreement is signed by both Parties. Otherwise, no amendment in respect of this Agreement shall bind the parties hereto. Unless it is renewed in accordance with the relevant terms, this Agreement will terminate on the expiry date.
- 7.2 During the term of this Agreement, under no circumstance may Party B terminate this Agreement in advance. This Agreement shall be terminated under any of the following circumstances: (i) all equity of Party B has been transferred to Party A or the person designated by Party A in accordance with the *Exclusive Option Agreement* entered into by and among Party A, Party B and the existing shareholder of Party B; (ii) Party A terminates this Agreement at any time by sending a written notice to Party B 30 days in advance. If Party A dissolves this Agreement in advance for reasons of Party B, Party B shall compensate Party A for all its losses caused thereby, and shall pay relevant Service Fees for the services completed.
- 7.3 After the termination of this Agreement, the rights and obligations of both parties under Sections 1.3, 4, 5 and 8 of this Agreement will continue to be valid.
- 7.4 No amendment or dissolution of this Agreement shall affect the rights of the parties to claim for damages. Except when it may be exempted from liability according to law, the party that is held responsible shall compensate the other party for all losses and damages thus caused by such amendment or termination.
- 7.5 The early termination of this Agreement for any reason shall not exempt any party from all payment obligations (including but not limited to Service Fees) hereunder that become due before the termination date of this Agreement, nor from any default liability that occurs before the termination of this Agreement. The Service Fees payable incurred before the termination of this Agreement shall be paid to Party A within fifteen (15) working days from the termination date of this Agreement.

8. Settlement of Disputes

- 8.1 Any dispute between the parties arising from the interpretation or performance of the terms hereof shall be solved through friendly negotiations. If both parties fail to reach an agreement regarding such dispute within thirty (30) days upon its occurrence, either party may submit the dispute to the China International Economic and Trade Arbitration Commission Arbitration for arbitration in accordance with its then effective arbitration rules. The place of arbitration shall be Beijing and the arbitration shall be conducted in Chinese. The award rendered therein shall be final and binding upon both parties. The validity of this section shall not be affected by the termination or dissolution of this Agreement.

- 8.2 Except for the matters under dispute, the parties to this Agreement shall continue to perform their respective obligations hereunder in accordance with the terms of this Agreement in good faith.

9. Further Assurance

The parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement, including but not limited to contacting with relevant government agencies.

10. Force Majeure

- 10.1 “**Force Majeure**” shall refer to any event beyond the reasonable control of either party and cannot be avoided by the party affected thereby with reasonable care, including but not limited government action, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war. However, any shortage of credit, capital or finance shall not be deemed as an event beyond the reasonable control of one party. The party seeking to be exempted from performance hereunder due to Force Majeure shall promptly send a notice to the other party, informing of the exemption and the steps to be taken to accomplish the performance.
- 10.2 When the performance of this Agreement is delayed or impeded by the aforementioned Force Majeure, the party affected by such Force Majeure shall not be liable in any way under this Agreement to the extent of such delay or impedance. The party affected shall take appropriate measures to mitigate or eliminate the impact of such Force Majeure and shall attempt to resume the performance of obligations delayed or impeded by such Force Majeure. As soon as the force majeure event is eliminated, the parties agree to use their best efforts to resume the performance of this Agreement.

11. Notice

- 11.1 Notices given by either party for the exercise and performance of its rights and obligations hereunder shall be in writing, and shall be sent to the following address by personal delivery, registered mail, mail with prepaid postage or recognized express mail or facsimile.

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Liangzizhige Technology Co., Ltd.

Address: Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People’s Republic of China

Recipient: Chun Wang

Beijing Chuangyuqizhi Technology Co., Ltd.

Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China

Recipient: Xihao Liu

Any party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

11.2 Notices and letters shall be deemed to have been served:

11.2.1 On the date recorded if delivered by fax, or if the fax is delivered after 5 pm or on a non-working day in the place of delivery, on the working day following the date recorded;

11.2.2 On the date of receipt if delivered by personal delivery (including express mail);

11.2.3 On the 15th day after the date recorded on the receipt, if delivered by registered mail.

12. Assignment

Party B may not assign its rights and obligations hereunder to any third party, unless Party A's prior written consent is obtained. Party A may assign its rights and obligations hereunder to any third party without Party B's consent, provided that Party B shall be notified of such assignment.

13. Severability

In the event that any provision of this Agreement is invalid or unenforceable due to inconsistency with law, such provision shall only be invalid or unenforceable to the extent of the jurisdiction of such law, and shall not affect the legal validity of the remaining provisions of this Agreement.

14. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendments and supplementary agreements duly executed by the parties in respect of this Agreement shall be an integral part of this Agreement and shall have the same legal effect as this Agreement.

15. Waiver

Unless otherwise provided in this Agreement, no failure to exercise or delay in exercising any right, power or privilege by any party under this Agreement shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege provided under this Agreement shall preclude the exercise of any other right, power or privilege.

16. Governing Law

The execution, effectiveness, performance, interpretation and dispute resolution of this Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China.

17. Miscellaneous

17.1 This Agreement is made in duplicate, both having the same legal effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives on the date first written above.

(No text below, it being the signature page to the Agreement)

(No text on this page, this being a signature page to the Exclusive Consultancy and Service Agreement)

Party A: Beijing Liangzizhige Technology Co., Ltd.

Authorized signatory: /s/ Chun Wang /s/ Seal

Party B: Beijing Chuangyuqizhi Technology Co., Ltd.

Authorized signatory: /s/ Wei Gao /s/ Seal

Annex 1

Contents of technical and consultancy service content list

Service category	Service content
Computer technology	Technical development, technical consultation, technical services and technical transfer in terms of computer technology
Computer software	Application software services (excluding medical software), computer system service; basic software service; data processing
Economic and trade consultancy	Provision of consultancy services about economic and trade
Enterprise management consultancy	Corporate daily management consultancy and education consultancy, etc.
Graphic design	Graphic design, packaging and decoration design; arts and crafts design; computer animation design

Annex 2

Calculation and Payment Method of Service Fees

During the term of this Agreement, the Service Fees payable by Party B to Party A for the services provided by Party A as described in Annex 1 shall be denominated in RMB and calculated according to the following formula:

Service fees = Party B's income—turnover taxes—Party B's total costs—legally required statutory accumulation fund of Party B -Party B's retained profits

In which:

- Party B'S income refers to the income that Party B receives from a third party in the normal course of business;
- Turnover taxes include but are not limited to business tax, value-added tax, urban maintenance and construction tax and education surcharge;
- Party B's total costs include all costs and expenses, such as the cost of selling goods and the operating costs incurred by Party B in conducting business; and
- Party B'S retained profits shall be zero, unless Party A otherwise agrees in writing the amount of retained profits.

During the term of this Agreement, Party A has the right to adjust the above Service Fees at its own discretion without the consent of Party B.

Party B shall provide Party A with its management statements and operating data of the previous quarter (specifying Party B's income in the previous quarter), as well as written breakdown of Service Fees for the technical and consultancy services provided in the previous quarter, within the first 5 business days of each quarter. Party A shall confirm to Party B in writing whether the breakdown is correct or not within 10 business days after the receipt thereof. If it fails to confirm on schedule, Party B shall be deemed to have confirmed the correctness of the breakdown provided by Party A. Party B shall pay the Service Fees to the account designated by Party A within 10 business days after receiving a written confirmation from Party A. Both parties agree that, Party A may change such payment instructions by giving notice to Party B from time to time.

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Beijing Liangzizhige Technology Co., Ltd.

Shenzhen Erwan Education Technology Co., Ltd.

and

Beijing Chuangyuqizhi Technology Co., Ltd.

Equity Pledge Agreement

April 2, 2025

Equity Pledge Agreement

This Equity Pledge Agreement (the “Agreement”) is executed by and among the following Parties on April 2, 2025:

- (1) Shenzhen Erwan Education Technology Co., Ltd. (the “Pledgor”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at 2802, Qianhai Shimaofinancial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People’s Republic of China;
- (2) Beijing Liangzizhige Technology Co., Ltd. (the “Pledgee”), a wholly foreign-owned company duly incorporated and validly existing under the laws of the People’s Republic of China, with its registered address at Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People’s Republic of China; and
- (3) Beijing Chuangyuqizhi Technology Co., Ltd. (the “Company”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

(In this Agreement, the above parties are individually referred to as a “Party” and collectively referred to as the “Parties”).

Whereas,

1. The Pledgor has formally executed the Equity Transfer Agreement on April 2, 2025 with CreaVerse Technology (HK) Limited, In accordance with the terms of the *Equity Transfer Agreement*, the Pledgor has legally assumed all the equity interests of the Company. As registered shareholder of the Company, the Pledgor holds 100% of equity in the Company (“Company Equity”) according to law, the capital contribution and shareholding ratio of which being as set out in Annex I hereto.
2. In accordance with the *Exclusive Option Agreement* (as may be amended from time to time, the “Exclusive Option Agreement”) signed by and among the Parties, the Pledgor shall, to the extent permitted by PRC Laws, transfer at the request of the Pledgee all or part of their equity in the Company to the Pledgee and/or any other person designated by the Pledgee, and the Company shall, to the extent permitted by PRC Laws, transfer at the request of the Pledgee all or part of its assets and businesses to the Pledgee and/or any other person designated by the Pledgee.
3. In accordance with the *Voting Rights Proxy Agreement* (“Proxy Agreement”) signed by and among the Parties, the Pledgor has granted a general power of attorney to the Pledgee or such person as may then be appointed by the Pledgee to exercise all of its shareholder voting rights in the Company on behalf of the Pledgor.

4. In accordance with the *Exclusive Consultancy and Service Agreement* (as may be amended from time to time, the “Service Agreement”) by and between the Company and the Pledgee, the Company has, on an exclusive basis, engaged the Pledgee to provide it with relevant technical consulting and services and agreed to pay relevant service fees to the Pledgee for such technical consulting and services.
5. As a guarantee for the performance by the Pledgor and the Company of their Contractual Obligations (as defined below) and their satisfaction of the Secured Indebtedness (as defined below), the Pledgor intends to pledge all of its equity in the Company to the Pledgee and create first ranking right of pledge in favor of the Pledgee.

Now therefore, after friendly consultations, the Parties agree as follows:

1 Definitions

1.1 Unless otherwise required by the context, the following terms shall have the following meanings in this Agreement:

- “Contractual Obligations”:** means all contractual obligations of the Pledgor and the Company under the Service Agreement, the Exclusive Option Agreement and the Proxy Agreement (as such documents may be amended and restated from time to time, collectively referred to as the “Transaction Agreements”); and all contractual obligations of the Pledgor under this Agreement.
- “Secured Indebtedness”:** means all service fees, interest, liquidated damages and compensation due to the Pledgee under the Transaction Agreements, including any and all direct, indirect or consequential losses and loss of predictable benefits as may be suffered by the Pledgee as a result of any Event of Default of the Pledgor and/or the Company (the basis of which including but not limited to reasonable business plan, profit forecast of the Pledgee and all costs as may be incurred by the Pledgee in connection with its enforcement of the performance of the Contractual Obligations against the Pledgor and/or the Company), and the cost of realizing the pledge of equity and all other expenses payable (including but not limited to attorney’s fees, arbitration fees, supervision, evaluation and auction fees as well as any taxes and dues).
- “Event of Default”:** means a breach by the Pledgor or the Company of any of its Contractual Obligations under the Transaction Agreements and/or this Agreement.
- “Pledged Equity”:** means all of the Pledgor’s equity in the Company as lawfully owned by the Pledgor as of the effectiveness hereof and pledged hereunder to the Pledgee as security for the Pledgor’s and the Company’s performance of their respective Contractual Obligations and any increased capital contribution, any dividend received under Sections 2.6 and 2.7 hereof and the Additional Equity (if applicable) set forth in Article 9.6 hereof.
- “Industry and Commerce”:** means the competent market supervision and administration department.
- “PRC Laws”:** means the then effective laws, administrative regulations, administrative rules, local statutes, judicial interpretations and other binding normative documents of the People’s Republic of China.

- 1.2** In this Agreement, any reference to any PRC Law shall be deemed to include (1) a reference to such PRC Law as modified, amended, supplemented or reenacted, effective either before or after the date hereof; and (2) a reference to any other decision, circular or rule made thereunder or effective as a result thereof.
- 1.3** Unless otherwise required by the context, a reference to a provision, clause, section or paragraph shall be a reference to a provision, clause, section or paragraph of this Agreement.
- 2 Equity Pledge**
- 2.1** The Pledgor hereby agrees to pledge, in accordance with the terms hereof, its lawfully owned and rightfully disposable Pledged Equity to the Pledgee as security for the timely and complete performance of Contractual Obligations and the repayment of the Secured Indebtedness. The Company hereby agrees for the Pledgor to pledge the Pledged Equity to the Pledgee in accordance with the terms hereof in the form of first priority pledge.
- 2.2** The Pledgor shall record the equity pledge arrangement ("Equity Pledge") hereunder in the shareholders' register of the Company as of the signing date of this Agreement, and shall provide the Pledgee with proof of such registration in form satisfactory to the Pledgee. Within 15 days from the date hereof or within other time limit agreed by all Parties, the Pledgor shall provide the Pledgee with the industrial and commercial registration documents in connection with the Equity Pledge for filing. The Pledgee shall keep such items for the entire pledge period stipulated in this Agreement. The Pledgor may keep photocopies of such items.
- 2.3** During the term of this Agreement, the Pledgee shall not be liable in whatsoever manner for any diminution in value of the Pledged Equity and the Pledgor shall have no right to seek any form of recourse or bring any claim against the Pledgee's other personal property in connection therewith, except where such diminution arises out of any willful conduct of the Pledgee or out of its material omission having immediate causal link with such result.
- 2.4** Subject to Section 2.3 above, if the Pledged Equity is likely to suffer such a manifest value diminution as to impair the rights of the Pledgee, the Pledgee may require the Pledgor to provide the corresponding security, or may at any time auction or sell the Pledged Equity on behalf of the Pledgor and may, as agreed with the Pledgor, apply the proceeds from such auction or sale towards early full satisfaction of the Secured Indebtedness, or deposit (entirely at the cost of the Pledgor) such proceeds with a notary organ of the place of the Pledgee.
- 2.5** The Pledgee has the first ranking security interest in the Pledged Equity. Upon occurrence of any Event of Default, the Pledgee shall be entitled to dispose of the Pledged Equity in such manner as prescribed in Section 4 hereof.

- 2.6** The Pledgor may not increase the capital of the Company except with the prior written consent of the Pledgee. Any increase in the capital contributed by the Pledgor to the registered capital of the Company as a result of any capital increase shall also become part of the Pledged Equity, which shall be registered as soon as possible in accordance with Section 2.2 of this agreement.
- 2.7** The Pledgee shall have the right to collect bonus or dividends generated by the equity during the term of pledge. The Pledgor may not receive any dividend or bonus in respect of the Pledged Equity except with the prior written consent of the Pledgee. After deduction of the individual income tax paid by the Pledgor, any dividend or bonus received by the Pledgor in respect of the Pledged Equity shall be, at the request of the Pledgee: (1) deposited into an account designated by the Pledgee, which will be under the supervision of the Pledgee, and used to secure the Contractual Obligations and to first satisfy the Secured Indebtedness; or (2) without prejudice to PRC Laws, unconditionally donated to the Pledgee or the person designated by the Pledgee.
- 2.8** Upon occurrence of an Event of Default, the Pledgee shall be entitled to dispose of any Pledged Equity of any Pledgor in accordance with the terms hereof.
- 2.9** If the Company needs to be dissolved or liquidated in accordance with the mandatory provisions of PRC Laws, after such dissolution or liquidation procedures are completed according to law, any proceeds received by the Pledgor from the Company according to law shall be, at the request of the Pledgee: (1) deposited into an account designated by the Pledgee, which will be under the supervision of the Pledgee, and used to secure the Contractual Obligations and to first satisfy the Secured Indebtedness; or (2) without prejudice to PRC Laws, unconditionally donated to the Pledgee or the person designated by the Pledgee.

3 Release of Pledge

Upon full and complete performance by the Pledgor and the Company of all of their Contractual Obligations and full satisfaction of all Secured Indebtedness, the Pledgee shall, at the request of the Pledgor, release the Equity Pledge hereunder and cooperate with the Pledgor in relation to both the deregistration of the Equity Pledge in the shareholders' register of the Company and the deregistration of the Equity Pledge with the relevant industry and commerce administration; reasonable costs arising from such release of Equity Pledge shall be borne by the Pledgee.

4 Disposal of Pledged Equity

- 4.1** The Parties hereby agree that, upon occurrence of any Event of Default, the Pledgee shall be entitled to exercise, upon written notice to the Pledgor, all of the remedies, rights and powers available to it under PRC Laws, the Transaction Agreements and this Agreement, including but not limited to: (a) to the extent permitted by PRC laws and regulations, at the request of the Pledgee, the right to procure the Pledgor to transfer to the Pledgee and/or any other person designated by it all or part of their Equity Pledged at the lowest transfer price permitted by PRC Laws; (b) the right to sell the Pledged Equity for prior satisfaction of claims by discount or auction; or (c) other means to realize the pledge as permitted by PRC Laws. Once the Pledgee chooses to exercise the pledge, the Pledgor shall no longer have any right or interest in the Equity Pledged.
- 4.2** The Pledgee shall be entitled to appoint, in writing, its counsels or other agents to exercise any and all of its foregoing rights and powers and neither the Pledgor nor the Company shall object thereto.
- 4.3** All reasonable costs incurred by it in connection with the Pledgee's exercise of any or all of its foregoing rights and powers shall be borne by the Pledgor, and the Pledgee shall have the right to fully deduct such costs from the proceeds obtained as a result of such exercise of rights and powers.
- 4.4** The proceeds obtained as a result of the exercise by the Pledgee of its rights and powers shall be applied in the following order of precedence:
- Firstly, towards payment of all costs arising out of the disposal of the Pledged Equity and the exercise by the Pledgee of its rights and powers (including fees paid to its counsels and agents);
- Secondly, towards payment of the taxes payable in connection with the disposal of the Pledged Equity; and
- Thirdly, towards repayment of the Secured Indebtedness to the Pledgee.
- Any balance after the deduction of the foregoing payments shall either be returned by the Pledgee to the Pledgor or any other person who may be entitled to such balance under relevant laws and regulations or be deposited by the Pledgee with a notary organ of the place of the Pledgee (any costs arising out of such deposit shall be borne by the Pledgor).
- The value of the Secured Indebtedness shall be determined on the basis of the aggregate due and outstanding Secured Indebtedness on the most recent date before the occurrence of any Event of Default or on the date of occurrence.
- 4.5** The Pledgee shall not be required to first exercise other remedies for breach of contract prior to exercising its right to auction or sell the Pledged Equity. Neither the Pledgor nor the Company have the right to raise objections to whether the Pledgee exercises part of its pledge rights or the exercise sequence of pledge rights.

- 4.6** When the Pledgee disposes of the Equity Pledged in accordance with this Agreement, the Pledgor and the Company shall provide necessary assistance, so that the Pledgee may realize the pledge of equity in accordance with the terms hereof.
- 4.7** The Pledgee may issue a notice of default to the Pledgor upon or at any time after the occurrence of any Event of Default, requiring the Pledgor to immediately pay all outstanding payments due and payable under the Transaction Agreements and all other amounts due and payable to the Pledgee, and/or to dispose of the pledge in accordance with Section 4 hereof.

5 Costs and Expenses

Any and all actual costs and expenses arising in connection with the creation of the Equity Pledge hereunder, including (without limitation) the stamp duty and any other taxes and all legal costs, shall be borne by the Company, except for those to be borne by the Pledgee as required by law.

6 Continuing Guarantee and Non-Waiver

The Equity Pledge created hereunder shall constitute a continuing guarantee and shall remain valid until full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness. Neither any waiver or grace granted by the Pledgee with respect to any breach of the Pledgor nor any delay of the Pledgee in its exercise of any of its rights under the Transaction Agreements and this Agreement shall affect the right of the Pledgee under this Agreement, relevant PRC Laws and the Transaction Agreements to require at any time thereafter the Pledgor to strictly perform the Transaction Agreements and this Agreement or any right that may be available to the Pledgee as a result of any subsequent breach by the Pledgor of the Transaction Agreements and/or this Agreement.

7 Representations and Warranties by the Pledgor

The Pledgor represents and warrants to the Pledgee that:

- 7.1** The Pledgor is a Chinese enterprise with full capacity to act; it has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation.
- 7.2** The Company in which the Pledgor hold equity interest is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China, with independent legal personality. The Company has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation. It has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.

- 7.3** All reports, documents and information provided by the Pledgor to the Pledgee prior to the effectiveness of this Agreement with respect to matters pertaining to the Pledgor or required by this Agreement are true, correct and valid in all material respects as of the effectiveness of this Agreement.
- 7.4** All reports, documents and information provided by the Pledgor to the Pledgee subsequent to the effectiveness of this Agreement with respect to matters pertaining to the Pledgor or required by this Agreement are true, correct and valid in all material respects as of the time of provision of the same.
- 7.5** As of the effectiveness of this Agreement, the Pledgor is the sole lawful owner of the Pledged Equity free from any ongoing dispute as to the ownership thereof, the Pledged Equity is not subject to seizure or other legal procedures or similar threats, and may be used for pledge and transfer in accordance with applicable laws. The Pledgor has the right to dispose of the Pledged Equity or any part thereof.
- 7.6** Other than the security interest created on the Pledged Equity hereunder and the rights created under the Transaction Agreements, the Pledged Equity is free from any other security interest, third party right or interest or other encumbrances.
- 7.7** The Pledged Equity may be lawfully pledged and transferred, and the Pledgor has full rights and powers to pledge the Pledged Equity to the Pledgee in accordance with the terms hereof.
- 7.8** Once duly executed by the Pledgor, this Agreement will constitute lawful, valid and binding obligations of the Pledgor.
- 7.9** Any consent, permission, waiver or authorization by any third party or any approval, license or exemption from or any registration or filing formalities with any governmental body (if required by law), requisite in each case for the execution and performance of this Agreement and the creation of the Equity Pledge hereunder, have been obtained or are being pursued and will remain fully valid during the term of this Agreement.
- 7.10** The execution and performance by the Pledgor of this Agreement will not violate or conflict with any law applicable to the Pledgor, any agreement to which any Pledgor is a party or by which its assets is bound, any court judgment, any arbitral award, or any decision of any administrative authority.
- 7.11** The pledge hereunder constitutes a first ranking security interest on the Pledged Equity.
- 7.12** All taxes and costs payable in connection with the securing of the Pledged Equity have been paid in full by the Pledgor and the Company.

- 7.13** There is no pending, or to the knowledge of the Pledgor, threatened, suit, legal proceeding or claim before any court or arbitral tribunal or by any governmental body or administrative authority against the Pledgor or its properties or the Pledged Equity having a material or adverse effect on the financial condition of the Pledgor or their ability to fulfill its obligations and the guarantee liability hereunder.
- 7.14** The execution by the Pledgor of the Agreement, the exercise of its rights hereunder, or the performance of its obligations hereunder, will not violate any law, regulation, any agreement or contract to which any Pledgor is a party, or any commitment made by any Pledgor to any third party.
- 7.15** The Pledgor hereby warrants to the Pledgee that the foregoing representations and warranties will remain true and correct and fully complied with under all circumstances at any time prior to full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness.

8 Representations and Warranties by the Company

The Company hereby represents and warrants to the Pledgee that:

- 8.1** The Company is a limited liability company duly incorporated and validly existing under PRC Laws with independent legal personality; and has full and independent legal status and capacity to execute, deliver and perform this Agreement and may sue or be sued as an independent party.
- 8.2** All reports, documents and information provided by the Company to the Pledgee prior to the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true, correct and valid in all material respects as of the effectiveness of this Agreement.
- 8.3** All reports, documents and information provided by the Company to the Pledgee subsequent to the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true, correct and valid in all material respects as of the time of provision of the same.
- 8.4** It has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.
- 8.5** There is no pending, or to the knowledge of the Company, threatened, suit, legal proceeding or claim before any court or arbitral tribunal or by any governmental body or administrative authority against the Company, its equity or its assets (including but not limited to the Pledged Equity) having a material adverse effect on the financial condition of the Company or the ability of the Company to fulfill its obligations and the guarantee liability hereunder.

- 8.6** The Company hereby agrees to be severally and jointly liable to the Pledgee for the representations and warranties made by the Pledgor hereunder.
- 8.7** All taxes and costs payable in connection with the securing of the Pledged Equity have been paid in full by the Pledgor and the Company.
- 8.8** The assets owned by the Company are free from any significant security interest or other encumbrances that may affect the rights and interests of the Pledgee in the equity.
- 8.9** The Company hereby warrants to the Pledgee that the foregoing representations and warranties will remain true and correct and fully complied with under all circumstances at any time prior to full performance of the Contractual Obligations or full satisfaction of the Secured Indebtedness.

9 Undertakings by Pledgor

The Pledgor undertakes to the Pledgee that:

- 9.1** Except for performing the Exclusive Option Agreement, without the prior written consent of the Pledgee, the Pledgor will not transfer or permit to be transferred all or part of the Equity, or create or permit to be created any security interest or other encumbrances that may affect the rights and interests of the Pledgee in the Equity, and any pledge or any other security interest imposed on all or part of the Pledged Equity without the prior written consent of the Pledgee shall be null and void.
- 9.2** Without the prior written notice to and the prior written consent from the Pledgee, the Pledgor will not transfer the Pledged Equity and all purported transfer of the Pledged Equity by the Pledgor shall be null and void. The proceeds received by the Pledgor from the transfer of the Pledged Equity with prior written consent from the Pledgee shall be first applied towards early full repayment to the Pledgee of the Secured Indebtedness or shall be deposited with a third party to be agreed with the Pledgee.
- 9.3** Should there arises any suit, arbitration or other claims which are likely to have an adverse effect on the Pledgor's or the Pledgee's interest under the Transaction Agreements and this Agreement or on the Pledged Equity, the Pledgor undertakes that it will notify the Pledgee in writing of the same as promptly as possible without delay and will, at the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity.
- 9.4** The Pledgor will not do or permit to be done any act or omission likely to have a material adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity.
- 9.5** In the event of a possibility that the value of Pledged Equity will decrease and sufficiently endanger the rights of the Pledgee, the Pledgee may require the Pledgor to provide additional mortgage or guarantee. If the Pledgor fails to provide the same, the Pledgee may auction or sell the Pledged Equity at any time, the proceeds received therefrom shall be first applied towards early full repayment to the Pledgee of the Secured Indebtedness or shall be deposited with a third party; any costs incurred therefrom shall be borne by the Pledgor.

- 9.6** Without the prior written consent of the Pledgee, the Pledgor and/or the Company may not (by itself or assist others to) increase, decrease, transfer, or create any encumbrance on (including on the Equity) the Company's registered capital (or its capital contribution to the Company). Subject to the foregoing provisions, the equity registered and acquired by the Pledgor after the date hereof shall be referred to as "Additional Equity". The Pledgor and the Company shall immediately sign a supplementary equity pledge agreement with the Pledgee in respect of the Additional Equity when the Pledgor acquire the same, shall urge the Company's board of directors and shareholders' meetings to approve the supplementary equity pledge agreement, and shall submit all documents required for the supplementary equity pledge agreement, including but not limited to the original capital contribution certificates issued by the Company in respect of the Additional Equity. The Pledgor and the Company shall have the pledge of the Additional Equity registered in accordance with Section 2.2 of this Agreement.
- 9.7** The Pledgor will take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements to this Agreement) at the reasonable request of the Pledgee to guarantee the Pledgee's rights and interests in the Pledged Equity and the exercise and realization of such rights.
- 9.8** Should the exercise of the rights of pledge hereunder result in a transfer of any Pledged Equity, the Pledgor will take all measures to enable the realization of such transfer.
- 9.9** Unless the Pledgee issues a written instruction to the contrary in advance, the Pledgor and/or the Company agree that, if part or all of the Equity is transferred between the Pledgor and any third party ("Transferee") in violation of this Agreement (including by division and inheritance), the Pledgor and/or the Company shall ensure that the Transferee unconditionally recognizes the pledge and goes through the necessary pledge registration alteration procedures (including but not limited to signing relevant documents) to ensure the survival of the pledge .
- 9.10** If the Pledgee provides a loan to the Company, the Pledgor and/or the Company agree to grant the Pledgee a pledge on the equity to guarantee such further loan, and to perform the relevant procedures at the soonest time possible in accordance with the requirements of laws and regulations (if any), including but not limited to signing relevant documents and handling relevant pledge creation (or alteration) registration procedures.
- 9.11** To protect or improve the security interest granted hereunder, the Pledgor hereby promises to sign in good faith and to urge other parties interested in the pledge to sign all the certificates, agreements, deeds and/or commitments required by the Pledgee. The Pledgor also promises to perform and urge other parties interested in the pledge to carry out the actions required by the Pledgee, to promote the Pledgee to exercise the rights and authorizations granted to it hereunder, and to sign with the Pledgee or the person designated by the Pledgee all relevant documents in respect of the Equity ownership. The Pledgor agrees to provide the Pledgee with all notices, orders and decisions on the pledge at the requested of the Pledgee within a reasonable period of time.

- 9.12** If the Company needs to be dissolved or liquidated in accordance with the mandatory provisions of applicable laws, after such dissolution or liquidation procedures are completed according to law, any proceeds received by the Pledgor from the Company according to law shall be granted to the Pledgee or the person designated by the Pledgee subject to PRC Laws.
- 9.13** If the equity pledged hereunder is subject to any compulsory measures implemented by the court or other government departments for any reason, the Pledgor shall make all efforts, including (but not limited to) providing other guarantees to the court or taking other measures to release such compulsory measures taken by the court or other departments against the equity.
- 9.14** The Pledgor hereby warrants to the Pledgee that it will abide by and perform all warranties, commitments, agreements, statements and conditions under this Agreement. If the Pledgor fails to perform or partially performs its warranties, commitments, agreements, statements and conditions, the Pledgor shall compensate the Pledgee for all its losses suffered therefrom.

10 Undertakings by the Company

- 10.1** The Company will use every effort to assist with the obtaining of any consent, permission, waiver, authorization of any third party or any approval, license or exemption from any governmental body or the completion of any registration or filing formalities with any governmental body (if required by law), requisite in each case for the execution and performance of this Agreement and the creation of the Equity Pledge hereunder; and will maintain the same in full force and effect during the term hereof.
- 10.2** Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to create any new pledge or any other security interest on the Pledged Equity.
- 10.3** Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to transfer the Pledged Equity.
- 10.4** Without the prior written consent of the Pledgee, the Company shall not transfer its assets or create or permit to be created any security interest or other encumbrances that may affect the rights and interests of the Pledgee in the Equity.
- 10.5** Should there arises any suit, arbitration or other claims which are likely to have an adverse effect on the Company, the Pledged Equity or the Pledgee's interest under the Transaction Agreements and this Agreement, the Company undertakes that it will notify the Pledgee in writing of the same as promptly as possible without delay and will, in accordance with the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's pledge rights and interests in and to the Pledged Equity.

- 10.6** The Company will not do or permit to be done any act or action likely to have an adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity.
- 10.7** The Company will, during the first month of each calendar quarter, submit to the Pledgee the financial statements of the Company for the preceding calendar quarter, including (without limitation) the balance sheet, the income statement and the cash flow statement.
- 10.8** The Company will, in accordance with the reasonable request of the Pledgee, take all steps and execute all documents (including without limitation any supplement hereto) necessary to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity as well as the exercise and realization by the Pledgee of such rights and interests.
- 10.9** Should the exercise of the rights of pledge hereunder result in a transfer of any Pledged Equity, the Company undertakes that it will take all measures to enable the realization of such transfer.
- 10.10** The Company agrees to be severally and jointly liable to the Pledgee for the undertakings made by the Pledgor hereunder.

11 Fundamental Changes of Circumstances

As a supplementary agreement and without contravening other provisions of the Transaction Agreements and this Agreement, if, at any time, in the opinion of the Pledgee, as a result of any promulgation of or amendment to any PRC Law, regulation or rule, or of any change in the interpretation or application of such laws, regulations or rules, or of any change in relevant registration procedures, the maintaining of the validity of this Agreement and/or the disposal of the Pledged Equity in the manner prescribed hereunder becomes illegal or contravenes such laws, regulations or rules, the Pledgor and the Company shall, on the Pledgee's written instruction and in accordance with its reasonable request, immediately take any action and/or execute any agreement or other documents so as to:

- (1) maintain the validity of this Agreement;
- (2) facilitate the disposal of the Pledged Equity in the manner prescribed hereunder; and/or
- (3) maintain or realize the security created or purported to be created hereunder.

12 Confidentiality

12.1 Irrespective of whether this Agreement has been terminated, each of the Parties shall maintain in strict confidence the following information:

- (1) The execution and performance of this Agreement and the content of this Agreement;

- (2) The trade secrets, proprietary information, and customer information of the Company or the Pledgee (hereinafter together with (1) collectively referred to as the “Confidential Information”) that it learns or receives due to the execution and performance of this Agreement.

Each Party may use such Confidential Information only for the purpose of fulfilling its obligations hereunder. Without the written permission of the other Parties, no Party may disclose the above-mentioned Confidential Information to any third party, or it shall bear the liability for breach of contract and compensate for the losses of the other Parties.

- 12.2** After the termination of this Agreement, each Party shall return, destroy or otherwise deal with all documents, materials or software containing Confidential Information, and stop using such Confidential Information, at the request of any other Party.

- 12.3** Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any dissolution or termination of this Agreement.

13 Effectiveness and Term of Agreement

- 13.1** This Agreement shall become effective when the Pledgor has legally consumed all the equity interests of the Company in accordance with the Equity Transfer Agreement.

- 13.2** The term of this Agreement shall end when the Contractual Obligations shall have been performed in full and when the Secured Indebtedness shall have been satisfied in full by the Pledgor and the Company.

14 Notice

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, a commercial courier service or facsimile transmission to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

Notices given by personal delivery, courier service, registered mail or prepaid postage shall be deemed effectively given on the date of delivery.

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Beijing Liangzizhige Technology Co., Ltd.
Address: Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People's Republic of China
Recipient: Chun Wang
Email: [***]

Shenzhen Erwan Education Technology Co., Ltd.

Address: 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People's Republic of China

Recipient: Peng Li

Email: [***]

Beijing Chuangyuqizhi Technology Co., Ltd.

Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Xihao Liu

Email: [***]

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

15 Miscellaneous

15.1 Without the prior written consent of the Pledgee, neither the Pledgor nor the Company may assign its rights, obligations or liabilities hereunder to any third party. This Agreement shall be binding upon and inure to the benefit of the Pledgor and its respective successors and permitted assigns.

However, the Pledgee may, immediately upon notice to the Pledgor and the Company, assign its rights, obligations or liabilities hereunder to any third party, without the consent of the Pledgor or the Company. The successors or permitted assignees (if any) of the Pledgor and the Company shall be obligated to continue to perform each Pledgor's and the Company's respective obligations hereunder. If the Pledgee is changed due to such assignment, at the request of the Pledgee, the Pledgor and the new pledgee shall sign a new pledge contract on the same terms and conditions as this Agreement.

15.2 The sum of the Secured Indebtedness determined by the Parties through negotiation shall constitute the conclusive evidence for the Secured Indebtedness hereunder.

15.3 This Agreement is made in Chinese with three (3) originals, one (1) for each Party, each original has the same legal effect, and additional originals may be signed for registration or filing purposes (if required).

15.4 The execution, effectiveness, performance, amendment, construction and termination of this Agreement shall be governed by the laws of the PRC.

- 15.5** Any dispute arising out of or in connection with this Agreement shall be settled by the Parties through consultations and shall, in the absence of an agreement being reached by the Parties within 30 days of its occurrence, be brought before the China International Economic and Trade Arbitration Commission for arbitration in Beijing according to its arbitration rules, and the arbitration award shall be final and binding on the Parties.
- 15.6** No right, power or remedy empowered to any Party by any provision of this Agreement shall preclude any other right, power or remedy available to such Party in accordance with law or any other provision hereof and no exercise by a Party of any of its rights, powers and remedies shall preclude its exercise of its other rights, powers and remedies.
- 15.7** No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws ("Party's Rights") shall result in a waiver of such rights; and no single or partial waiver by a Party of the Party's Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party's Rights.
- 15.8** The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 15.9** Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 15.10** Any amendment or supplement to this Agreement shall be made in writing and except where the Pledgee assigns its rights hereunder in accordance with Section 15.1, such amendments or supplements shall take effect only when properly signed by the Parties hereto.
- 15.11** This Agreement shall be binding on the legal successors of the Parties.

[No text below]

(No text on this page, this being a signature page to the *Equity Pledge Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Liangzizhige Technology Co., Ltd.

Authorized signatory: /s/ Chun Wang

/s/ Seal

(No text on this page, this being a signature page to the *Equity Pledge Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Shenzhen Erwan Education Technology Co., Ltd.

Authorized signatory: /s/ Li Meng

 /s/ Seal

(No text on this page, this being a signature page to the *Equity Pledge Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Chuangyuqizhi Technology Co., Ltd.

Authorized signatory: /s/ Wei Gao

/s/ Seal

Annex I:

Company Profile

Company Name: Beijing Chuangyuqizhi Technology Co., Ltd.

Registered address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China

Registered capital: RMB7.1793 million

Legal representative: Wei Gao

Ownership structure:

No.	Name of shareholder	Capital contribution (RMB10,000)	Ratio of contributions
1	Shenzhen Erwan Education Technology Co.,Ltd.	717.93	100%
Total		717.93	100%

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Beijing Liangzizhige Technology Co., Ltd.

Shenzhen Erwan Education Technology Co., Ltd.

and

Beijing Chuangyuqizhi Technology Co., Ltd.

Exclusive Option Agreement

April 2, 2025

Exclusive Option Agreement

This Exclusive Option Agreement (“Agreement”) is executed by and among the following Parties on April 2, 2025:

- (1) Beijing Liangzizhige Technology Co., Ltd. (the “WFOE”), a wholly foreign-owned company duly incorporated and validly existing under the laws of the People’s Republic of China, with its registered address at Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People’s Republic of China;
- (2) Shenzhen Erwan Education Technology Co., Ltd. (the “Existing Shareholder”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People’s Republic of China; and
- (3) Beijing Chuangyuqizhi Technology Co., Ltd. (the “Company”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

(In this Agreement, the above parties are individually referred to as a “Party” and collectively referred to as the “Parties”).

Whereas,

1. The Existing Shareholder has formally executed the *Equity Transfer Agreement* on April 2, 2025 with CreaVerse Technology (HK) Limited. In accordance with the terms of the *Equity Transfer Agreement*, the Existing Shareholder has legally assumed all the equity interests of the Company. The Existing Shareholder holds all equity interests of the Company according to law, the capital contribution and shareholding ratio of which being as set out in Annex I hereto.
2. The Company and the Existing Shareholder agree to grant an irrevocable and exclusive option to the WFOE, according to which, the WFOE has the right to purchase all or part of the Company’s equity interests and/or all or part of the Company’s Assets and Businesses from the Existing Shareholder to the extent permitted by PRC laws.
3. Simultaneously with the execution of this Agreement, the WFOE and the Company entered into an Exclusive Consultancy and Service Agreement (as may be amended from time to time, the “Exclusive Service Agreement”), and the WFOE, the Existing Shareholder and the Company entered into an Equity Pledge Agreement (as may be amended from time to time, the “Equity Pledge Agreement”) and a Voting Rights Proxy Agreement (as may be amended from time to time, the “Voting Rights Proxy Agreement”).

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1 Grant of Option

- 1.1** The Existing Shareholder and the Company hereby irrevocably and unconditionally grant the WFOE an irrevocable and exclusive right ("Option") to (a) require the Existing Shareholder to transfer to the WFOE and/or any one or more persons (each, a "Designee") designated by the WFOE all or part of their current or future equity in the Company (the "Equity"); or (b) require the Company to transfer to the WFOE and/or any other entity or individual designated by the WFOE all or part of its current or future assets ("Assets") and businesses ("Businesses"), to the extent permitted by PRC laws with the methods and steps determined by the WFOE and in the manner prescribed herein at one or multiple times at any time. The WFOE also agrees to accept the Option.
- 1.2** Except for the WFOE and its Designee(s), no third person shall have the Option or other rights in connection with the Equity, Assets or Businesses. The term "Equity" used herein refers to all shareholder's rights granted by PRC laws and the Company's articles of association to the Existing Shareholder due to their shareholder's qualifications, including but not limited to the right to earnings of the Company, the right to make major decisions, the right to select managers, etc. The term "Assets" used herein refers to the assets that are directly or indirectly owned or controlled by the Company from time to time in connection with the Company's business operations, including current assets, interest in external investment, fixed assets, intangible assets (including but not limited to patented and unpatented technology), deferred assets, the acquirable interests under all contracts concluded and any other benefits obtainable by the Company, including assets directly or indirectly owned or controlled by the Company's branches and offices from time to time. The term "Businesses" used herein refers to all businesses carried out by the Company from time to time. The term "Person" as used in the present section and elsewhere herein shall refer to any individual, corporation, joint venture, partnership, enterprise, trust or unincorporated organization. For the avoidance of doubt, the Option to purchase the Equity as set forth in Section 1.1 (a) above and the right to purchase the Company's Assets and Businesses as set forth in Section 1.1 (b) are not mutually exclusive. If it considers appropriate, the WFOE may exercise such rights at the same time, that is to say, the WFOE may acquire Assets and Businesses while it is transferred the Equity; the rights to purchase stipulated herein are the sole option of the WFOE, which does not mean that the WFOE has an obligation or commitment to acquire Equity and/or Assets and Businesses. For the further avoidance of doubt, the WFOE may exercise any of its rights hereunder, including the Option, at any time after this Agreement takes effect. To the fullest extent permitted by PRC laws, in case any Existing Shareholder dies or loses its civil capacity, the WFOE shall be entitled to exercise its rights hereunder, including the Option, against the Existing Shareholder or its legal heir or agent in accordance with the provisions of this Agreement.

2 Ways to exercise the Option

- 2.1 Under the conditions permitted by PRC laws, the WFOE has absolute discretion to decide when, how and how many times to exercise its Option. If, according to PRC laws then in effect, the WFOE and/or its Designee(s) is allowed to hold all of the Company's Equity or Assets and Businesses, the WFOE has the right to exercise its Option at one time or in installments, so that the WFOE and/or its Designee(s) may be transferred all Equity and/or Assets and Businesses from the Existing Shareholder or the Company at one time or in installments; if, according to PRC laws then in effect, the WFOE and/or its Designee(s) is only allowed to hold part of the Company's Equity or Assets and Businesses, the WFOE has the right to determine the amount of Equity and/or Assets and Businesses to be transferred within the scope not exceeding the upper limit proportion ("Ceiling") stipulated by PRC laws then in effect, and the WFOE and/or its Designee(s) may be transferred Equity and/or Assets and Businesses from the Existing Shareholder or the Company in such amount. In the latter case, the WFOE has the right to, with the gradual release of the Ceiling permitted by PRC laws, exercise its purchase rights in stages, so as to finally obtain all the Equity and/or Assets and Businesses. Upon each exercise, the WFOE has the right to decide the amount of Equity, Assets and Businesses to be transferred by the Existing Shareholder and/or the Company to the WFOE and/or its Designee(s) during the exercise, according to which the Existing Shareholder and the Company shall respectively transfer Equity, Assets and Businesses to the WFOE and/or its Designee(s). After each exercise, the WFOE shall issue a notice of exercise of the Option to the Existing Shareholder and/or the Company (the "Exercise Notice", the format of which is shown in Annex II hereto). Upon receipt of an Exercise Notice, the Existing Shareholder and/or the Company shall immediately transfer all the Equity, Assets and Businesses specified in the Exercise Notice to the WFOE and/or its Designee(s) in the manner described in Section 2 hereof pursuant to the Exercise Notice. The Existing Shareholder and the Company hereby severally and jointly warrant and covenant that once the WFOE issues an Exercise Notice: it shall immediately convene a shareholders' meeting and meetings of its board of directors, and thereon pass resolutions including the waiver of the right of first refusal, and take all other necessary actions, approving the transfer of the Equity, Assets and Businesses specified in the Exercise Notice to the WFOE and/or its Designee(s) at the price (the "Transfer Price") determined in accordance with Section 3 hereof; it shall immediately sign an equity transfer agreement or an asset transfer agreement with the WFOE and/or its Designee(s), and transfer the Equity, Assets and Businesses specified in the Exercise Notice to the WFOE and/or its Designee(s) at the Transfer Price; and the relevant Parties shall execute all other necessary contracts, agreements or documents (including but not limited to amendments to the Company's articles of association), obtain all necessary government licenses, permits, registrations or filings (including but not limited to alteration to the Company's business license, transfer of property right, modification of IPR registration, etc.), take all necessary actions to transfer valid ownership of the Equity, Assets and Businesses purchased to the WFOE and/or its Designee(s), free from any security interests and other unfavorable claims, and cause the WFOE and/or its Designee(s) to become the registered owner(s) thereof, so that the WFOE and/or its Designee(s) may obtain all the transferred Equity, Assets and Businesses specified in the Exercise Notice without legal defects. For the purpose of this section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and the Equity Pledge Agreement.

3. Transfer Price

- 3.1** Whenever the WFOE exercises the Option, the entire Transfer Price to be paid by the WFOE and/or its Designee(s) to the Existing Shareholder and the Company shall be the lowest price allowed by PRC laws at the time of exercise. The Existing Shareholder and the Company hereby irrevocably agree that: if the applicable law then requires that the Transfer Price of the Company's Equity must be based on the appraised value thereof, and (1) the appraised value is higher than the amount corresponding to the Company's registered capital, the Existing Shareholder and the Company will waive the part of the appraised value that is higher than the amount corresponding to the Company's registered capital in a legitimate manner, or return the difference to the WFOE and/or its Designee(s) in a legitimate manner after the receipt thereof; or (2) the appraised value is lower than the amount corresponding to the Company's registered capital, the Parties agree to take the appraised value as the Transfer Price.
- 3.2** The Existing Shareholder and the Company hereby irrevocably agree that, upon receipt of such Transfer Price from the WFOE and/or its Designee(s), it shall return the price to the WFOE and/or any other entity or individual designated by the WFOE within ten (10) working days in a manner consistent with the law.

4. Representations and Warranties

- 4.1** The Existing Shareholder hereby represents and warrants as follows, and such representations and warranties shall remain valid, as if made at the time of the transfer of Equity, Assets and Businesses.
- 4.1.1** The Existing Shareholder is a Chinese enterprise with full capacity; it has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation.
- 4.1.2** The Company is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China, with independent legal personality; it has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation.

- 4.1.3** It has full power and authority to execute and deliver this Agreement and all other documents to be executed by it in connection with the transaction contemplated by this Agreement, and has full power and authority to consummate the transactions contemplated hereunder and to perform its obligations under this Agreement and any other transfer agreement.
- 4.1.4** This Agreement has been duly and properly executed and delivered by the Existing Shareholder. This Agreement shall constitute a legal and binding obligation on it and is enforceable against it pursuant to the terms hereof.
- 4.1.5** The Existing shareholder is a legal owner of record of the Company when this Agreement comes into effect, and has complete and merchantable ownership of its Equity in the Company. Except for the rights created by this Agreement, the Equity Pledge Agreement signed with the Company and the WFOE, and Voting Rights Proxy Agreement signed with the WFOE and the Company, there is no lien, pledge, right of claim or other security interests and third party rights on the Equity, Assets and Businesses. According to this Agreement, the WFOE and/or its Designee(s) will acquire good title to the Equity, Assets and Businesses free of lien, pledge, right of claim or other security interests and third-party rights after the exercise of the Option.
- 4.1.6** Neither the execution and delivery of this Agreement or any transfer agreement nor the performance of the obligations hereunder or thereunder will: (i) cause any violation of any applicable laws; (ii) be inconsistent with the articles of association or other organizational documents of the Company; (iii) cause the violation of any contracts or instruments to which they are a party or by which they are bound, or constitute any breach under any contracts or instruments to which they are a party or by which they are bound; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 4.1.7** The Company has complied with all applicable laws and regulations applicable to asset acquisitions, and there is no pending or threatened litigation, arbitration or administrative proceedings relating to the Equity, Assets or Businesses of the Company or the Company.
- 4.2** The Company hereby represents and warrants as follows:
- 4.2.1** The Company is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China, with independent legal personality. The Company has full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may independently act as a subject of litigation.

- 4.2.2** The Company has full corporate power and authority to execute and deliver this Agreement and all other documents to be executed by it in relation to the transaction contemplated hereby, and has full corporate power and authority to consummate the transactions contemplated hereunder.
- 4.2.3** This Agreement has been duly and properly executed and delivered by the Company. This Agreement constitutes a legal and binding obligation on it.
- 4.2.4** The Existing shareholder is a legal owner of record of the Company when this Agreement comes into effect, and has complete and merchantable ownership of its Equity in the Company. The Company has good and merchantable title to all its Assets and Businesses. According to this Agreement, the WFOE and/or its Designee(s) will acquire good title to the Equity, Assets and Businesses transferred free of lien, pledge, right of claim or other security interests and third party rights after the exercise of the Option.
- 4.2.5** The Company has complete business licenses required for its operations when this Agreement comes into effect, and has full rights and qualifications to carry out its business in China. Since its establishment, the Company has been operating according to law, and there has been no actual or possible violation of the regulations and requirements of industry and commerce, taxation, culture, quality and technology supervision, labor and social security, and other government departments, and no dispute over breach of contract.
- 4.2.6** Neither the execution and delivery of this Agreement or any transfer agreement nor the performance of the obligations hereunder or thereunder will: (i) cause any violation of any applicable laws; (ii) be inconsistent with the articles of association or other organizational documents of the Company; (iii) cause the violation of any contracts or instruments to which they are a party or by which they are bound, or constitute any breach under any contracts or instruments to which they are a party or by which they are bound; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 4.2.7** The Company has no outstanding debts, except for (i) debts incurred in the ordinary course of business; and (ii) debts disclosed to the WFOE for which the WFOE's written consent has been obtained; if the Company is dissolved or liquidated as required by PRC laws, it shall sell all its Assets to the WFOE or the Designee(s) to the extent permitted by PRC laws at the lowest price permitted by PRC laws. The Company shall exempt the WFOE or its Designee(s) from any payment obligation arising therefrom to the extent permitted by applicable PRC laws then in effect; or any proceeds from the transaction shall be paid to the WFOE or its Designee(s) as part of the service fees under the Exclusive Service Agreement to the extent permitted by applicable PRC laws then in effect;

- 4.2.8 The Company has complied with all applicable laws and regulations applicable to asset acquisitions, and there is no pending or threatened litigation, arbitration or administrative proceedings relating to the Equity, Assets or Businesses of the Company or the Company.

5. Covenants of the Existing Shareholder

The Existing Shareholder hereby covenants as follows:

- 5.1 During the validity period of this Agreement, it must take all necessary measures to enable the Company to promptly obtain all business licenses required for its business operations and to keep all such licenses valid at all times.
- 5.2 During the validity period of this Agreement, without the prior written consent of the WFOE:
- 5.2.1 The Existing Shareholder may not transfer or otherwise dispose of any Equity, Assets or Businesses, or create any security interests or other third-party rights thereon;
- 5.2.2 It may not increase or decrease the Company's registered capital or otherwise change the Company's structure of registered capital;
- 5.2.3 It may not sell, transfer, mortgage or otherwise dispose of or procure the Company's management to sell, transfer, mortgage or otherwise dispose of the legitimate or beneficial interests in any Assets, Businesses or income of the Company, or allow the creation of any security interest or other encumbrance thereon (except those that occur in the ordinary course of business);
- 5.2.4 It may not execute or terminate or procure the management of the Company to execute or terminate any major agreement signed by the Company, or execute any other agreement that conflicts with the existing major agreements;
- 5.2.5 It may not procure the Company to enter into transactions that may materially affect the Company's assets, responsibilities, business operations, shareholding structure, equity held in third parties and other legitimate rights (except those that occur in the ordinary course of business);
- 5.2.6 It may not appoint or remove any director, supervisor or other managers of the Company who shall be appointed or removed by the Existing Shareholder;

- 5.2.7** It may not declare the distribution or actually distribute any distributable profits, bonus or dividends, or vote for the foregoing declaration or distribution;
- 5.2.8** It shall guarantee the valid existence of the Company and prevent the Company from termination, liquidation or dissolution;
- 5.2.9** It may not substantially modify the Company's articles of association in any form; and
- 5.2.10** It shall keep the Company from giving or borrowing loans, or from providing guarantees or giving other forms of security, or from undertaking any substantive obligations beyond the ordinary course of business.
- 5.3** During the validity period of this Agreement, it must do its utmost to develop the Company's business and guarantee legitimate and compliant operations of the Company. It will have no act or omission that may damage the Company's assets or goodwill or affect the validity of the Company's business license, and will procure the Company to perform its obligations under the Exclusive Service Agreement signed as of the date hereof. If the Existing Shareholder has any outstanding rights to the Equity under this Agreement or under the Equity Pledge Agreement signed by the Parties hereunder or under the Voting Rights Proxy Agreement granted to the WFOE as the beneficiary, unless otherwise instructed by the WFOE in writing, the Existing shareholder may not exercise such rights.
- 5.4** If the WFOE exercises the Option to purchase Assets and Businesses, after the WFOE or its Designee(s) are transferred all or part of the Company's Assets and Businesses and start the operations thereof, the Company and its affiliates may no longer engage in any way in businesses which are the same with or similar to those involved in the Businesses or Assets transferred and/or which would compete with the aforementioned businesses.
- 5.5** It shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Company's Equity, Assets, Businesses or income; to maintain the Company's ownership of all its Assets, it shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate appeals or make necessary and appropriate defenses to all claims.
- 5.6** At the request of the WFOE, it shall provide the WFOE with all materials about the Company's operations and financial status.
- 5.7** The Existing Shareholder shall procure the Company's shareholders meeting or board of directors to vote for the transfer of the Equity and/or Assets and Businesses purchased as specified in this Agreement and to take any and all other actions that the WFOE may require.

- 5.8 At the request of the WFOE at any time, the Existing Shareholder shall immediately and unconditionally transfer its Equity in the Company to the WFOE and/or the Designee(s) pursuant to the Option hereunder.

6. Covenants of the Company

- 6.1 **If the execution and performance of this Agreement and the granting of the Option hereunder require the consent, permission, waiver, authorization of any third party, or approval, permission, release from, or registration or filing with any government agency (if required by law), the Company shall satisfy such conditions.**
- 6.2 During the validity period of this Agreement, without the prior written consent of the WFOE:
- 6.2.1 The Company will not assist or allow the Existing Shareholder to transfer or otherwise dispose of any Equity, Assets or Businesses, or create any security interests or other third-party rights thereon;
 - 6.2.2 The Company may not increase or decrease the Company's registered capital or otherwise change the Company's structure of registered capital;
 - 6.2.3 The Company may not sell, transfer, mortgage or otherwise dispose of or procure the Company's management to sell, transfer, mortgage or otherwise dispose of the legitimate or beneficial interests in any Assets, Businesses or income of the Company, or allow the creation of any security interest or other encumbrance thereon (except those that occur in the ordinary course of business);
 - 6.2.4 The Company may not execute or terminate or procure its management to execute or terminate any major agreement signed by the Company, or execute any other agreement that conflicts with the existing major agreements;
 - 6.2.5 The Company may not procure the Company to enter into transactions that may materially affect the Company's assets, responsibilities, business operations, shareholding structure, equity held in third parties and other legitimate rights (except those that occur in the ordinary course of business);
 - 6.2.6 It may not declare the distribution or actually distribute any distributable profits, bonus or dividends, or vote for the foregoing declaration or distribution;
 - 6.2.7 It shall guarantee the valid existence of the Company and prevent the Company from termination, liquidation or dissolution;
 - 6.2.8 It shall keep the Company from giving or borrowing loans, or from providing guarantees or giving other forms of security, or from undertaking any substantive obligations beyond the ordinary course of business.

- 6.3 The Company may not carry out or allow any behavior or action that may have a material adverse effect on the WFOE's interest hereunder, including but not limited to: selling, transferring, mortgaging or otherwise disposing of any of its own Assets, Businesses, income or other legal rights, or allowing any security interests or other third-party rights to be imposed on such Assets, Businesses, income, or other legal rights (except those arising in the ordinary course of business).
- 6.4 If the WFOE exercises the Option to purchase Assets and Businesses, after the WFOE or its Designee(s) are transferred all or part of the Company's Assets and Businesses and start the operations thereof, the Company and its affiliates may no longer engage in any way in businesses which are the same with or similar to those involved in the Businesses or Assets transferred and/or which would compete with the aforementioned businesses.
- 6.5 At the request of the WFOE, it shall provide the WFOE with all materials about the Company's operations and financial status.
- 6.6 It shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Company's Equity, Assets, Businesses or income; to maintain the Company's ownership of all its Assets, it shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate appeals or make necessary and appropriate defenses to all claims.
- 6.7 At the request of the WFOE at any time, the Company shall immediately and unconditionally transfer its Assets and Businesses to the WFOE and/or the Designee(s) pursuant to the Option hereunder.

7. Confidentiality

- 7.1 Irrespective of whether this Agreement has been terminated, each of the Parties shall maintain in strict confidence the following information:
- (1) The execution and performance of this Agreement and the content of this Agreement;
 - (2) The trade secrets, proprietary information and customer information about the WFOE coming into its knowledge during the entry into and performance of this Agreement; and

- (3) The Company's trade secrets, proprietary information, and customer information (hereinafter together with (1) and (2) collectively referred to as the "Confidential Information") that it learns or receives as a shareholder of the Company.

Each Party may use such Confidential Information only for the purpose of fulfilling its obligations hereunder. Without the written permission of the other Party, no Party may disclose the above-mentioned Confidential Information to any third party, or it shall bear the liability for breach of contract and compensate for the losses of the other Party.

7.2 After the termination of this Agreement, each Party shall return, destroy or otherwise deal with all documents, materials or software containing Confidential Information, and stop using such Confidential Information, at the request of the other Party.

7.3 Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any dissolution or termination of this Agreement.

8. Term

This Agreement will take effect when the Existing Shareholder has legally consumed all the equity interests of the Company in accordance with the *Equity Transfer Agreement*, and shall remain effective until all Equity and/or Assets and Businesses have been transferred to the WFOE and/or the Designee(s) in accordance with the provisions of this Agreement.

9. Notice

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, a commercial courier service or facsimile transmission to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

Notices given by personal delivery, courier service, registered mail or prepaid postage shall be deemed effectively given on the date of delivery.

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Liangzizhige Technology Co., Ltd.

Address: Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Chun Wang

Email: [***]

Shenzhen Erwan Education Technology Co., Ltd.

Address: 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People's Republic of China

Recipient: Peng Li

Email: [***]

Beijing Beijing Chuangyuqizhi Technology Co., Ltd.

Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Xihao Liu

Email: [***]

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

10. Default Liabilities

10.1 The Parties agree and acknowledge that, if any Party (hereinafter the "Defaulting Party") conducts any material breach of any term of this Agreement, or materially fails to perform any of its obligations hereunder, such breach or failure shall constitute a default under this Agreement (hereinafter a "Default"), then any non-defaulting Party shall be entitled to demand the Defaulting Party to rectify such Default or take remedial measures within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial measures within such reasonable period or within 15 days following the written notice issued by the non-defaulting Party and the rectification requirement, the non-defaulting Party shall be entitled to decide to, at its discretion:

(1) Require the Defaulting Party to indemnify all the damages; or

(2) Require the specific performance of the obligations of the Defaulting Party under this Agreement, and require the Defaulting Party to indemnify all damages.

10.2 The Parties agree and confirm that, unless otherwise provided by law or this Agreement, under no circumstance may the Existing Shareholder and the Company require the termination or dissolution of this Agreement for any reason.

10.3 Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any dissolution or termination of this Agreement.

11. Miscellaneous

11.1 This Agreement is written in Chinese with three (3) originals, and one (1) for each Party. Each original has the same legal effect.

- 11.2** The execution, effectiveness, performance, amendment, construction and termination of this Agreement shall be governed by the laws of the PRC.
- 11.3** Any dispute arising out of or in connection with this Agreement shall be settled by the Parties through consultations and shall, in the absence of an agreement being reached by the Parties within 30 days of its occurrence, be brought before the China International Economic and Trade Arbitration Commission for arbitration in Beijing according to its current arbitration rules, and the arbitration award shall be final and binding on the Parties.
- 11.4** No right, power or remedy empowered to any Party by any provision of this Agreement shall preclude any other right, power or remedy enjoyed by such Party in accordance with law or any other provisions hereof and no exercise by a Party of any of its rights, powers and remedies shall preclude its exercise of its other rights, powers and remedies.
- 11.5** No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws ("Party's Rights") shall result in a waiver of such rights; and no single or partial waiver by a Party of the Party's Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party's Rights.
- 11.6** The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 11.7** Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 11.8** Once executed, this Agreement shall replace any prior legal instrument between the Parties relating to the subject matter hereof. Any amendment or supplement to this Agreement shall be made in writing and shall take effect only when properly signed by the Parties hereto.
- 11.9** Neither Party may assign any of its rights or obligations hereunder to any third party without the written consent of the other Party.
- 11.10** This Agreement shall be binding on the legal successors of the Parties.
- 11.11** Each Party shall pay any and all taxes and dues incurred thereby or levied thereon in accordance with PRC laws in connection with the preparation and execution of this Agreement and each Asset/Equity/Business transfer agreement as well as the consummation of the transactions contemplated hereunder and thereunder.

[No text below]

/s/ Seal

/s/ Seal

/s/ Seal

Annex I:

Company Profile

Company Name: Beijing Chuangyuqizhi Technology Co., Ltd.

Registered address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China

Registered capital: RMB7.1793 million

Legal representative: Wei Gao

Ownership structure:

No.	Name of shareholder	Capital contribution (RMB10,000)	Ratio of contributions
1	Shenzhen Erwan Education Technology Co., Ltd.	717.93	100%
Total		717.93	100%

Format of Exercise Notice

(1)

To: Shenzhen Erwan Education Technology Co., Ltd.

Whereas, we entered into an Exclusive Option Agreement (“Exclusive Option Agreement”) with you and Beijing Chuangyuqizhi Technology Co., Ltd.(hereinafter referred to as the “Company”) on _____, according to which, to the extent permitted by PRC laws and regulations, you shall transfer your Equity in the Company to us and/or any third party designated by us as required.

Therefore, we hereby send you this Notice as follows:

We hereby request the exercise of the option under the Exclusive Option Agreement. That is to say, we/ _____ designated by us will be transferred____% of the Company’s Equity held by you (hereinafter referred to as the “Equity Transferred”). Please transfer all the Equity Transferred to us / _____ in accordance with the terms of the Exclusive Option Agreement immediately after receiving this Notice.

Sincerely yours,

Beijing Liangzizhige Technology Co., Ltd.
(seal)

Authorized signatory: _____

Date:

Format of Exercise Notice

(II)

To: Beijing Chuangyuqizhi Technology Co., Ltd.

Whereas, we entered into an Exclusive Option Agreement (“Exclusive Option Agreement”) with you, and Shenzhen Erwan Education Technology Co., Ltd. on _____, according to which, to the extent permitted by PRC laws and regulations, you shall transfer your Assets and Businesses to us and/or any third party designated by us as required.

Therefore, we hereby send you this Notice as follows:

We hereby request the exercise of the option under the Exclusive Option Agreement. That is to say, we/ _____ designated by us will be transferred the following Assets and Businesses: _____ (hereinafter referred to as the “Assets and Businesses Transferred”). Please transfer all the Assets and Businesses Transferred to us / _____ in accordance with the terms of the Exclusive Option Agreement immediately after receiving this Notice.

Sincerely yours,

Beijing Liangzizhige Technology Co., Ltd.
(seal)

Authorized signatory: _____

Date:

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Beijing Liangzizhige Technology Co., Ltd.

Shenzhen Erwan Education Technology Co., Ltd.

and

Beijing Chuangyuqizhi Technology Co., Ltd.

Voting Rights Proxy Agreement

April 2, 2025

Voting Rights Proxy Agreement

This Voting Rights Proxy Agreement (the “Agreement”) is executed by and among the following Parties on **April 2, 2025**:

1. Beijing Liangzizhige Technology Co., Ltd. (the “WFOE”), a wholly foreign-owned company duly incorporated and validly existing under the laws of the People’s Republic of China, with its registered address at Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People’s Republic of China;
2. Shenzhen Erwan Education Technology Co., Ltd. (the “Shareholder”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at 2802, Qianhai Shimaofinancial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People’s Republic of China; and
3. Beijing Chuangyuqizhi Technology Co., Ltd. (the “Company”), a limited liability company organized and existing under the laws of the People’s Republic of China, with its registered address at Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People’s Republic of China.

(In this Agreement, the above parties are individually referred to as a “Party” and collectively referred to as the “Parties”).

Whereas,

1. Shenzhen Erwan Education Technology Co., Ltd., who has formally executed the Equity Transfer Agreement on April 2, 2025 with CreaVerse Technology (HK) Limited and has legally assumed all the equity interests of the Company, is the existing Shareholder of the Company, jointly holding 100% of the equity interest in the Company; and
2. The Shareholder intends to entrust the WFOE or the individual designated by the WFOE to exercise all rights related to equity they have in the Company as the shareholder of the Company, and the WFOE intends to accept such entrustment hereunder.

NOW, THEREFORE, the Parties, after friendly negotiations, hereby agree below:

1. Voting Right Entrustment

- 1.1 The Shareholder hereby unconditionally and irrevocably authorize and entrust the WFOE or the individual designated by the WFOE (hereinafter, the “Agent”) as the sole agent and attorney of the Shareholder, to act on behalf of the Shareholder in respect of all matters relating to shareholders’ equity pursuant to the then-effective articles of association of the Company, including but not limited to exercise the following rights (collectively the “Entrusted Rights”):
 - (1) Attending shareholders’ meetings of the Company as proxy of the Shareholders (including but not limited to extraordinary shareholders’ meetings);

- (2) Exercising voting rights on behalf of the Shareholders on all issues (including but not limited to appointment, election and removal of the legal representative, directors, supervisors, employment and dismissal of general manager, deputy general managers, officer in charge of finance and other senior management of the Company) required to be discussed and resolved by the shareholders' meeting, and selling, transferring or pledging all or part of the shareholders' equity in the Company;
 - (3) Proposing to convene shareholders' meetings (including but not limited to extraordinary shareholders' meetings); and
 - (4) Other shareholder rights under the articles of association of the Company (including such other shareholder rights as provided after amendment to such articles of association).
- 1.2 The Shareholder shall execute a Power of Attorney (in the format set forth in Annex I to this Agreement, hereinafter referred to as the "Power of Attorney") upon the execution of this Agreement. When a written notice is issued by the WFOE to the Shareholder with respect to the removal of the Agent, the Shareholder shall immediately entrust any other individual then designated by the WFOE to exercise the Entrusted Rights and execute a Power of Attorney. The new Power of Attorney shall supersede the previous one once it is executed. Except for the above circumstances, the Shareholder shall not revoke the authorization and entrustment to the Agent.
- 1.3 The Agent shall perform the entrusted obligations lawfully with diligence and duty of care within the authorization scope hereunder. The Shareholder shall acknowledge and be liable to any legal consequences arising from the Agent's exercise of the aforesaid Entrusted Rights. All acts of the Agent in respect of the Company's equity shall be deemed to be acts of the Shareholder, and all documents signed by the Agent shall be deemed to have been signed by the Shareholder, which the Shareholder shall recognize. During the term of this Agreement, the Shareholder hereby waives all rights granted to the Agent in respect of its equity by this Agreement, who shall not exercise such rights by itself.
- 1.4 The Shareholder hereby acknowledges that in exercising the aforesaid Entrusted Rights, the Agent is not required to seek the prior opinions of the Shareholder, provided that an advance notice shall be given. The Agent shall inform the Shareholder in a timely manner of any resolution or proposal on convening a shareholders' meeting (including but not limited to an extraordinary shareholders' meeting).
- 1.5 The Shareholder agrees that, the WFOE has the right to delegate or assign its rights relating to the above matters to any other person at its discretion without prior notice to or consent from the Shareholder.

2. Right to Information

For the purpose of exercising the Entrusted Rights hereunder, the Agent is entitled to have access to the information including the Company's operation, business, clients, finance, staff, etc. and access to relevant materials of the Company. The Company shall fully cooperate with the Agent in this regard.

3. Exercise of Entrusted Rights

- 3.1 The Shareholder shall provide sufficient assistance to the Agent for its exercise of the Entrusted Rights, including prompt execution of the resolutions of the shareholders' meeting of the Company or other related legal documents made by the Agent when necessary (e.g., when the submission of such documents is necessary for the approval of, or registration or filing with government authorities). If any government department requires the relevant documents to be executed by the Shareholder itself, the Shareholder shall execute such documents and take corresponding actions as instructed by the Agent.
- 3.2 If at any time within the term of this Agreement, the granting or exercise of the Entrusted Rights hereunder is unenforceable for any reason (except for default by the Shareholder or the Company), the Parties shall immediately seek a most similar substitute for the provision unenforceable and, if necessary, enter into a supplementary agreement to amend or adjust the provisions herein, so as to ensure the fulfillment of the purpose hereof.

4. Exemption and Indemnification

- 4.1 The Parties acknowledge that, in no circumstance, the Agent shall be required to be liable for or make any economic or other indemnification to any other Party hereto or any third party as a result of the exercise of the Entrusted Rights hereunder.
- 4.2 The Company and the Shareholder agree to indemnify and hold harmless the Agent against all losses which it suffers or may suffer in connection with the Agent's exercise of the Entrusted Rights, including but not limited to, any loss resulting from any litigation, demand, arbitration, claim initiated by any third party against them, and losses from administrative investigation or penalty by government authorities. However, losses suffered as a result of the intentional misconduct or gross negligence of the Agent shall not be indemnified.

5. Representations and Warranties

- 5.1 The Shareholder hereby respectively represents and warrants as follows:
- 5.1.1 The Shareholder is a Chinese enterprise with full capacity and with full and independent legal status and legal capacity, and may act independently as a subject of actions.

- 5.1.2 The Shareholder has full power and authority to execute and deliver this Agreement and all other documents to be entered into by it which are related to the transaction contemplated hereunder, as well as to consummate such transaction.
- 5.1.3 This Agreement shall be duly and lawfully executed and delivered by the Shareholder and shall constitute the legal and binding obligations, enforceable against it in accordance with the terms hereof.
- 5.1.4 The Shareholder is the registered lawful shareholder of the Company as of the effective date hereof, and except the rights created by this Agreement, the *Equity Pledge Agreement (as may be amended from time to time)* between the Shareholder and the WFOE and the *Exclusive Option Agreement* among the Shareholder, the Company and the WFOE, there is no third-party rights on the Entrusted Rights. Pursuant to this Agreement, the Agent may completely and sufficiently exercise the Entrusted Rights in accordance with the then-effective articles of association of the Company.
- 5.2 The WFOE and the Company hereby respectively represent and warrant as follows:
- 5.2.1 Each of them is a limited liability company duly registered and validly existing under the PRC laws, with an independent corporate personality, and has full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a subject of actions.
- 5.2.2 Each of them has the full internal power and authority to execute and deliver this Agreement and all other documents to be entered into by it related to the transaction contemplated hereunder, and has the full power and authority to consummate such transaction hereunder.
- 5.3 The Company further represents and warrants that the Shareholder is the registered lawful shareholder of the Company as of the effective date of this Agreement. Pursuant to this Agreement, the Agent may completely and sufficiently exercise the Entrusted Rights in accordance with the then-effective articles of association of the Company.
- 6. Confidentiality**
- 6.1 Irrespective of whether this Agreement has been terminated, each of the Parties shall maintain in strict confidence the following information:
- (1) The execution and performance of this Agreement and the content of this Agreement;

- (2) The trade secrets, proprietary information and customer information about the Company or the WFOE coming into its knowledge during the entry into and performance of this Agreement. (Hereinafter together with (1) referred to as “Confidential Information”).

Each Party may use such Confidential Information only for the purpose of fulfilling its obligations hereunder. Without the written permission of the other Party, no Party may disclose the above-mentioned Confidential Information to any third party, or it shall bear the liability for breach of contract and compensate for the losses of the other Party.

- 6.2 After the termination of this Agreement, each Party shall return, destroy or otherwise deal with all documents, materials or software containing Confidential Information, and stop using such Confidential Information, at the request of the other Party.

- 6.3 Notwithstanding any other provisions hereof, the validity of this section shall not be affected by any suspension or termination of this Agreement.

7. Term

- 7.1 This Agreement becomes effective when the Shareholder has legally consumed all the equity interests of the Company in accordance with the Equity Transfer Agreement, and shall continue in force until it is terminated in advance by written agreement of the Parties or automatically terminated in accordance with the provisions of Section 7.2 hereof or early terminated in accordance with the provisions of Section 9.1 hereof.

- 7.2 This Agreement will be automatically terminated when the equity in the Company is fully transferred to the WFOE and/or the person designated by the WFOE in accordance with the *Exclusive Option Agreement* executed by the Parties.

8. Notice

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, a commercial courier service or facsimile transmission to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

Notices given by personal delivery, courier service, registered mail or prepaid postage shall be deemed effectively given on the date of delivery.

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

For the purpose of notices, the addresses of the Parties are as follows:

Beijing Liangzizhige Technology Co., Ltd.

Address: Room 710, 5/F, Building No. 1, Zone No. 1, Ronghe Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Chun Wang

Email: [***]

Shenzhen Erwan Education Technology Co., Ltd.

Address: 2802, Qianhai Shima Financial Center Phase II, 3040 Xinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, People's Republic of China

Recipient: Peng Li

Email: [***]

Beijing Chuangyuqizhi Technology Co., Ltd.

Address: Room 1101, 11/F, Building No. 7, Zone No. 34, Chuangyuan Road, Chaoyang District, Beijing, People's Republic of China

Recipient: Xihao Liu

Email: [***]

Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

9. Default Liabilities

- 9.1 The Parties agree and acknowledge that, if any Party (hereinafter the “Defaulting Party”) commits material breach of any provision hereof, or materially fails to perform any obligation hereunder, such breach or failure shall constitute a default under this Agreement (hereinafter a “Default”), then the non-defaulting Party (hereinafter the “Non-defaulting Party”) shall be entitled to demand the Defaulting Party to rectify such Default or take remedial measures within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial measures within such reasonable period or within 15 days following the written notice issued by the Non-defaulting Party and the rectification requirement, the Non-defaulting Party shall be entitled to decide to, at its discretion: (1) dissolve this Agreement and require the Defaulting Party to indemnify all the damages; or (2) require the performance of the obligations hereunder and require the Defaulting Party to indemnify all the damages.
- 9.2 The Parties agree and acknowledge that, notwithstanding the provisions of Section 9.1 above, the Shareholder or the Company shall in no circumstance be entitled to demand for termination of this Agreement in advance unless otherwise provided by law.
- 9.3 Notwithstanding any other provisions herein, the validity of this section shall survive the dissolution or termination of this Agreement.

10. Miscellaneous

- 10.1 This Agreement is made in Chinese with three (3) originals, and one (1) for each Party. Each original has the same legal effect.
- 10.2 The execution, effectiveness, performance, amendment, construction and termination of this Agreement shall be governed by the laws of the PRC.
- 10.3 Any dispute arising from and in connection with this Agreement shall be settled through consultations among the Parties, and if the Parties fail to reach an agreement regarding such dispute within 30 days upon its occurrence, such dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the arbitration rules thereof. The arbitral award shall be final and binding on all the Parties.
- 10.4 Any rights, powers and remedies granted to any Party by any provision herein shall not preclude any other rights, powers and remedies available to such Party in accordance with laws and other provisions under this Agreement, and a Party's exercise of any of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies.
- 10.5 No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws ("Party's Rights") shall result in a waiver of such rights; and no single or partial waiver by a Party of the Party's Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party's Rights.
- 10.6 The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 10.7 Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 10.8 Any amendment or supplement to this Agreement shall be made in writing and shall take effect only when properly signed by the Parties hereto.
- 10.9 No shareholder or the Company may assign any of its rights and/or obligations hereunder to any third party without the written consent of the WFOE.
- 10.10 This Agreement shall be binding on the legal successors of the Parties.

[No text below]

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Liangzizhige Technology Co., Ltd.

Authorized signatory: /s/ Chun Wang

/s/ Seal

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Shenzhen Erwan Education Technology Co., Ltd.

Authorized signatory: /s/ Li Meng

/s/ Seal

(No text on this page, this being a signature page to the *Voting Rights Proxy Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed at the place and as of the date first above written.

Beijing Chuangyuqizhi Technology Co., Ltd.

Authorized signatory: /s/ Wei Gao

/s/ Seal

Power of Attorney

This Power of Attorney (hereinafter referred to as the “**Power of Attorney**”) was signed by Shenzhen Erwan Education Technology Co., Ltd. (unified social credit code: 91440300MA5G5ND978) (hereinafter, the “**Company**”) on _____ and issued to [_____] (ID number/ unified social credit code: [_____] (hereinafter, the “**Agent**”).

The Company, hereby grants the Agent the full right to, as the Agent of the Company and in the name of the Company, exercise all rights of the Company as the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. (hereinafter, the “Chuangyuqizhi”), including but not limited to:

- (1) Attending shareholders’ meetings (including but not limited to extraordinary shareholders’ meetings) of Chuangyuqizhi as the Agent of the Company;
- (2) Exercising voting rights on behalf of the Company on all issues (including but not limited to appointment, election and removal of the legal representative, directors, supervisors, employment and dismissal of general manager, deputy general managers, officer in charge of finance and other senior management of the Company) required to be discussed and resolved at shareholders’ meetings, and selling, transferring or pledging all or part of the equity held by the Company in Chuangyuqizhi;
- (3) Proposing to convene shareholders’ meetings (including but not limited to extraordinary shareholders’ meetings) as the Agent of the Company;
- (4) As the Agent of the Company, exercising the other shareholder rights under the articles of association of Chuangyuqizhi (including such other shareholder rights as provided after amendment to such articles of association).

The Company hereby irrevocably acknowledges that unless Beijing Liangzizhige Technology Co., Ltd. (hereinafter, the “**WFOE**”) directs the Company to change the Agent, this Power of Attorney shall continue in force from the signing date hereof until the expiration or premature termination of the Voting Rights Proxy Agreement dated [*], 2025 by and among the WFOE, Chuangyuqizhi and the Company.

The Company acknowledges and is liable to any legal consequences arising from the Agent’s exercise of the aforesaid Entrusted Rights. All acts of the Agent in respect of Chuangyuqizhi’s equity shall be deemed to be acts of the Company, and all documents signed by the Agent shall be deemed to have been signed by the Company, which the Company agrees to recognize. During the term of this Power of Attorney, the Company hereby waives all rights granted to the Agent in respect of its equity in Chuangyuqizhi, which the Company shall not exercise by itself.

It is hereby authorized.

Shenzhen Erwan Education Technology Co., Ltd.
(signature/seal)

Authorized signatory: _____
Date: _____

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Capital Increase Agreement

This “Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.” (this “Agreement”) is entered into by the following parties on March 21, 2025 (the “Execution Date”):

- (1) **Shenzhen Yiqi Culture Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimaofinancial Center, 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Company**”);
 - (2) **Dongguan Yiqiwan Culture Industry Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 402, No. 3 Longgang Zhongwu Road, Shipai Town, Dongguan City, Guangdong Province (“**Dongguan Yiqiwan**”);
 - (3) **Shenzhen Huiyu Design Culture Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimaofinancial Center, 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Huiyu**”);
 - (4) **Shenzhen Yiqiwan Culture Industry Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimaofinancial Center, 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Yiqiwan**”);
 - (5) **Beijing Yiqi Culture Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 5189, 5th Floor, Building C5, No. 1 Huangchang West Road, Dougezhuang, Chaoyang District, Beijing (“**Beijing Yiqi**”);
 - (6) **Huiyu Zhan**, a citizen of China with Chinese ID No.: [***] (the “**Founder**”);
 - (7) **Shenzhen Zhongqingwenli Culture Industry Co., Ltd.**, a limited liability company legally established and existing under the laws of China, with its registered address at Unit 02, Semi-underground 1st Floor, Block B, Building 1, Yiye Plaza, 3076 Qiaoxiang Road, Xiang'an Community, Xiangmihu Street, Futian District, Shenzhen (“**Shenzhen Zhongqingwenli**”);
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- (8) **Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)**, a limited partnership legally established and existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimao Financial Center, 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Heguangtongchen**”);
- (9) **Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)** a limited partnership legally established and existing under the laws of China, with its registered address at 2C-215T, 2nd Floor, Building 213, Tairan Technology Park, Tairan 6th Road, Tian'an Community, Shatou Street, Futian District, Shenzhen (“**Shenzhen Haoduoxiaohuoban**”, collectively with Shenzhen Zhongqingwenli and Shenzhen Heguangtongchen, referred to as the “**Shareholding Platforms**”, and the Shareholding Platforms together with Huiyu Zhan are referred to as the “**Founding Shareholders**”);
- (10) **Siyan Zheng**, a citizen of China with Chinese ID No.: [***];
- (11) **Feng Xian**, a citizen of China with Chinese ID No.: [***];
- (12) **Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)**, a limited partnership legally established and existing under the laws of China, with its registered address at Unit 22-03-45, Zone 3, South Building 6, Asia-Pacific Financial Town, Haitang District, Sanya City, Hainan Province (“**Hainan Hongchuanyuan**”);
- (13) **Shenzhen Chaowan World Information Technology Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at 18H, Microsoft Ketong Building, No. 55 Gaoxin Nanjudao, Gaoxinqu Community, Yuehai Street, Nanshan District, Shenzhen (“**Quantasing**” or “**Shenzhen Chaowan**” or the “**Capital Increase Party**” or the “**Investor**”);
- (14) **Nanjing Shangde Hehua Equity Investment Partnership (Limited Partnership)**, a partnership duly established and legally existing under the laws of China, with its registered address at Room 401-320, 4th Floor, North Building, B2 Block, No. 9 Bailongjiang East Street, Jianye District, Nanjing (“**Nanjing Shangde Hehua**”);
- (15) **Peng Li**, a citizen of China with Chinese ID No.: [***];
- (16) **Dong Xie**, a citizen of China with Chinese ID No.: [***] (collectively with the Founding Shareholders, Siyan Zheng, Feng Xian, Hainan Hongchuanyuan, Quantasing, Nanjing Shangde Hehua, and Peng Li, referred to as the “Existing Shareholders”);
- (17) **Yu Cui**, a citizen of China with Chinese ID No.: [***].

Each party to this Agreement shall be referred to individually as a “**Party**” and collectively as the “**Parties**”, and referred to mutually as the “**Other Party**” or “**Other Parties**”. The Group Companies (as defined below) and the Founding Shareholders are collectively referred to as the “**Company Parties**”.

Whereas:

- (1) The Company is primarily engaged in the business of global artist discovery, IP incubation, IP operation, copyright commercialization, and the promotion and sales of trendy toy culture and products (the “**Principal Business**”).
- (2) The Company, Siyan Zheng, Feng Xian, QIU Linfeng, Quantasing, Nanjing Shangde Hehua, Peng Li, Dong Xie, and other relevant parties entered into an Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd. on December 30, 2024, pursuant to which Quantasing, Nanjing Shangde Hehua, Peng Li, and Dong Xie acquired an aggregate of 10% equity interest in the Company (corresponding to the Company’s registered capital of RMB 1,026,865.36) from Siyan Zheng, Feng Xian, and QIU Linfeng for a total consideration of RMB 20 million (“**Equity Transfer I**”).
- (3) The Company, the Founder, and Beijing Quantasing Technology Co., Ltd. (“**Beijing Quantasing**”) entered into a Convertible Debt Agreement (the “**Convertible Debt Agreement**”) on December 6, 2024, pursuant to which Beijing Quantasing provided a loan of RMB 10 million to the Founder, and Beijing Quantasing or its designated entity had the right to acquire 5% equity interest in the Company (corresponding to the Company’s registered capital of RMB 513,432) from the Founder at a valuation of RMB 200 million; the Company, the Founder, Beijing Quantasing, and Shenzhen Chaowan entered into a Supplemental Agreement to the Convertible Debt Agreement on January 9, 2025, pursuant to which Beijing Quantasing’s rights and obligations under the Convertible Debt Agreement were transferred to Shenzhen Chaowan, and Shenzhen Chaowan has the right to convert the loan into equity in accordance with the terms of the Convertible Debt Agreement.
- (4) The Company, the Existing Shareholders, and other relevant parties entered into an Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd. (the “**Prior Capital Increase Agreement**”) on December 30, 2024, pursuant to which Quantasing and Nanjing Shangde Hehua subscribed for the Company’s newly increased registered capital of RMB 733,475 in aggregate for a total consideration of RMB 20 million.
- (5) The Company, Siyan Zheng, Feng Xian, Huiyu Zhan, Shenzhen Heguangtongchen, Shenzhen Zhongqingwenli, Shenzhen Haoduo Xiaohuoban, Hainan Hongchuanyuan, and Shenzhen Chaowan entered into an Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd. (the “**Equity Transfer II Agreement**”) on March 21, 2025, pursuant to which Shenzhen Chaowan acquired an aggregate of 33.33333% equity interest in the Company (corresponding to the Company’s registered capital of RMB 3,667,371.58 as of the Execution Date of this Agreement) from Siyan Zheng, Feng Xian, Huiyu Zhan, Shenzhen Zhongqingwenli, and Hainan Hongchuanyuan for a total consideration of RMB 100 million (“**Equity Transfer II**”).

- (6) The Company, the Founder, and Shenzhen Chaowan entered into a Debt-to-Equity Conversion Agreement for Shenzhen Yiqi Culture Co., Ltd. (the “**Debt-to-Equity Conversion Agreement**”) on March 21, 2025, pursuant to which Shenzhen Chaowan acquired 5% equity interest in the Company (corresponding to the Company’s registered capital of RMB 513,432) held by the Founder for a consideration of RMB 10 million, and the principal amount of the Convertible Debt under the Convertible Debt Agreement of RMB 10 million was fully converted into the aforementioned Equity Transfer consideration (“**Debt-to-Equity Conversion**”).
- (7) Peng Li and Yu Cui entered into an Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd. (the “**Equity Transfer III Agreement**”) on March 21, 2025, pursuant to which Peng Li transferred his 0.42000% equity interest in the Company (corresponding to the Company’s registered capital of RMB 46,208.88) to Yu Cui for a consideration of RMB 900,000 (“**Equity Transfer III**”).
- (8) Pursuant to the Capital Contribution Transfer Agreement entered into by Huiyu Zhan and SHI Bo on March 17, 2025, SHI Bo transferred his capital contribution of RMB 124,000.04 in Shenzhen Heguangtongchen to Huiyu Zhan; pursuant to the Capital Contribution Transfer Agreement entered into by Huiyu Zhan and LIU Jing on March 17, 2025, LIU Jing transferred her capital contribution of RMB 55,010.57 in Shenzhen Heguangtongchen to Huiyu Zhan. The above transfers of partnership interests are referred to as the “**Shenzhen Heguangtongchen Partnership Interest Transfer**”.
- (9) Pursuant to the Capital Contribution Transfer Agreement entered into by Huiyu Zhan and WANG Ziyu on March 14, 2025, WANG Ziyu transferred her capital contribution of RMB 513,431.99 in Shenzhen Haoduoxiaohuoban to Huiyu Zhan. The above transfer of partnership interest is referred to as the “**Shenzhen Haoduoxiaohuoban Partnership Interest Transfer**”.
- (10) Subject to the terms and conditions of this Agreement, the Capital Increase Party intends to subscribe for a certain amount of the newly increased registered capital of the Company, and the Company intends to accept the investment from the Capital Increase Party.

Now, therefore, the Parties hereby agree as follows:

1 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

“**Encumbrance**” means any mortgage, pledge, lien, option, pre-emptive right, or security interest of any nature or any arrangement creating a security interest, purchase option, or title retention arrangement arising by contract or operation of law;

“**Business Day**” means any day on which commercial banks are generally open for business in China (excluding Saturdays, Sundays, and statutory holidays in China);

“**Equity**” means the corresponding share in the registered capital when the Company is a limited liability company, or the corresponding shares of the Company if the Company is converted into a company limited by shares;

“**Equity Interest**” means, with respect to any person, such person’s equity, shareholder equity, partnership interest, registered capital, joint venture interest, or other form of ownership interest, or any option, warrant, or other security that is directly or indirectly convertible into, exercisable for, or exchangeable for such equity, shareholder equity, partnership interest, registered capital, joint venture interest, or other form of ownership interest (regardless of whether such derivative security is issued by such person);

“**Key Employees**” means the natural persons listed in Appendix I to this Agreement;

“**Affiliate**” includes affiliated enterprises and affiliated persons. “**Affiliated Enterprise**” means any company or enterprise shall be deemed to be associated with or an affiliate of any party to this Agreement if: (a) fifty percent (50%) or more of its registered capital or voting power is directly or indirectly owned by such party; or (b) it directly or indirectly owns fifty percent (50%) or more of the registered capital or voting power of such party; or (c) fifty percent (50%) or more of its registered capital or voting power and that of such party are directly or indirectly owned by the same company or enterprise; or (d) it directs, formulates, or controls the direction of the management and policies of such party through contract or otherwise; or (e) a company or enterprise where an Affiliated Person serves as a director, partner, or which is directly or indirectly owned fifty percent (50%) or more by an Affiliated Person or otherwise controlled by an Affiliated Person; “**Affiliated Person**” means, with respect to a natural person, his/her immediate family members, including parents, spouse, siblings and their spouses, children and their spouses;

“**Group Companies**” means the Company, Dongguan Yiqiwan, Shenzhen Huiyu, Shenzhen Yiqiwan, Beijing Yiqi, and any entities established or to be established or acquired in the future in which the foregoing entities directly or indirectly (including but not limited to through third-party nominee holding) hold controlling interests (including but not limited to subsidiaries, branches, partnerships, branch offices, offices, or other forms of entities);

“**Person**” means any natural person, legal person, partnership, limited liability company, company limited by shares, association, trust, unincorporated organization, or any other legal entity of whatever nature established under any applicable law, or any governmental authority;

“**Applicable Law**” means, with respect to any Person, any publicly available, effective, and applicable treaty, law, administrative regulation, local regulation, rule, decision, order, judicial interpretation, judgment, ruling, arbitral award, or other normative document that is applicable to or binding on such Person or any of its properties;

“**Writing**” means communications conveyed by letter, email, or fax;

“**Tax and Fee**” means any and all taxes or fees levied by relevant government departments; “**Tax**” shall be construed accordingly;

“**Action**” includes any claim, legal action, proceeding, suit, litigation, or arbitration involving the Company;

“**Governmental Authority**” means any government or subordinate entity thereof having jurisdiction, any department or agency of any government or subordinate entity thereof, any legislative body, court, or arbitral tribunal, and the regulatory authority of any stock exchange;

“**Material Adverse Effect**” means any matter, circumstance, event, change, effect, individually or together with other matters, circumstances, events, changes, effects, that (a) has or would reasonably be expected to have a material adverse effect on the business, operations, development, assets, properties (including intellectual property), Key Employees, financial condition, or operating results of the Group Companies, or the Qualified Initial Public Offering (as defined in the Shareholders’ Agreement) of the Group Companies; or (b) has or would reasonably be expected to have a material adverse effect on the ability of the Company Parties to perform their obligations under this Agreement;

“**Chinese Law**” means the publicly available, effective treaties, laws, administrative regulations, local regulations, rules, decisions, orders, judicial interpretations, judgments, rulings, arbitral awards, or other normative documents of China;

“**Intellectual Property**” shall include granted patents, patent applications, trademarks, service marks, designs, copyrights, technical drawings, trade names, database rights, internet domain names, brand names, computer software programs and systems, know-how, confidential information, and other industrial or commercial intellectual property rights, and all application documents for applying for registration or protection of the foregoing;

“**Yuan**” or “**RMB**”, unless otherwise specified, refers to the legal currency of China, Renminbi Yuan.

2 Overall Transaction

2.1 Equity Structure of the Company

As of the Execution Date, the registered and actual equity structure of the Company with the Market Supervision Administration is as follows:

No	Shareholders	Registered capital (RMB)	Percentage
1.	Huiyu Zhan	1,700,924.30	15.45998%
2.	Shenzhen Heguangtongchen	850,000.00	7.72579%
3.	Feng Xian	327,164.24	2.97365%
4.	Shenzhen Zhongqingwenli	2,519,597.61	22.90103%
5.	Shenzhen Haoduo Xiaohuoban	1,961,504.27	17.82843%
6.	Siyan Zheng	342,287.99	3.11111%
7.	Hainan Hongchuan Yuan	1,540,295.96	14.00000%
8.	Shenzhen Chaowan	1,107,546.58	10.06667%
9.	Nanjing Shangde Hehua	396,077.78	3.60001%
10.	Peng Li	174,566.88	1.58667%
11.	Dong Xie	82,149.12	0.74667%
-	Total	11,002,114.73	100.00000%

Note: The rounding differences in equity percentages are due to rounding during data calculation.

The Parties confirm that, upon completion of Equity Transfer II, Equity Transfer III, and the Debt-to-Equity Conversion in accordance with the Equity Transfer II Agreement, Equity Transfer III Agreement, and the Debt-to-Equity Conversion Agreement, the equity structure of the Company shall be as follows:

No	Shareholders	Registered capital (RMB)	Percentage
1.	Shenzhen Heguangtongchen	850,000.00	7.72579%
2.	Feng Xian	272,153.67	2.47365%
3.	Shenzhen Zhongqingwenli	791,162.77	7.19101%
4.	Shenzhen Haoduo Xiaohuoban	1,961,504.27	17.82843%
5.	Siyang Zheng	232,266.84	2.11111%
6.	Hainan Hongchuan Yuan	953,883.24	8.67000%
7.	Shenzhen Chaowan	5,288,350.16	48.06666%
8.	Nanjing Shangde Hehua	396,077.78	3.60001%
9.	Peng Li	128,358.00	1.16667%
10.	Dong Xie	82,149.12	0.74667%
11.	Yu Cui	46,208.88	0.42000%
-	Total	11,002,114.73	100.00000%

Note: The rounding differences in equity percentages are due to rounding during data calculation.

2.2 Equity Structure of the Shareholding Platforms as of the Execution Date

As of the Execution Date, the registered and actual equity structure of Shenzhen Zhongqingwenli with the Market Supervision Administration is as follows:

Shareholders	Registered capital (RMB)	Percentage
Huiyu Zhan	500,000	100.0000%
Total	500,000	100.0000%

As of the Execution Date, the registered and actual equity structure of Shenzhen Heguangtongchen with the Market Supervision Administration is as follows:

Partners	Investment amount (RMB)	Percentage
Shenzhen Zhongqingwenli	632,999.93	74.47058%
Shi Bo	124,000.04	14.58824%
Liu Jing	93,000.03	10.94118%
Total	850,000.00	100.00000%

Upon completion of the Shenzhen Heguangtongchen Partnership Interest Transfer, the registered and actual equity structure of Shenzhen Heguangtongchen with the Market Supervision Administration shall be as follows:

Partners	Investment amount (RMB)	Percentage
Shenzhen Zhongqingwenli	632,999.93	74.47058%
Huiyu Zhan	179,010.61	21.06007%
Liu Jing	37,989.46	4.46935%
Total	850,000.00	100.00000%

As of the Execution Date, the registered and actual equity structure of Shenzhen Haoduoxiaohuoban with the Market Supervision Administration is as follows:

Partners	Investment amount (RMB)	Percentage
Shenzhen Zhongqingwenli	1,104,072.85	56.28705%
Wang Zhiyu	513,431.99	26.17542%
Yao Siqu	215,641.43	10.99368%
Mai Wenjie	128,358.00	6.54385%
Total	1,961,504.27	100.00000%

Upon completion of the Shenzhen Haoduoxiaohuoban Partnership Interest Transfer, the registered and actual equity structure of Shenzhen Haoduoxiaohuoban with the Market Supervision Administration shall be as follows:

Partners	Investment amount (RMB)	Percentage
Shenzhen Zhongqingwenli	1,104,072.85	56.28705%
Huiyu Zhan	513,431.99	26.17542%
Yao Siqu	215,641.43	10.99368%
Mai Wenjie	128,358.00	6.54385%
Total	1,961,504.27	100.00000%

- 2.3.1 The Parties agree that, subject to the terms and conditions of this Agreement, the registered capital of the Company shall be increased from RMB 11,002,114.73 to RMB 14,669,486.31. The entire newly increased registered capital of the Company of RMB 3,667,371.58 shall be subscribed for by the Capital Increase Party, whereby the Capital Increase Party shall invest RMB 100 million (the “**Capital Increase Subscription Price**”) at a pre-investment valuation of RMB 300 million to subscribe for the newly increased registered capital of the Company of RMB 3,667,371.58 (the “**Newly Increased Registered Capital**”). The remaining portion of the Capital Increase Subscription Price shall be allocated to the Company’s capital reserve (the “**Capital Increase II**” or “**Phase II Capital Increase**”, collectively with the Debt-to-Equity Conversion, Equity Transfer II, and Equity Transfer III, referred to as the “Transaction”).
- 2.3.2 The Parties confirm that, prior to the completion of Capital Increase I (as defined in the Prior Capital Increase Agreement), the Founder had reserved 2.1132% of the Company’s equity (corresponding to the Company’s registered capital of RMB 216,997) as a reserved employee equity pool available for future grants (the “**Reserved Incentive Equity**”). Specifically, the Founder reserved his equity interest in Shenzhen Heguangtongchen held through Shenzhen Zhongqingwenli (corresponding to 2.1132% of the Company’s equity, i.e., RMB 216,997 of registered capital) as the reserved employee equity pool for incentivizing employees.
- 2.3.3 The Parties agree that, after the closing of the Transaction, the Company shall, at an appropriate time, issue additional equity to the then employee shareholding platforms or reserve incentive equity equivalent to 6.65% of the Company’s equity after the completion of the Transaction and the issuance of such additional incentive equity (such percentage of Company incentive equity corresponds to RMB 1,045,014.29 of the Company’s registered capital; if it involves reservation or issuance of shares by an overseas entity after domestic and overseas restructuring in the future, the aforementioned registered capital amount shall be adjusted to the corresponding share capital of the overseas entity based on the then overseas share capital structure) (the “**Additional Incentive Equity**”) as a reserved employee equity pool available for future grants. At that time, the Company will have an aggregate of 8.0309% of the Company’s equity after the completion of the Transaction and the issuance of the Additional Incentive Equity (such percentage of Company incentive equity corresponds to RMB 1,262,011.29 of the Company’s registered capital; if it involves reservation or issuance of shares by an overseas entity in the future, the aforementioned registered capital amount shall be adjusted to the corresponding share capital of the overseas entity based on the then overseas share capital structure) (the “**Reserved Incentive Equity Pool**”) as a reserved employee equity pool available for future grants, comprising the Reserved Incentive Equity and the Additional Incentive Equity. Such Reserved Incentive Equity Pool shall be granted or transferred to the Company’s employees, advisors, directors, or other individuals or entities selected by the Board of Directors pursuant to an employee incentive plan approved by the China Securities Regulatory Commission and the relevant intended listing exchange, and approved by the Board of Directors (which approval must include the affirmative vote of the Investor Director (as defined below)), in the form of options, restricted equity, or other methods, at fair market value or other price determined by the Board of Directors. Such employee incentive plan shall vest annually over a period of four (4) years from the date of equity/option grant (the specific vesting rules shall comply with the provisions of this Agreement and the Shareholders’ Agreement). Without the prior written consent of the Investor and the Founder, the Company shall not issue any incentive equity that dilutes the equity of the Company held by the Investor and the Founder. For the purpose of the domestic and overseas restructuring of the Company mentioned in Section 2.4, after the implementation of the restructuring, the employee incentive equity under this section shall be reflected at the level of the overseas company. The Parties agree that the Reserved Incentive Equity Pool, including the Reserved Incentive Equity and the Additional Incentive Equity, shall be directly reflected at the level of the overseas company, and the Parties shall cooperate in signing necessary legal documents. The Parties further agree and confirm that the provisions regarding employee incentive equity under Section 2.6.1 of the Prior Capital Increase Agreement shall automatically terminate as of the Execution Date of this Agreement and be replaced by this section.

2.3.4 Upon completion of Equity Transfer II, Equity Transfer III, the Debt-to-Equity Conversion, and Capital Increase II, the equity structure of the Company shall be as follows:

No	Shareholders	Registered capital (RMB)	Percentage
1.	Shenzhen Heguangtongchen	850,000.00	5.79434%
2.	Feng Xian	272,153.67	1.85524%
3.	Shenzhen Zhongqingwenli	791,162.77	5.39326%
4.	Shenzhen Haoduo Xiaohuoban	1,961,504.27	13.37132%
5.	Siyan Zheng	232,266.84	1.58333%
6.	Hainan Hongchuan Yuan	953,883.24	6.50250%
7.	Shenzhen Chaowan	8,955,721.74	61.05000%
8.	Nanjing Shangde Hehua	396,077.78	2.70001%
9.	Peng Li	128,358.00	0.87500%
10.	Dong Xie	82,149.12	0.56000%
11.	Yu Cui	46,208.88	0.31500%
-	Total	14,669,486.31	100.00000%

Note: The rounding differences in equity percentages are due to rounding during data calculation.

2.4 Domestic and Overseas Restructuring Arrangement of the Company. The Parties acknowledge and agree that, after the Closing Date, the Company shall implement a domestic and overseas restructuring arrangement in accordance with the plan approved by the shareholders' meeting at that time (which must include the consent of Quantasing), so that the Company is restructured into an overseas company controlling domestic entities. The Parties shall ensure that the arrangements related to the Debt-to-Equity Conversion, Equity Transfer II, Equity Transfer III, Capital Increase II, and the employee incentive equity under Section 2.3 can be fully implemented at the level of the restructured overseas company, and ensure that the rights and interests of the Parties are substantially respected and satisfied during and after the implementation of the Company's domestic and overseas restructuring. The Parties agree to cooperate in the implementation of the aforementioned restructuring and sign necessary legal documents to achieve the purpose of the aforementioned restructuring.

2.5 Waiver

The Existing Shareholders agree to and approve the Transaction. Each Existing Shareholder (excluding Shenzhen Chaowan) hereby agrees to waive its pre-emptive right, co-sale right, and other similar rights with respect to the equity transfers involved in the Transaction, and waive its pre-emptive subscription right and other similar rights with respect to the Newly Increased Registered Capital.

2.6 Payment of Investment Amount

- 2.6.1 The tenth (10th) Business Day after all the Capital Increase II Conditions Precedent set forth in Section 3.1 of this Agreement have been satisfied or waived in writing by the Capital Increase Party, or such other date as determined in writing by the Parties, shall be the closing date (the “**Closing Date**”). If the Parties determine the Closing Date in writing separately, the Parties shall sign a written confirmation in the form set out in Appendix VII to this Agreement. The Parties further agree that if the Capital Increase II Conditions Precedent set forth in Section 3.1 of this Agreement are not fully satisfied and the Parties fail to sign the written confirmation set out in Appendix VII, and the Capital Increase Party has paid the Capital Increase Subscription Price, the Capital Increase Party has the right to unilaterally send a written notice to the Company at any time to determine the Closing Date, and the Closing Date shall be the date specified in the written notice issued by the Capital Increase Party.
- 2.6.2 The Capital Increase Party shall, within ten (10) Business Days after all the Capital Increase II Conditions Precedent set forth in Section 3.1 of this Agreement have been satisfied or waived in writing by the Capital Increase Party, remit the Capital Increase Subscription Price payable by it to the bank account designated by the Company (the “**Company Designated Account**”).
- 2.6.3 The Company Parties shall deliver to the Investor on the Closing Date: (a) a copy of the capital contribution certificate evidencing the Investor’s capital contribution in the Company (affixed with the company seal); (b) a copy of the register of shareholders showing the Investor as a shareholder of the Company and holding capital contribution in the Company (affixed with the company seal); and (c) the handover list set out in Appendix VI to this Agreement.
- 2.6.4 Unless otherwise agreed, from the Closing Date and provided that the Capital Increase Party has not breached the payment arrangements agreed in this Section 2.6, the Capital Increase Party shall become a shareholder of the Company and enjoy all shareholder rights in accordance with the Transaction Documents, regardless of whether the relevant industrial and commercial registration changes with the Market Supervision Administration have been completed.

3 Capital Increase II Conditions Precedent

- 3.1 The obligation of the Capital Increase Party to pay the Capital Increase Subscription Price under Section 2.6 of this Agreement is subject to the satisfaction or written waiver by the Capital Increase Party of the following conditions (the “**Capital Increase II Conditions Precedent**”):
- 3.1.1 Due Diligence. The Capital Increase Party has completed legal, financial, and business due diligence with results satisfactory to the Capital Increase Party.

- 3.1.2 Internal Approval of Capital Increase Party. The Capital Increase Party shall have obtained its internal approvals (including approval of internal processes) for Capital Increase II.
- 3.1.3 Representations and Warranties. The representations and warranties in Appendix IV of this Agreement remain true, accurate, complete, and not misleading from the Execution Date until the Closing Date.
- 3.1.4 Transaction Documents. The Company and the Existing Shareholders and other relevant parties have delivered to the Capital Increase Party this Agreement duly executed by the Parties, the shareholders' agreement in the form and content set out in Appendix II to this Agreement (the "**Shareholders' Agreement**"), the articles of association of the Company in the form and content set out in Appendix III to this Agreement (the "**Amended Articles of Association**"), and other ancillary agreements and documents necessary to complete the Transaction (collectively referred to as the "**Transaction Documents**").
- 3.1.5 Approvals, Consents, and Waivers. The Company and the Existing Shareholders shall have obtained all approvals, consents (including but not limited to the consent of lending banks), and waivers required to complete the Transaction, including but not limited to resolutions/decisions formally passed by the Company's shareholders' meeting and board of directors, the shareholders and directors of Shenzhen Zhongqingwenli, and the partners' meetings of Shenzhen Heguangtongchen and Shenzhen Haoduoxiaohuoban approving the Transaction (the "**Company Resolutions**"), and copies of such resolutions have been provided to the Capital Increase Party. The Company Resolutions shall include the following:
- (a) Approval of the Transaction;
 - (b) Approval of the terms of the Transaction Documents and their execution and performance;
 - (c) Agreement that the board of directors shall consist of 4 directors, including 2 directors appointed by Quantasing (the "**Investor Director**"); and
 - (d) Waiver by the Existing Shareholders (excluding Shenzhen Chaowan) of their pre-emptive rights, co-sale rights, and other similar rights with respect to the equity transfers under the Transaction, and waiver of their pre-emptive subscription rights and other similar rights with respect to the Newly Increased Registered Capital.

- 3.1.6 Industrial and Commercial Registration Changes. The Company has completed the relevant industrial and commercial registration change and filing procedures with the Market Supervision Administration for the Transaction, including but not limited to applying for the registration of the Investor as a shareholder of the Company, registration of the Investor Director as a director of the Company, and filing of the Amended Articles of Association with the administration, and the Company has submitted the industrial and commercial certification documents to the Investor.
- 3.1.7 Agreements with Founder and Key Employees. The Company has entered into labor contracts, confidentiality agreements, intellectual property assignment agreements, and non-competition agreements with the Founder and the Key Employees in form and content satisfactory to the Investor, and such agreements shall include terms relating to confidentiality, non-competition, and intellectual property assignment satisfactory to the Investor.
- 3.1.8 Performance of Obligations. The Company and the Existing Shareholders have fully performed their respective commitments, obligations, and agreements under this Agreement that are required to be performed or complied with prior to the Closing Date.
- 3.1.9 No Material Adverse Effect. There exists no circumstance that has a Material Adverse Effect on any business operation, financial condition, or assets of the Company.
- 3.1.10 Litigation and Other Legal Proceedings. There is no judgment, ruling, order, or injunction of any applicable law, court, arbitral institution, or relevant Governmental Authority that restricts, prohibits, or cancels the Transaction, nor is there any pending or potential litigation, arbitration, judgment, ruling, order, or injunction that has or would have a Material Adverse Effect on the Transaction.
- 3.1.11 Closing Certificate. The Company Parties have issued a closing certificate to the Capital Increase Party, certifying that the Capital Increase II Conditions Precedent set forth in Section 3.1 of this Agreement (excluding Sections 3.1.1 and 3.1.2) have been fully fulfilled or satisfied.
- 3.1.12 Payment Notice. The Company has issued a payment notice to the Capital Increase Party in form and content meeting its requirements.
- 3.1.13 Other Closing Conditions. The Company and its shareholders and other relevant parties have entered into Transaction Documents satisfactory to the Investor for the Debt-to-Equity Conversion and Equity Transfer II transactions, and the closing conditions under such Transaction Documents have been satisfied.
- 3.2 The Company Parties undertake that they will use their best efforts to ensure that the conditions precedent set forth in Section 3.1 of this Agreement are satisfied as soon as possible. If the Capital Increase II Conditions Precedent are not satisfied or waived by the Capital Increase Party within ninety (90) days after the Execution Date of this Agreement, the Capital Increase Party has the right to notify the Company in writing at any time and terminate this Agreement (“**Withdrawal from Transaction**”).

- 3.3 If the Capital Increase Party waives in writing any one (or more) of the Capital Increase II Conditions Precedent, unless the Capital Increase Party otherwise specifies in writing, such waived Capital Increase II Conditions Precedent shall automatically become post-closing obligations of the Company Parties towards the Investor.

4 Representations and Warranties of the Company Parties

The Company Parties jointly and severally make the representations and warranties to the Investor as set forth in Appendix IV to this Agreement and ensure that such representations and warranties are true, complete, accurate, and not misleading on both the Execution Date and the Closing Date.

5 Undertakings

5.1 Interim Undertakings

From the Execution Date until the Closing Date, the Company Parties jointly and severally undertake the following to the Investor:

- 5.1.1 Operate in Ordinary Course of Business. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, conduct their business in the ordinary course of business, use best efforts to preserve the business organization intact, maintain relationships with third parties and retain existing management personnel and employees, and maintain the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).
- 5.1.2 Provision of Information. During the normal working hours of the Group Companies, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, provide the Investor and its representatives with information concerning the Group Companies as reasonably requested by them, including but not limited to fully providing the Investor's appointed lawyers, accountants, and other representatives with all accounts, records, contracts, technical data, personnel data, management information, and other documents of the Group Companies. The Company Parties agree that the Investor has the right to conduct prudent review of the financial, asset, and operational status of the Group Companies at any time prior to the Closing Date. In addition, the Company Parties shall promptly notify the Investor in writing of any breach of this Agreement by any Company Party that has occurred or is expected to occur.

The Company Parties shall promptly inform the Investor in writing of the following matters and discuss with the Investor the impact of the following matters on the Group Companies, thereby ensuring the stable operation of the Group Companies in a reasonable manner:

- (a) Any changes in the equity structure, financial condition, assets, liabilities, business, prospects, or operations of the Group Companies that have or may have a Material Adverse Effect on the Group Companies;
- (b) The signing of agreements containing non-standard terms (including but not limited to exclusivity terms, restrictive terms, long-term, onerous terms) and any agreements or proposals, intentions regarding the foregoing matters; and
- (c) The progress of government department approvals/registrations (if applicable).

5.1.3 Third-Party Transactions. The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, senior management, and representatives to (a) deal with the Investor and its Affiliates on an exclusive basis regarding matters related to the Transaction; (b) not conduct any other transaction similar to the Transaction or inconsistent with the transactions contemplated by the Transaction Documents (any such transaction referred to as a “**Third-Party Transaction**”); (c) immediately terminate any discussions or negotiations with any person regarding a Third-Party Transaction and thereafter not conduct or engage in discussions or negotiations with any person regarding a Third-Party Transaction, nor provide any information to any person regarding a Third-Party Transaction; and (d) not encourage any inquiries or proposals regarding possible Third-Party Transactions or take any other action to facilitate such inquiries or proposals. If the Company Parties receive any inquiry from any other party regarding a possible Third-Party Transaction, they shall promptly notify the Investor.

5.1.4 Restrictions on Actions. Without limiting the generality of Section 5.1.1 of this Agreement, unless with the prior written consent of the Investor, the Company Parties other than the Group Companies shall, within their capacity, cause the Group Companies not to take, and the Group Companies shall not take, any of the following actions (except for actions required by the Transaction):

- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge, or redeem any registered capital or equity;
- (b) Take any action that may result in the dilution of the Company equity held by the Investor after the Closing, by amending its articles of association or through reorganization, merger, sale of equity, consolidation, or asset sale or otherwise;
- (c) Sell, lease, transfer, license, or assign any assets, except in the ordinary course of business consistent with past practices;

- (d) Incur or create any liabilities, responsibilities, obligations, or expenses totaling more than RMB 100,000 (or equivalent in other currency), except those incurred in the ordinary course of business;
- (e) Make any capital expenditure exceeding RMB 100,000 (or equivalent in other currency), except those made in the ordinary course of business;
- (f) Create any Encumbrance on any asset;
- (g) License any Intellectual Property of the Group Companies to external parties, allow any Intellectual Property of the Group Companies to expire, be abandoned, donated, or waived, or disclose any important trade secrets, formulas, processes, know-how, or other Intellectual Property of the Group Companies that were not public information prior to disclosure, except as required by law or disclosed under a confidentiality agreement;
- (h) Enter into any material contract outside the normal business operations, amend or adjust any important terms of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay, and make any dividend distribution or allocation;
- (j) Enter into any transaction with an Affiliate;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interest in any other entity;
- (m) Formulate or adopt any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;
- (n) Take any other actions that may have actual or potential adverse effects on the transactions under this Agreement or may have any actual or potential adverse effects on the operations and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including but not limited to signing investment intention letters, commitment letters, or consent letters.

After the Closing Date, the Company Parties jointly and severally undertake the following to the Investor (the Founder's liability for compensation or indemnification to the Investor for breach of such post-closing undertakings shall be limited to the fair market value of all Company equity directly and/or indirectly held by the Founder at such time (for the avoidance of doubt, the Founder shall actively realize the value of his equity holdings at fair market value, and the Investor has the right to require the Founder to sell his equity to a bona fide buyer sought by the Investor), and shall not involve any personal or family property other than the Company equity):

- 5.2.1 Use of Capital Increase Subscription Price. Unless otherwise provided in this Agreement or agreed by the Parties, the Group Companies shall use the entire Capital Increase Subscription Price obtained from the Transaction for the Principal Business and other purposes approved by the Investor, in accordance with the Company's budget and business plan approved by the Company's board of directors (including the consent of the Investor Director). Without the prior written consent of the Investor, the Group Companies shall not use the Capital Increase Subscription Price for any other purposes, including but not limited to repaying debts of the Group Companies (including but not limited to repaying shareholder loans, employee, Affiliate loans, or any third-party loans), distributing dividends or repurchasing the Company's equity, making external investments, providing loans to any third party, or providing guarantees for any third party.
- 5.2.2 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all respects with all Applicable Laws, and that any and all necessary permits and licenses of the Group Companies are legal, valid, and fully effective. If any matter or activity involved in the Principal Business requires relevant business permits according to relevant Applicable Laws or requirements of Governmental Authorities, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.
- 5.2.3 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, usage rights, and relevant government registrations for all Intellectual Property required for the Principal Business (including but not limited to patents, trademarks, copyrights, know-how, domain names, and trade secrets), take sufficient measures to protect such Intellectual Property, and shall ensure that they do not infringe or illegally use any Intellectual Property in which any third party enjoys any right, ownership, or interest. If it involves Intellectual Property developed in cooperation with a third party, the Company shall ensure that it has independent or co-ownership or exclusive usage rights to such Intellectual Property. If the Company Parties fail to timely obtain Intellectual Property related to their Principal Business or authorization to use such Intellectual Property, or if their business operations infringe the Intellectual Property of a third party as the rights holder, then (i) the Company Parties shall resolve the issue as soon as possible, and (ii) if any direct or indirect damage is caused to the Investor's investment interests under this Transaction due to the aforementioned circumstances, the Company Parties shall be jointly and severally liable for compensation.

- 5.2.4 Corporate Governance Structure and Enterprise System. After the Closing Date, the Group Companies shall, in accordance with the Company Law and relevant national laws and regulations, establish and improve their corporate governance structure and enterprise system, including but not limited to establishing a decision-making system for connected transactions, etc., to standardize matters such as connected transactions, competition with the Company, external guarantees, and external investments of the Group Companies, and ensure the standardized operation of the Group Companies. Such internal control systems shall be satisfactory to the Investor.
- 5.2.5 Labor Contracts, Confidentiality Agreements, Intellectual Property Assignment Agreements, and Non-Competition Agreements. After the Closing Date, the Group Companies shall enter into labor contracts, confidentiality agreements, intellectual property assignment agreements, and non-competition agreements with employees other than the Founder and Key Employees, which shall be substantially consistent in form and content with the labor contracts, confidentiality agreements, intellectual property assignment agreements, and non-competition agreements entered into with the Founder and Key Employees as described in Section 3.1.7 of this Agreement.
- 5.2.6 Labor and Social Security/Housing Fund. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, continuously make full and timely contributions for social insurance and housing fund for all employees in accordance with the standards prescribed by Applicable Laws, and withhold and remit individual income tax in full and on time in accordance with the law. Regardless of whether disclosed or not, if the Group Companies are subject to administrative penalties due to violations of laws or regulations in labor employment or social security/housing fund contributions, or if this has any adverse impact on the Company's future listing, the Company Parties shall be responsible for resolving the issue and bearing corresponding compensation liability. If any direct or indirect damage is caused to the Investor's investment interests under this Transaction as a result thereof, the Company Parties shall compensate for such damage.
- 5.2.7 Full-Time Commitment and Non-Competition. The Founder and Key Employees shall devote their full time, energy, skills, and efforts exclusively to the operation of the Group Companies, and the Founder and Key Employees shall use their best efforts to promote the development of the Group Companies and seek benefits for the Group Companies. Without the prior written consent of the Investor, the Founder and Key Employees shall not hold positions, part-time jobs, or provide advisory services or similar services to other enterprises. The Founder owes fiduciary and diligent duties to the Group Companies and shall not engage in any activities that harm the interests of the Group Companies and/or any shareholders including the Investor. Furthermore, during the period when the Founder and Key Employees directly or indirectly hold Company equity or serve as employees or directors of the Group Companies, and for two (2) years after they cease to directly or indirectly hold Company equity or are no longer employed by or serving as directors of the Group Companies (whichever is later), they shall not directly or indirectly engage in any business that competes with the Principal Business, directly or indirectly hold any interest in any entity that competes with the Group Companies, nor engage in any other activities detrimental to the interests of the Group Companies, including but not limited to:
- (a) Holding controlling shares, participating in shares (other than the Founder's 3.96% equity in Shenzhen Heiwan Technology Co., Ltd.), or indirectly controlling companies or other organizations engaged in competitive activities (excluding purchasing and holding no more than 1% of the circulating shares or other securities of such companies issued on public stock exchanges);

- (b) Serving as management personnel, employees, or advisors of companies or organizations engaged in competitive activities;
- (c) Providing loans to companies or organizations engaged in competitive activities;
- (d) Directly or indirectly obtaining benefits from competitive activities or companies or other organizations engaged in competitive activities;
- (e) Soliciting customers of the Group Companies in any form, or conducting or attempting to conduct transactions with customers related to the production and sales business of the Group Companies, regardless of whether such customers are customers of the Group Companies before or after the Closing Date, except where the transaction business does not compete with the Group Companies;
- (f) Employing, in any form and through any individual or organization directly or indirectly controlled by them or in which they have an interest, any person who has left the Group Companies since the Closing Date (excluding individuals who left more than two (2) years prior); and
- (g) Soliciting for employment any employees employed by the Group Companies at that time.

Unless otherwise provided by Applicable Law, the Group Companies shall not, and the Company Parties and Key Employees shall use their best efforts to prevent the Group Companies from, releasing any employee or advisor from their obligations under any non-competition, non-solicitation, intellectual property protection, or similar restrictive covenants, or failing to enforce any such non-competition, non-solicitation, intellectual property protection, or similar restrictive covenants against any such employee or advisor.

- 5.2.8 External Investments and Positions of Founding Shareholders and Key Employees. The Founding Shareholders shall, and the Company Parties shall cause the Founding Shareholders and Key Employees to, properly handle the external investments (if any) and positions (if any) of the Founding Shareholders and Key Employees in accordance with laws and regulations, the requirements of the Investor, and the opinions of the Company's listing intermediaries at that time.

The Company Parties shall ensure that the external investments and positions of the Founding Shareholders and Key Employees do not have any adverse impact on the Company's Qualified Initial Public Offering. If any direct or indirect damage is caused to the Investor's investment interests under this Transaction due to the external investments, positions, or part-time jobs of the Founding Shareholders or Key Employees, or their non-competition obligations, confidentiality obligations, or intellectual property assignment commitments to previous employers, the Company Parties shall be jointly and severally liable for compensation.

- 5.2.9 Employee Incentive Plan. The Company shall formulate an employee incentive plan by July 12, 2025. Such employee incentive plan shall be executed only after approval by the Company's board of directors after the Closing Date (which approval must include the consent of the Investor Director), and such employee incentive plan shall take into account the situation of overseas restructuring as required by the Investor. The Company Parties shall ensure that the grant of employee options in the future shall be based on the principle of not affecting the Company's future listing. If the Company's future listing is affected due to reasons attributable to the grantees, the Company Parties shall be responsible for resolving the issue. If any direct or indirect damage is caused to the Investor's investment interests under this Transaction as a result thereof, the Company Parties shall compensate for such damage. In particular, regarding the existence of nominee holdings for incentive equity in the Group Companies (if any), the Group Companies shall, during the implementation of the aforementioned employee incentive plan and as required by the Investor, restore the actual shareholding situation of the incentive equity and terminate the nominee holdings; and before listing, standardize it according to the opinions of the listing intermediaries and the requirements of the Investor (if any) to ensure that it does not have any adverse impact on the Company's listing.
- 5.2.10 Debt-to-Equity Conversion of Shenzhen Haoduoxiaohuoban. By April 12, 2025, Shenzhen Zhongqingwenli and Shenzhen Haoduoxiaohuoban shall enter into a supplementary agreement satisfactory to the Investor regarding the Debt-to-Equity Conversion arrangement under the Debt-to-Equity Conversion Agreement they signed, clarifying the Debt-to-Equity Conversion arrangement, and shall complete the appraisal and valuation procedures for the Debt-to-Equity Conversion within the aforementioned period.
- 5.2.11 Debt-to-Equity Conversion of the Company. Regarding the matter of the Company's shareholders (including but not limited to the Founder Huiyu Zhan and Siyan Zheng) converting their claims against the Company into paid-in registered capital of the Company, the Company Parties shall, before the Company's listing, standardize it (if required) according to the opinions of the listing intermediaries and the requirements of the Investor to ensure that it does not have any adverse impact on the Company's listing.

- 5.2.12 Tax Procedures for Historical Equity Transfers. The shareholders of the Group Companies shall, by July 12, 2025, or a longer period agreed by Quantasing, as soon as possible, supplementarily complete the tax declaration procedures and pay all applicable taxes (if any) for their historical transfers of equity in the Group Companies to the extent feasible, or, before listing, standardize it according to the requirements of the listing intermediaries or provide necessary tax compliance certificates to ensure that it does not have any adverse impact on the Company's listing.
- 5.2.13 Connected Transactions and Competition with the Company. The Company Parties undertake that, to ensure the Company's independence and compliance with listing requirements, they will, in accordance with the requirements of the China Securities Regulatory Commission or the stock exchange for listed companies, take a series of actions to reorganize the business and assets of affiliated companies (if any) to avoid competition with the Company and standardize connected transactions, and ensure that the business and assets of such affiliated companies are incorporated into the Group Companies.
- 5.2.14 Assets. Prior to the Company's listing, the integrity of the Group Companies' assets and business shall always be maintained. The Group Companies shall enter into legal and valid lease contracts for all leased properties they use and complete the relevant lease registration and filing procedures in accordance with laws and regulations (if applicable).
- The Company Parties shall ensure that any property compliance defects of the Group Companies shall be handled on the principle of not affecting the Company's future listing. If the Company's future listing is affected due to property compliance issues of the Group Companies, the Company Parties shall be responsible for resolving the issue. If any direct or indirect damage is caused to the Investor's investment interests under this Transaction as a result thereof, the Company Parties shall be jointly and severally liable for compensation.
- 5.2.15 Share Lock-Up. The Founding Shareholders shall, and the Company Parties shall cause the senior management shareholders to, accept the share lock-up requirements of the stock exchange and securities regulatory authorities in the Company's listing place, and they shall not sell any shares of the Company during the lock-up period.
- 5.2.16 Domain Name. The Company shall complete the public security filing procedures for its domain name yqwh.com on the National Internet Site Security Management Service Platform of the Public Security Organs within one (1) month after the Closing Date.

- 5.2.17 Domestic and Overseas Restructuring and Structural Adjustment of the Company. If the Company is restructured into an overseas company controlling domestic entities in the future, the rights of the Investor in the overseas company shall include all rights enjoyed by the Investor under this Agreement and all rights customarily enjoyed by the Investor as a shareholder of the overseas company. The Group Companies and the Founding Shareholders shall ensure that the rights and interests of the Investor are substantially respected and satisfied during and after the implementation of the Company's domestic and overseas restructuring. If such domestic and overseas restructuring of the Company results in additional costs or tax basis loss for the Investor, the Group Companies and the Founding Shareholders agree to bear such costs or tax basis loss.
- 5.2.18 Tax Preferences. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all relevant laws applicable to taxation, and that corresponding taxes and fees are paid in full and on time in accordance with the law. In addition, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all tax preference treatments that should be enjoyed in relation to the business of the Group Companies.
- 5.2.19 Capital Contribution. The Company Parties shall cause the shareholders of the Group Companies to complete the capital contribution for the registered capital of the Group Companies within the time limit stipulated by laws and regulations and the articles of association of the Group Companies, or before the Company's listing and share reform (according to the applicable situation at that time, whichever is earlier).
- 5.2.20 Real Estate. The Group Companies shall enter into legal and valid lease contracts for all leased properties they use and complete the relevant lease registration and filing procedures in accordance with laws and regulations.
- 5.2.21 Anti-Corruption. The Group Companies shall not, and shall not permit any of their subsidiaries or Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives, agents, or any other person acting in the name of or on behalf of the foregoing persons (individually and collectively referred to as "Company Related Parties") to offer, pay, promise to pay, or authorize the payment of any money or give anything of value (whether directly or indirectly) to any person in violation of the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery, and other applicable laws, regulations, and judicial interpretations concerning anti-corruption in China (collectively referred to as "Chinese Anti-Corruption Laws"), the U.S. Foreign Corrupt Practices Act and its amendments ("FCPA"), the UK Bribery Act and its amendments ("Bribery Act"), or any applicable anti-bribery or anti-corruption laws. The Group Companies also undertake that they will, and will cause their subsidiaries and Affiliates to, cease all related activities (if any) and take measures to rectify any actions taken by the Company Related Parties that violate Chinese Anti-Corruption Laws, the FCPA, the Bribery Act, or any other applicable anti-bribery or anti-corruption laws. The Group Companies also undertake that they will, and will cause their subsidiaries and Affiliates to, implement internal control systems (including but not limited to accounting systems, procurement systems, and billing systems) to ensure that the operations of the Group Companies comply with Chinese Anti-Corruption Laws, the FCPA, the Bribery Act, or any other applicable anti-bribery or anti-corruption laws (if applicable).

5.2.22 The Group Companies shall cooperate with Quantasing's listing entity as required by Quantasing to prepare consolidated financial statements, provide materials required by the listing entity, and cooperate with Quantasing in relevant business integration.

6 Business Strategic Cooperation

- 6.1 During the cooperation period (i.e., the period during which the Investor and/or its designated entities hold equity in the Company), Quantasing and/or its designated entities have the right to designate specific personnel ("Investor Appointed Personnel") to participate in the daily operations of the Company. In particular, all products developed, designed, and produced based on the Company's IP (including currently existing, subsequently added, or licensed IP) shall be managed for online, overseas, and other channel sales by the Company under the guidance of the Investor Appointed Personnel. Relevant sales policies and targets shall be proposed by the Investor Appointed Personnel based on market-oriented and fair principles, and determined by the Company's Chairman or General Manager.
- 6.2 The Founder is responsible for the development, design of all the Company's IP (including currently existing, subsequently added, or licensed IP), and product production.
- 6.3 Other major matters concerning the Company's strategy and operations shall be decided and executed according to the Company's articles of association and internal rules and regulations.

7 Confidentiality

- 7.1 Unless otherwise agreed in this Agreement, each Party shall keep confidential the existence of the Transaction Documents or any information relating to the transactions under the Transaction Documents (including any information obtained by such Party through participation in the negotiation and execution of the Transaction Documents) ("Confidential Information"), and shall not use or disclose it to any third party in any way or for any other purpose.

- 7.2 The restrictions in Section 7.1 of this Agreement shall not apply to information disclosed under the following circumstances:
- 7.2.1 Required to be disclosed or used by Applicable Law or any regulatory authority;
 - 7.2.2 Required to be disclosed or used in any legal proceedings arising from this Agreement or any other agreement entered into pursuant to this Agreement, or reasonably disclosed to tax authorities;
 - 7.2.3 Disclosed to the investment parties, fund management companies, investment banks, lenders, accountants, legal advisors, or bona fide potential investors of the Parties, provided that the Parties shall require such information recipients to comply with the provisions of this Article 7 regarding such Confidential Information as if they were parties to this Agreement;
 - 7.2.4 The information has entered the public domain through no fault of the Parties to this Agreement; or
 - 7.2.5 The disclosure or use has been previously approved in writing by all other Parties.
- 7.3 If disclosure is made based on Sections 7.2.1 and 7.2.2 above, the Party disclosing the information shall discuss such disclosure and submission with the other Parties a reasonable time prior to disclosing or submitting the information, and shall, if the other Party requires disclosure or submission of information, endeavor to have the receiving party treat the disclosed or submitted portion of the information as confidential.
- 8 Force Majeure**
- 8.1 If a force majeure event such as earthquake, typhoon, flood, fire, military action, strike, riot, war, or other event unforeseeable, unavoidable, and insurmountable by the affected Party (each referred to as a “**Force Majeure Event**”) occurs, preventing a Party from performing this Agreement, that Party shall immediately notify the other Parties without delay and provide detailed information and supporting documents for such event within fifteen (15) days after the notice, explaining the reason for the inability or delay in performing all or part of its obligations under this Agreement. The Parties shall seek and implement a solution acceptable to all Parties through consultation.
- 8.2 If a Force Majeure Event occurs, the Party affected by the force majeure shall not be liable for any damage or loss suffered by any other Party due to the failure or delay in performing its obligations under this Agreement caused by the Force Majeure Event, and such failure or delay shall not be deemed a breach of this Agreement. The Party claiming the Force Majeure Event shall take appropriate measures to reduce or eliminate the impact of the Force Majeure Event and shall attempt to resume performance of the obligations delayed or hindered by the Force Majeure Event as soon as possible.

- 8.3 If a Force Majeure Event or its effects prevent one or more Parties from performing all or part of their obligations under this Agreement for more than one (1) month, the Party not affected by the force majeure or the other Parties have the right to request termination of this Agreement and be exempted from part of the obligations under this Agreement or delay the performance of this Agreement.

9 Liability for Breach of Agreement

- 9.1 If any Company Party breaches any warranty, commitment, agreement, or any other provision under the Transaction Documents, or any representation made by it under the Transaction Documents is untrue, thereby causing the Investor to bear any reasonably incurred costs, liabilities, or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to compensate the Investor for such losses (including but not limited to the loss of the Investor's expected benefits, taxes and fees, interest paid or lost by the Investor due to the Company Party's breach, and fees for accountants and lawyers hired for this Transaction).
- 9.2 The Parties acknowledge and agree that the provisions regarding compensation in this Agreement shall not be the sole remedy available to the Investor in the event that any other Party breaches its representations and warranties in this Agreement, or any other Party fails to perform and comply with any of its commitments and agreements in this Agreement. If such other Party fails to perform according to the agreement or breaches any provision of this Agreement, the Investor may seek any other rights available under this Agreement or any other Transaction Documents or Applicable Chinese Law, or seek any and all other remedies.
- 9.3 If any event that occurred prior to the Closing Date (including but not limited to the following events) or the following events that occur after the Closing Date cause or result in any loss, liability, obligation, or debt (whether contractual or otherwise) of the Group Companies, any taxes and fees (including fines and late payment surcharges due to unpaid taxes), or any claims by any other party against the Group Companies, thereby causing any Investor to bear any reasonably incurred costs, liabilities, or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to compensate the Investor for such losses: (a) the Founding Shareholders, Key Employees, and/or advisors of the Group Companies breach their full-time service obligations, non-competition obligations, intellectual property assignment commitments, non-solicitation obligations, or other obligations to their previous or current employers or units, or have any disputes or controversies with their previous or current employers or units; (b) defects in capital contribution to the registered capital of the Group Companies, existence of nominee shareholding or disputes over equity ownership, or failure to perform tax procedures for equity transfers in accordance with the law; (c) illegal or non-compliant actions, breaches of contract, tortious acts, or litigation, arbitration, or other disputes of the Company Parties before the Closing Date (including but not limited to illegal or non-compliant actions in taxation, housing leasing and property use, social insurance and housing fund contributions, government subsidies, etc.); or (d) the Group Companies fail to obtain the Intellectual Property required for their Principal Business (including but not limited to failing to obtain authorization to use Intellectual Property required for operation) or Intellectual Property-related disputes occur.

- 9.4 Notwithstanding the foregoing, the Founder's liability for compensation or indemnification to the Investor under this Agreement shall be limited to the fair market value of all Company equity directly and/or indirectly held by the Founder at such time (for the avoidance of doubt, the Founder shall actively realize the value of his equity holdings at fair market value, and the Investor has the right to require the Founder to sell his equity to a bona fide buyer sought by the Investor), and shall not involve any personal or family property other than the Company equity.

10 Amendment and Termination of the Agreement

- 10.1 This Agreement may be amended or modified upon mutual consultation and agreement by all Parties hereto. Any amendment or modification must be made in writing and shall become effective upon execution by all Parties hereto.
- 10.2 This Agreement may be terminated or rescinded in the following ways:
- 10.2.1 By mutual written agreement of all Parties hereto specifying the effective time of termination;
- 10.2.2 If any of the following circumstances occurs, the Investor has the right to terminate this Agreement by notifying the other Parties in writing at least ten (10) Business Days in advance, stating the effective date of termination in the notice:
- (a) The representations or warranties of the Company Parties under the Agreement are materially untrue, contain material omissions, or are materially misleading;
 - (b) The Company Parties materially breach the agreements, commitments, or obligations under this Agreement; or
 - (c) The Investor chooses to withdraw from the Transaction pursuant to Section 3.2 of this Agreement.
- 10.2.3 Unless otherwise agreed in this Agreement, if any party breaches this Agreement by unilaterally rescinding or terminating this Agreement without justifiable reason after the execution of this Agreement, in addition to compensating the non-breaching party for its losses, the breaching party shall also pay liquidated damages to the non-breaching party in accordance with the law, amounting to 20% of the investment amount under this Agreement.

10.3 Effect of Termination

- 10.3.1 When this Agreement is terminated pursuant to Section 10.2 above, unless otherwise agreed by the Parties at that time, the Parties shall return the consideration received under this Agreement from the other party based on the principles of fairness, reasonableness, and good faith, and endeavor to restore the status quo as at the time of signing this Agreement.
- 10.3.2 If the Capital Increase Party terminates this Agreement pursuant to Section 10.2.2(a) or Section 10.2.2(b) above, and if the Capital Increase Party has already paid the Capital Increase Subscription Price to the Company, the Company shall return the entire Capital Increase Subscription Price to the Capital Increase Party and pay interest calculated at a simple interest rate of 6% per annum (calculated from the date the Capital Increase Party paid the Capital Increase Subscription Price to the Company Designated Account). If such interest is insufficient to cover all losses caused to the Capital Increase Party thereby, the Company Parties shall compensate the Capital Increase Party. If the Company has completed the industrial and commercial registration change and filing procedures for the relevant transactions under this Agreement by that time, the Capital Increase Party shall cooperate with the Company in signing relevant documents to restore the Company's industrial and commercial registration information to the state before the Transaction occurred.
- For the avoidance of doubt, if the circumstances in Section 10.2.2(a) or Section 10.2.2(b) above occur, the Investor may choose to exercise the corresponding rights according to Article 10 of this Agreement, or exercise the corresponding repurchase rights according to the Shareholders' Agreement.
- 10.3.3 After the termination of this Agreement, this Agreement (excluding Article 7 (Confidentiality), Article 9 (Liability for Breach of Agreement), Article 10 (Amendment and Termination of the Agreement), Article 12 (Governing Law and Dispute Resolution), and Sections 13.6 (Use of Name), 13.7 (Costs)) shall become void and shall no longer be binding or effective, and no party shall be required to undertake any responsibility or obligation under this Agreement. For the avoidance of doubt, notwithstanding the termination of this Agreement, any party shall still be liable for any losses caused to other parties due to its breach of this Agreement before the termination of this Agreement.

11 Notices and Service

- 11.1 Any notice or other communication related to this Agreement sent by one party to the other parties ("**Notice**") shall be in writing and shall be deemed effectively given when delivered to the addressee at the following contact address, number, or email address, indicating the name of the contact person below.

[***] (*List of notice addresses*)

- 11.2 The time of delivery for the various communication methods specified in the preceding paragraph shall be determined as follows:
- 11.2.1 A notice delivered in person shall be deemed delivered upon receipt and acknowledgment by the addressee;
- 11.2.2 A notice sent by mail shall be sent by registered mail or express delivery; registered mail shall be deemed delivered on the seventh (7th) day after posting, and express delivery shall be deemed delivered upon receipt and acknowledgment by the addressee;
- 11.2.3 A notice sent by email shall be deemed delivered when the email system shows that the addressee has actually received it.
- 11.3 If the contact address or notification method of any party (the “**Changing Party**”) changes, the Changing Party shall notify the other parties within seven (7) days after such change occurs. If the Changing Party fails to notify promptly as agreed, it shall bear the losses caused thereby.

12 Governing Law and Dispute Resolution

- 12.1 The formation, validity, interpretation, performance, modification, termination, and dispute resolution of this Agreement shall be governed by Chinese Law.
- 12.2 Any dispute arising from or in connection with the performance of this Agreement shall be resolved through friendly negotiation between the Parties. If any dispute cannot be resolved through negotiation within fifteen (15) days after the dispute arises, any party shall have the right to submit the dispute to the Shenzhen Court of International Arbitration for arbitration in Shenzhen in accordance with its then effective arbitration rules. The language of the arbitration shall be Chinese. The arbitral award is final and binding upon all Parties.
- 12.3 During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations under this Agreement.

13 Miscellaneous

- 13.1 Effectiveness and Amendment

This Agreement shall become effective upon execution by all Parties. Matters not covered in this Agreement may be agreed upon separately by the Parties through supplementary agreements, which shall have the same legal effect as this Agreement. Any amendment or modification to this Agreement must be made upon mutual consultation and agreement by all Parties, in writing, and shall become effective upon execution by all Parties.

13.2 Assignment

The Investor has the right to assign its rights and obligations under this Agreement to its designated third party, and such assignment does not require the prior consent of the other Parties, but the Investor shall provide written notice to the other Parties ten (10) Business Days in advance. Except as provided above, no party may assign its rights and obligations under this Agreement to a third party without the prior written consent of the other Parties.

13.3 Entire Agreement

This Agreement represents the entire agreement between the Parties with respect to the matters contemplated herein and supersedes any other prior written or oral agreements or documents made by the Parties regarding this matter.

13.4 Severability

If any provision of this Agreement is invalid or unenforceable due to the laws applicable to it, such provision shall be deemed not to exist from the beginning without affecting the validity of the other provisions of this Agreement. The Parties shall negotiate in good faith within the legal scope to determine a new provision to maximize the realization of the intent of the original provision.

13.5 Delay or Omission

Any delay or failure by any party to exercise any right, power, or remedy granted to it due to another party's breach or non-performance of this Agreement shall not impair such right, power, or remedy, nor shall it be deemed a waiver or acquiescence of such breach or non-performance or any subsequent similar breach or non-performance, nor shall it be deemed a waiver of any other breach or non-performance occurring before or after. Any waiver, permission, consent, approval of any nature or characteristic of a breach or non-performance of this Agreement, or waiver of any term or condition of this Agreement must be made in writing and shall be effective only within the scope specified in such writing. Any remedy provided to any party under this Agreement, by law or otherwise, shall be cumulative and not exclusive.

13.6 Use of Name

Unless with the prior written consent of Quantasing, no party to this Agreement (other than Quantasing) may use, disclose, or copy any of the following names for any marketing, advertising, or promotional purposes: (i) the name of Quantasing or any of its Affiliates, including but not limited to Quantasing, Beijing Liangzizhige, QSG, etc.; (ii) the name, portrait of any partner, director, or supervisor of Quantasing or its Affiliates; and/or (iii) any name, trademark, or logo similar to the foregoing.

13.7 Costs

The Company shall bear the government fees arising from the overall Transaction (including but not limited to the Company's handling fees for industrial and commercial registration changes and other government department registration changes and filings).

Unless otherwise agreed in this Agreement, each Party shall bear all taxes and fees related to the signing, delivery, and performance of this Agreement in accordance with relevant Chinese laws, and pay such taxes and fees in full and on time as agreed by Applicable Laws.

13.8 Several Liability of Investors

The Parties agree that the Investors enjoy rights and assume obligations under this Agreement severally and not jointly, and the obligations and liabilities of the Investors under this Agreement are several and not joint. Any Investor's waiver of its rights or rescission of this Agreement shall only be effective within the scope of its rights and obligations and does not represent the waiver of rights or rescission of this Agreement by other Investors.

13.9 Appendices

The appendices to this Agreement constitute an integral part of this Agreement and have the same legal effect as this Agreement.

13.10 Government Form Texts

If it is necessary to enter into a separate agreement in the government-prescribed format for the transactions stipulated in this Agreement in order to request a government department to perform a specific act, this Agreement shall take full precedence over such agreement, and such agreement may only be used to request the government department to perform that specific act and shall not be used to establish and prove the rights and obligations of the relevant parties regarding the matters stipulated in such agreement.

13.11 Language and Originals

This Agreement is written in Chinese and executed in ten (10) originals. The Company Parties shall jointly hold two (2) originals, and each of the other parties shall hold one (1) original. Each original shall have the same legal effect. The Parties agree that this Agreement may be executed by exchanging electronically scanned signature pages, and the electronically scanned executed version of this Agreement shall have the same legal effect as each original.

(No further text below)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Huiyu Zhan

Signature : /s/ Huiyu Zhan _____

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name : Huiyu Zhan

Title : Legal representative

Dongguan Yiqiwan Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name : Huiyu Zhan

Title : Legal representative

Shenzhen Huiyu Design Culture Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name : Huiyu Zhan

Title : Legal representative

Shenzhen Yiqiwan Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name : Huiyu Zhan

Title : Legal representative

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____
Name : Huiyu Zhan
Title : Legal representative

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Shenzhen Zhongqingwenli Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name : Huiyu Zhan
Title : Legal representative

Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name : Huiyu Zhan
Title : Representative Designated by the Executive Partner

Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name : Huiyu Zhan
Title : Representative Designated by the Executive Partner

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Signature : /s/ Siyan Zheng

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Signature : /s/ Feng Xian

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Xiaoyi Yang _____

Name : Xiaoyi Yang

Title : Representative Designated by the Executive Partner

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Shenzhen Chaowan World Information Technology Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Dong Xie

Name : Dong Xie

Title : Authorized representative

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Nanjing Shangde Hehua Equity Investment Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Xiyuan Deng

Name : Xiyuan Deng

Title : Representative Designated by the Executive Partner

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Signature : /s/ Peng Li

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Signature : /s/ Dong Xie

(This page is intentionally left blank. It is the signature page to the Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

Yu Cui

Signature : /s/ Yu Cui

Appendix I
Key Employees

Appendix II
Shareholders' Agreement

Appendix III

Amended Articles of Association

Appendix IV

Representations and Warranties of the Company Parties

Appendix V Disclosure Letter

Appendix VI Handover List

Appendix VII Closing Date Confirmation Letter

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Shareholders' Agreement

This Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd. (this "**Agreement**") is entered into by and among the following parties on March 21, 2025 (the "**Execution Date**"):

- (1) **Shenzhen Yiqi Culture Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimaofinancial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the "**Company**");
 - (2) **Huiyu Zhan**, a citizen of China with Chinese Citizen ID Number: [***] (the "**Founder**");
 - (3) **Shenzhen Zhongqingwenli Culture Industry Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at Unit 02, 1st Floor Half Underground, Block B, Building 1, No. 3076 Qiaoxiang Road, Xiang'an Community, Xiangmihu Street, Futian District, Shenzhen ("**Shenzhen Zhongqingwenli**");
 - (4) **Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and legally existing under the laws of China, with its registered address at Room 1407, Phase II, Qianhai Shimaofinancial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen ("**Shenzhen Heguangtongchen**");
 - (5) **Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and legally existing under the laws of China, with its registered address at 2C-215T, 2nd Floor, Building 213, Tairan 6th Road, Tian'an Community, Shatou Street, Futian District, Shenzhen ("**Shenzhen Haoduoxiaohuoban**", together with Shenzhen Zhongqingwenli and Shenzhen Heguangtongchen, referred to as the "**Shareholding Platforms**"; the Shareholding Platforms and Huiyu Zhan are collectively referred to as the "**Founding Shareholders**");
 - (6) **Siyan Zheng**, a citizen of China with Chinese Citizen ID Number: [***];
 - (7) **Feng Xian**, a citizen of China with Chinese Citizen ID Number: [***];
 - (8) **Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)**, a limited partnership duly established and legally existing under the laws of China, with its registered address at Room 22-03-45, Area 3, South Building 6, Asia-Pacific Financial Town, Haitang District, Sanya City, Hainan Province ("**Hainan Hongchuanyuan**" or the "**Series Pre-A Investor**");
-

- (9) **Shenzhen Chaowan World Information Technology Co., Ltd.**, a limited liability company duly established and legally existing under the laws of China, with its registered address at 18H, Microsoft Katong Building, No. 55 Gaoxin South 9th Road, Yuehai Street, Nanshan District, Shenzhen (“**QuantaSing**” or “**Shenzhen Chaowan**”);
- (10) **Nanjing Shangdehehua Equity Investment Partnership (Limited Partnership)**, a partnership duly established and legally existing under the laws of China, with its registered address at Room 401-320, 4th Floor, North Building, Block B2, No. 9 Bailongjiang East Street, Jianye District, Nanjing (“**Nanjing Shangde Hehua**”);
- (11) **Peng Li**, a citizen of China with Chinese Citizen ID Number: [***];
- (12) **Dong Xie**, a citizen of China with Chinese Citizen ID Number: [***]; and
- (13) **Yu Cui**, a citizen of China with Chinese Citizen ID Number: [***] (collectively with QuantaSing, Nanjing Shangde Hehua, Peng Li, and Dong Xie, referred to as the “**Series A Investors**”; the Series A Investors and the Series Pre-A Investor are collectively referred to as the “**Investors**”).

Each party to this Agreement shall be referred to hereinafter as a “**Party**” or “**such Party**”, collectively as the “**Parties**”, and mutually as the “**Other Party**” or “**Other Parties**”. The Group Companies (as defined below) and the Founding Shareholders are collectively referred to as the “**Company Parties**”.

RECITALS

- (1) The Company is primarily engaged in the business of global artist discovery, IP incubation, IP operation, copyright commercialization, and the sales and promotion of trendy play culture and products (the “**Principal Business**”).
- (2) The Series Pre-A Investor, the Company, the Founding Shareholders, and other relevant parties entered into the *Shenzhen Yiqi Culture Co., Ltd. Series Pre-A Share Subscription Agreement* on September 29, 2022, regarding matters related to the Series Pre-A Investor’s capital increase in the Company (the “**Series Pre-A Capital Increase Agreement**”). Pursuant to the terms and conditions of the Series Pre-A Capital Increase Agreement, the Series Pre-A Investor invested RMB 15 million to subscribe for the newly increased registered capital of the Company amounting to RMB 1,540,295.96 (the “**Series Pre-A Transaction**”).
- (3) The Series A Investors (excluding Yu Cui), the Company, the Founding Shareholders, and other relevant parties entered into the *Capital Increase Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.* on December 30, 2024, regarding matters related to the capital increase in the Company by QuantaSing and Nanjing Shangde Hehua (the “**Prior Capital Increase Agreement**”). Pursuant to the terms and conditions of the Prior Capital Increase Agreement, QuantaSing and Nanjing Shangde Hehua invested RMB 20 million to subscribe for the newly increased registered capital of the Company amounting to RMB 733,475 (the “**Capital Increase I**”).

- (4) The Company, Siyan Zheng, Feng Xian, QIU Linfeng, QuantaSing, Nanjing Shangde Hehua, Peng Li, Dong Xie, and other relevant parties entered into the *Shenzhen Yiqi Culture Co., Ltd. Equity Transfer Agreement* on December 30, 2024 (the “**Prior Equity Transfer Agreement**”), pursuant to which QuantaSing, Nanjing Shangde Hehua, Peng Li, and Dong Xie acquired an aggregate of 10% equity interest in the Company (corresponding to the Company’s registered capital of RMB 1,026,865.36) from Siyan Zheng, Feng Xian, and QIU Linfeng for a total consideration of RMB 20 million (the “**Equity Transfer I**”).
- (5) The Company, the Founder, and Beijing QuantaSing Technology Co., Ltd. (“**Beijing QuantaSing**”) entered into a *Convertible Debt Agreement* on December 6, 2024 (the “**Convertible Debt Agreement**”), pursuant to which Beijing QuantaSing provided a loan of RMB 10 million to the Founder, and Beijing QuantaSing or its designated entity had the right to acquire 5% equity interest in the Company (corresponding to the Company’s registered capital of RMB 513,432) from the Founder at a valuation of RMB 200 million. The Company, the Founder, Beijing QuantaSing, and Shenzhen Chaowan entered into a *Supplementary Agreement to the Convertible Debt Agreement* on January 9, 2025, pursuant to which Beijing QuantaSing’s rights and obligations under the Convertible Debt Agreement were transferred to Shenzhen Chaowan. The Company, the Founder, Shenzhen Chaowan, and other relevant parties entered into the *Shenzhen Yiqi Culture Co., Ltd. Debt-to-Equity Conversion Agreement* on March 21, 2025, pursuant to which Huiyu Zhan transferred his equity interest in the Company, corresponding to the registered capital of RMB 513,432 (representing 4.66667% of the Company’s current total registered capital), to Shenzhen Chaowan for a consideration of RMB 10 million, and the convertible debt principal of RMB 10 million under the Convertible Debt Agreement was fully converted into the aforementioned equity transfer consideration (the “**Debt-to-Equity Conversion**”).
- (6) The Company, Siyan Zheng, Feng Xian, Huiyu Zhan, Shenzhen Huguangtongchen, Shenzhen Zhongqingwenli, Shenzhen Haoduoxiaohuoban, Hainan Hongchuanyuan, Shenzhen Chaowan, and other relevant parties entered into the *Shenzhen Yiqi Culture Co., Ltd. Equity Transfer Agreement* on March 21, 2025, pursuant to which Shenzhen Chaowan acquired an aggregate of 33.33333% equity interest in the Company (corresponding to the Company’s registered capital of RMB 3,667,371.58) from Siyan Zheng, Feng Xian, Huiyu Zhan, Shenzhen Zhongqingwenli, and Hainan Hongchuanyuan for a total consideration of RMB 100 million (the “**Equity Transfer II**”).
- (7) Peng Li and Yu Cui entered into the *Shenzhen Yiqi Culture Co., Ltd. Equity Transfer Agreement* on March 21, 2025, pursuant to which Yu Cui acquired 0.42000% equity interest in the Company (corresponding to the Company’s registered capital of RMB 46,208.88) from Peng Li for a consideration of RMB 900,000 (the “**Equity Transfer III**”).

- (8) The Company, Shenzhen Chaowan, and other relevant parties entered into the *Shenzhen Yiqi Culture Co., Ltd. Capital Increase Agreement* on March 21, 2025 (the “**Capital Increase Agreement**”, collectively with the Prior Capital Increase Agreement, referred to as the “**Series A Capital Increase Agreements**”). Pursuant to the terms and conditions of the Capital Increase Agreement, Shenzhen Chaowan invested RMB 100 million to subscribe for the newly increased registered capital of the Company amounting to RMB 3,667,371.58 (the “**This Capital Increase**” or “**Capital Increase II**”).
- (9) The Capital Increase Agreement stipulates that the execution and delivery of this Agreement shall be a closing condition precedent to the transactions contemplated by the Capital Increase Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise specified, the following terms shall have the meanings set forth below:

“**Post-Transaction Valuation**” means the valuation of the Company upon completion of this Capital Increase, which is RMB 400 million. For the avoidance of doubt, the Company has the right, in accordance with the provisions of Article 2.3.3 of the Capital Increase Agreement, to issue additional shares to the then - existing employee shareholding platform or reserve, through an overseas entity after the completion of domestic and overseas restructuring, 6.65% of the Company’s incentive equity corresponding to this transaction and the subsequent issuance of additional incentive equity (the “**Additional Incentive Equity**”) (such percentage of the Company’s incentive equity corresponds to the Company’s registered capital of RMB 1,045,014.29; if it involves reservation or issuance of shares by an overseas entity in the future, the aforementioned registered capital amount shall be adjusted to the corresponding share capital of the overseas entity based on the then share capital structure of the overseas entity) through the then employee shareholding platform or the overseas entity after completion of domestic and overseas restructuring, as the reserved employee equity pool for future grants. At that time, the Company will have an aggregate of 8.0309% of the Company’s equity (such percentage of the Company’s incentive equity corresponds to the Company’s registered capital of RMB 1,262,011.29; if it involves reservation or issuance of shares by an overseas entity in the future, the aforementioned registered capital amount shall be adjusted to the corresponding share capital of the overseas entity based on the then share capital structure of the overseas entity) as the reserved employee equity pool for future grants, through the already reserved incentive equity (as defined in the Capital Increase Agreement) and the Additional Incentive Equity.

“**Encumbrance**” means any mortgage, pledge, lien, option, preemptive right, or security interest, purchase option or title retention arrangement of any nature created by agreement or arising by operation of law.

“**Business Day**” means any day on which commercial banks are generally open for business in China (excluding Saturdays, Sundays and statutory holidays in China).

“**Equity**” means the corresponding share in the registered capital of the Company when it is a limited liability company, or the corresponding shares of the Company if it is converted into a company limited by shares.

“**Equity Interest**” means, with respect to any person, the equity, shareholder equity, partnership interest, registered capital, joint venture interest or other form of ownership interest in such person, or any option, warrant or other security that is directly or indirectly convertible into, exercisable for or exchangeable for such equity, shareholder equity, partnership interest, registered capital, joint venture interest or other form of ownership interest (regardless of whether such derivative security is issued by such person).

“**Affiliate**” includes Affiliated Enterprises and Affiliated Persons. “**Affiliated Enterprise**” means, when any of the following circumstances exists, any company or enterprise shall be deemed to be affiliated with or an affiliate of any Party to this Agreement or the Company: (a) fifty percent (50%) or more of its registered capital or voting rights are directly or indirectly owned by such Party; or (b) it directly or indirectly owns fifty percent (50%) or more of the registered capital or voting rights of such Party; or (c) fifty percent (50%) or more of its registered capital or voting rights and that of such Party are directly or indirectly owned by the same company or enterprise; or (d) it controls such Party through voting rights (even if less than fifty percent (50%)), contract or other means; or (e) a company or enterprise directly or indirectly owned by such Party or an Affiliated Person or otherwise controlled by such Party or an Affiliated Person; “**Affiliated Person**” means, with respect to a natural person, his/her immediate family members, including parents, spouse, siblings and their spouses, children and their spouses.

“**Qualified Initial Public Offering**” means the first underwritten public offering of shares of the Company (or any other company or entity established due to the restructuring of the Company that actually controls all the businesses of the Company prior to the restructuring and enjoys all the economic benefits, or the parent company of the Company, and in which the Investors hold shares in the same proportion as their shareholding in the Company prior to the restructuring) on a well-known stock exchange approved by the shareholders’ meeting (including the consent of the Series A Investors) in accordance with the provisions of this Agreement (including but not limited to the New York Stock Exchange, NASDAQ, the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or other internationally well-known stock exchanges approved by the shareholders’ meeting (including the consent of the Series A Investors) in accordance with the provisions of this Agreement).

“**Group Companies**” means the Company, Dongguan Yiqiwan Culture Industry Co., Ltd., Shenzhen Huiyu Design Culture Co., Ltd., Shenzhen Yiqiwan Culture Industry Co., Ltd., Beijing Yiqi Culture Co., Ltd., and entities whose controlling interests are directly or indirectly (including but not limited to through shareholding by a third party) held by the aforementioned entities, whether established or to be established or acquired in the future (including but not limited to subsidiaries, branches, partnerships, representative offices or other forms of entities).

“**Transaction Documents**” has the meaning ascribed to it in the Series A Capital Increase Agreements. For the avoidance of doubt, if such documents are amended, updated or replaced, such amended, updated and replaced documents shall prevail.

“**Control**” means, between two or more persons, the power of one person, directly or indirectly, through the ownership of voting rights, contract, agreement control or otherwise, to direct or cause the direction of the business or management of the other person, or to exercise control or decision-making power over the other person through others (including but not limited to holding 50% or more of the voting rights of such person, or having the right to nominate and elect the majority of the board members).

“**Price Per Share**” means, with respect to the Series Pre-A Investor, RMB 9.7384 per RMB 1 of registered capital; with respect to the Series A Investors, for the Equity they acquired in Equity Transfer I, Equity Transfer III and the Debt-to-Equity Conversion from the shareholders of the Company, RMB 19.4768 per RMB 1 of registered capital, and for the Equity corresponding to the newly increased registered capital they subscribed for in Capital Increase I and Capital Increase II, RMB 27.2675 per RMB 1 of registered capital; and for the Equity they acquired from the shareholders of the Company in Equity Transfer II, RMB 27.2675 per RMB 1 of registered capital. For the avoidance of doubt, if the Company undergoes capital reserve conversion into registered capital, bonus share issuance, conversion into a company limited by shares, share split, dividend distribution, etc., leading to changes in the Company’s registered capital, the aforementioned Price Per Share shall be adjusted accordingly.

“**Person**” means any natural person, legal person, partnership, limited liability company, company limited by shares, association, trust, unincorporated organization, or any other legal entity of whatever nature established under any applicable law, or any government agency.

“**Applicable Law**” means, with respect to any Person, any publicly available, effective and applicable treaties, laws, administrative regulations, local regulations, rules, decisions, orders, judicial interpretations, judgments, rulings, arbitral awards or other normative documents that apply to such Person or are binding on such Person or any of its properties.

“**Tax and Fee**” means any and all taxes or fees levied by relevant government departments; “**Tax**” shall be construed accordingly.

“**Litigation**” includes any claim, legal action, legal proceeding, prosecution, lawsuit or arbitration involving the Company.

“**Investment Amount**” means, with respect to the Series Pre-A Investor, the capital increase subscription price of RMB 15 million paid for its Equity in the Company; with respect to the Series A Investors in Equity Transfer I, Equity Transfer III and Capital Increase I, the aggregate of the capital increase subscription price of RMB 20 million and the equity transfer consideration of RMB 20 million paid by the Series A Investors for their Equity in the Company; specifically, after Beijing QuantaSing or its designated entity completes the Debt-to-Equity Conversion, the equity transfer consideration for Equity Transfer I shall total RMB 30 million, among which the Investment Amount of QuantaSing is RMB 35 million (including the equity transfer consideration of RMB 10 million for the Debt-to-Equity Conversion), the Investment Amount of Nanjing Shangde Hehua is RMB 10 million, the Investment Amount of Peng Li is RMB 2.5 million, the Investment Amount of Dong Xie is RMB 1.6 million, and the Investment Amount of Yu Cui is RMB 900,000; with respect to the Series A Investors in Equity Transfer II and Capital Increase II, the aggregate of the capital increase subscription price of RMB 100 million and the equity transfer consideration of RMB 100 million paid by the Series A Investors for their Equity in the Company, among which the Investment Amount of QuantaSing is RMB 200 million.

“**Governmental Authority**” means any government or subordinate entity with jurisdiction, any department or agency of any government or subordinate entity, any legislative body, court or arbitral tribunal, and the regulatory authority of any stock exchange.

“**Government Approval**” means all approvals, registrations and filings required by Chinese governmental authorities for the transactions, the articles of association and changes thereto stipulated in this Agreement in accordance with the law.

“**Material Adverse Effect**” means any matter, circumstance, event, change, effect, individually or together with other matters, circumstances, events, changes, effects, (a) that has or is reasonably expected to have a material adverse effect on the business, operations, development, assets, properties (including intellectual property), financial condition or operating results of the Group Companies in any material aspect, or (b) that has or is reasonably expected to have a material adverse effect on the ability of the Company Parties to perform their obligations under the Transaction Documents.

“**Chinese Law**” means publicly available and effective treaties, laws, administrative regulations, local regulations, rules, decisions, orders, judicial interpretations, judgments, rulings, arbitral awards or other normative documents of China;

“**Intellectual Property**” shall include patents, trademarks, service marks, designs, copyrights, technical drawings, trade names, database rights, internet domain names, brand names, computer software programs and systems, know-how, confidential information and other industrial or commercial intellectual property rights.

1.2 Interpretation

In this Agreement, unless otherwise specified:

- 1.2.1. References to any Applicable Law shall be deemed to include its amendments from time to time, its re-promulgated amended versions from time to time, and other Applicable Laws that replace its functions from time to time.

- 1.2.2. “**Article**” and “**Annex**” (if any) refer to the articles and annexes (if any) of this Agreement, respectively. References to “**this Agreement**” shall be understood to include its various annexes (if any).
- 1.2.3. “**Writing**” means communications conveyed by letter, email or fax.
- 1.2.4. The term “**include**” and similar terms are not restrictive terms, and “include” shall be interpreted as if the term “but not limited to” immediately follows “include”.
- 1.2.5. If the occurrence date of an event is a non-Business Day according to the provisions of this Agreement, it shall be deemed to occur on the next Business Day.
- 1.2.6. The currency unit “**Yuan**” used in this Agreement, unless otherwise specified, refers to the legal currency of China, Renminbi Yuan.
- 1.2.7. If this Agreement stipulates that copies of documents are to be provided to each Investor, the providing party shall affix its seal to confirm consistency with the original.
- 1.2.8. The headings of the articles of this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.
- 1.2.9. Terms used but not defined in this Agreement shall have the meanings ascribed to them in the Capital Increase Agreement.

2 CORPORATE GOVERNANCE

2.1 Board of Directors

- 2.1.1 The board of directors of the Company (the “**Board**”) shall be composed of 4 directors, among which: (a) during the period when the Founder is employed by or provides services to the Company, he shall have the right to appoint 1 director (the “**Founder Appointed Director**”); (b) QuantaSing shall have the right to appoint 2 directors (the “**QuantaSing Directors**”) (for the avoidance of doubt, QuantaSing has the right to additionally appoint one more director to the Company at any time, i.e., QuantaSing has the right to appoint 3 directors to the Company, and the Parties shall cooperate to complete the relevant procedures involved in QuantaSing’s additional appointment of a director to the Company; after QuantaSing additionally appoints one more director to the Company, the Board shall be composed of 5 directors); (c) Hainan Hongchuanyuan shall have the right to appoint 1 director. After QuantaSing obtains controlling rights in the Company, QuantaSing shall have the right to appoint a majority of the directors on the Board. If the Company’s Equity held by a shareholder with the aforementioned right to nominate directors falls below 5% of the Company’s fully diluted equity at such time, it shall no longer enjoy the right to nominate directors. The Company shall have one chairman of the Board and no vice chairman.

- 2.1.2 The term of office for directors shall be three (3) years, and upon expiration of the term, they may serve consecutive terms if re-elected. If any director voluntarily resigns or is unable to perform his/her duties as a director for any other reason, the party that originally appointed such director shall appoint a successor to complete such director's term. If a director is not re-elected in a timely manner upon the expiration of the term, or if the resignation of a director during his/her term results in the number of Board members falling below the statutory number, the original director shall, prior to the assumption of office by the newly elected director, continue to perform the duties of a director in accordance with the provisions of the law, administrative regulations and the Company's articles of association.
- 2.1.3 If the Founder leaves the Company or ceases to provide services to the Company for any reason, he shall no longer enjoy any right to nominate directors, and at such time, other shareholders of the Company shall have the right, subject to the consent of the QuantaSing Directors, to appoint other directors to replace the directors that the Founder had the right to nominate.
- 2.1.4 Board meetings shall be held at least once every six (6) months, with special circumstances to be negotiated separately. The personal attendance of at least a majority of the directors or their representatives shall be required to satisfy the minimum quorum requirement for the Board. Board meetings shall provide written notice to all directors at least ten (10) days in advance. Directors may attend the meeting in person or via telephone conference or video conference, provided that each attendee can clearly hear each other speak, and such attendees shall be deemed present at the meeting. Directors have the right to delegate others to attend Board meetings, and the delegate has the right to attend the Board meeting and vote on the matters discussed on behalf of the delegating director. If any director fails to attend, causing any Board meeting to fail to reach a quorum, such Board meeting shall be postponed to the fifth (5th) Business Day after the originally scheduled meeting date. If any director or the representative delegated by such director still fails to attend the postponed Board meeting, the attendance of a majority of the directors at such postponed Board meeting shall constitute a quorum and such Board meeting may be validly held, but it may only discuss and pass resolutions on the matters set forth in the written notice of the Board meeting, and such matters only require the affirmative vote of the Company's directors other than the absent directors.
- 2.1.5 All reasonable expenses incurred by directors in attending Board meetings shall be borne by the Company. The Company shall provide the Board members with the maximum exemption protection permitted by Applicable Law, including but not limited to being responsible for compensating any Board member for any compensation liability to a third party arising from the proper performance of his/her director duties, but shall not compensate for any third-party compensation liability caused by the director's violation of the law.

- 2.1.6 All resolutions of the Board meetings of the Company shall be passed by the affirmative vote of a majority of all directors, and the Board shall prepare minutes of the decisions on the matters discussed, and the directors present at the meeting shall sign the minutes. Board meetings may also prepare written documents of the discussion content and conduct voting by circulating the written documents and signing the vote.
- 2.1.7 For any important subsidiary of the Company (including but not limited to controlled subsidiaries), QuantaSing shall enjoy the same director appointment rights.

2.2 Shareholders' Meeting

- 2.2.1 The shareholders' meeting shall be composed of all shareholders, and the functions and powers of the shareholders' meeting include:
- (a) Deciding on the business guideline and investment plans of the Group Companies;
 - (b) Changes in the number of the Board of the Group Companies, changes in the appointment method, or establishment of special committees of the Board, electing and replacing supervisors not represented by employee representatives, and deciding on matters concerning the remuneration of directors and supervisors;
 - (c) Reviewing and approving the reports of the Board;
 - (d) Reviewing and approving the reports of the supervisors;
 - (e) Reviewing and approving the profit distribution plans and plans for making up losses of the Group Companies;
 - (f) Making resolutions on the increase or decrease of the registered capital of the Group Companies;
 - (g) The Group Companies issuing bonds or equity securities, the repurchase or redemption of shares of the Group Companies and the issuance of shares with such repurchase or redemption rights, formulating or changing financing plans (including subsequent equity financing arrangements) or introducing new investors;
 - (h) The liquidation, dissolution or occurrence of an event deemed to be a liquidation event of the Group Companies;

- (i) Matters related to the Group Companies or conducting any form of capital structure adjustment, merger, amalgamation, consolidation, joint venture, division, reorganization or any matter leading to a change of control, capital reorganization of the Group Companies (including equity restructuring by the Company for domestic and overseas financing, obtaining specific government licenses, future Qualified Initial Public Offering or other purposes agreed by the Parties);
 - (j) Amending the articles of association of the Group Companies;
 - (k) Any change to any rights, preferences, privileges or powers of the Investors or any restrictions set for their benefit;
 - (l) Any change to the business nature or Principal Business of the Group Companies, or major business direction changes that alter the Company's core business scope;
 - (m) Purchasing or subscribing to the assets or equity of another entity;
 - (n) The initial public offering plans of the Group Companies (including but not limited to selecting underwriters and listing exchanges, or deciding on the valuation, terms and conditions of the offering, etc.);
 - (o) Signing any documents or making any arrangements for any of the above matters; and
 - (p) Other matters that may have a material adverse effect on the rights and interests of the Investors.
- 2.2.2 Resolutions of the shareholders' meeting on amending the articles of association, increasing or decreasing the registered capital, and on merger, division, dissolution, or change of the Company's form shall be passed by the affirmative vote of shareholders representing more than two-thirds of the voting rights of all shareholders; resolutions on other matters must be passed by the affirmative vote of shareholders representing more than one-half of the voting rights of all shareholders.

2.3 Senior Management

- 2.3.1 The Parties agree that after this transaction, the Company shall cooperate with the Company's future performance and listing requirements to add and improve the senior management, and future adjustments to the senior management shall be implemented in accordance with the provisions of this Agreement, the Company's articles of association and other Transaction Documents.

- 2.3.2 If any senior management personnel violates his/her labor contract, non-competition agreement, confidentiality agreement, intellectual property ownership agreement and/or other agreements signed with the Group Companies, the Company Parties shall take all legal measures to pursue his/her liability for breach of contract.
- 2.3.3 To protect the interests of the Group Companies, the Company Parties shall use their best efforts to ensure that the senior management personnel of the Group Companies shall not hold positions in companies, enterprises or other entities outside the Group Companies or provide services with the same or similar content as the Group Companies' business or invest in other entities that are the same, similar to or compete with the Group Companies' business.

2.4 **Connected Transactions**

- 2.4.1 The Parties agree that after the execution of this Agreement, the Group Companies shall gradually establish a connected transaction system, standardize connected transactions in accordance with the standards of listed companies, maintain independence from connected parties in terms of assets, personnel, finance, organization, and business, and any connected transactions that are necessary to occur shall be executed by the relevant parties in accordance with the principles of fairness and impartiality based on market prices to clarify rights and obligations, and shall undergo internal decision-making procedures in accordance with legal provisions, the Group Companies' articles of association and the provisions of this Agreement.
- 2.4.2 The Founder commits that the Founder and other enterprises controlled by him or his Affiliates shall not misappropriate, possess or use the assets, properties or rights of the Group Companies, and shall not engage in connected transactions that harm the interests of the Group Companies.
- 2.4.3 For connected transactions that comply with the Group Companies' articles of association and have been resolved by the Group Companies' authority bodies, the Group Companies shall promptly notify the Parties of the pricing and basis; voting involving connected transactions must be strictly implemented in accordance with the relevant provisions of the *Company Law of the People's Republic of China*, this Agreement and the Group Companies' articles of association.
- 2.4.4 Connected transactions occurring in the Group Companies shall be conducted following market principles. If a connected transaction involves acts that harm the interests of the Group Companies, the connected parties involved in the relevant transaction shall compensate the Group Companies for the losses suffered as a result thereof.

- 2.4.5 Except with the consent of the Series A Investors, the Founder shall not operate businesses that are the same as or similar to those of the Group Companies outside the Group Companies system in his own name or in the names of his close relatives or others. If the Founder has operating assets for the same or similar business that were not integrated into the Group Companies before the investment by the Series A Investors, or obtains such operating assets after the investment by the Series A Investors not in the name of the Group Companies, the Founder shall, within thirty (30) days after written notice from the Series A Investors, transfer such assets to the Group Companies free of charge, and any taxes and fees required to be paid shall be borne by the Founder. The Parties further agree that if the business operated by the Founder outside the Group Companies system or the operating assets not integrated into the Group Companies are determined by the China Securities Regulatory Commission to constitute competition with the business of the Group Companies at the time of the Company's listing, the Founder agrees to take all measures and means to resolve such issues in accordance with the standards for the Company's listing. To avoid doubt, regardless of any contrary provisions in this Agreement, all matters requiring the consent of the Series A Investors under this Agreement refer to obtaining the consent of the Series A Investors holding, individually or in aggregate, more than one-half (1/2) of the Series A Investors' Equity.

3 EQUITY TRANSFER

3.1 Transfer Restrictions

- 3.1.1 The Parties unanimously agree that after the completion of the First Phase Capital Increase (as defined in the Prior Capital Increase Agreement), except with the prior written consent of the Series A Investors and in accordance with the procedures set forth in Articles 3.2 and 3.3 of this Agreement, within thirty-six (36) months after the closing date of this transaction (taking the latest closing date) or prior to the Company's first Qualified Public Offering (whichever is earlier), the Founding Shareholders (the "**Restricted Shareholders**"): (a) shall not directly or indirectly sell, transfer, gift, liquidate, mortgage, pledge or otherwise dispose of all or part of the Company's Equity directly or indirectly held by them; (b) shall not place any Encumbrance on all or part of the Company's Equity directly or indirectly held by them or allow such Encumbrances to exist. Any violation of this provision shall render the disposition of Equity by the Restricted Shareholders invalid. The Company shall not handle the corresponding industrial and commercial change registration or filing for such disposition of Equity.
- 3.1.2 The Parties unanimously agree that the Series A Investors have the right to transfer all or part of their Equity in the Company at any time without any restrictions, and other shareholders shall cooperate with such transfer matters, including but not limited to passing resolutions at the relevant shareholders' meeting and/or Board meeting agreeing to the Investors' transfer of Equity and waiving the right of first refusal, and cooperating in the industrial and commercial change procedures, etc. When the Series Pre-A Investor transfers the Company's Equity to a third party other than an Affiliate, other shareholders of the Company shall have the right of first refusal, but shall not have the co-sale right.

- 3.1.3 The Company Parties hereby undertake and confirm that if the Shareholding Platforms intend to undergo capital increase, capital decrease, admission of new partners, withdrawal of existing partners or any equity change, as well as any transfer, pledge, disposal of any equity, partnership interest or partnership share (excluding capital increase or partnership share transfer conducted in accordance with the employee incentive plan already approved by the Board), the Series A Investors shall be informed fifteen (15) days in advance. If, upon reasonable judgment of the Series A Investors, the above actions are deemed to be an indirect transfer of their Equity in the Company (the “**Indirect Transfer**”), such Indirect Transfer shall be subject to the provisions of Articles 3.1.1, 3.2 and 3.3 of this Agreement. If the Company Parties fail to inform the Series A Investors of the Indirect Transfer within the above stipulated time, the Parties agree and confirm that such Indirect Transfer is invalid, and the Shareholding Platforms shall not cooperate in handling the industrial and commercial changes.

3.2 **Right of First Refusal**

- 3.2.1 Subject to the provisions of Article 3.1 of this Agreement, if any Restricted Shareholder of the Company (the “**Transferring Shareholder**”) intends to directly or indirectly transfer its Equity in the Company (the “**Equity to be Transferred**”) to one or more third parties (the “**Transferee**”), then the Investors (including their designated Affiliates) shall have the right, on the same terms and conditions, to have the priority over such third party to acquire all or part of the Equity to be Transferred (the “**Right of First Refusal**”), except in the following circumstances: disposal of equity/partnership interest for the implementation of the employee incentive plan (including the repurchase of its share by the general partner of the employee shareholding platform when the incentivized object exits or the transfer of its share to other incentivized objects) or transfer occurring in accordance with the restructuring under Article 19.2 of this Agreement.
- 3.2.2 Before any Transferring Shareholder transfers its held Equity to be Transferred in accordance with the provisions of Article 3.2.1 of this Agreement, such shareholder shall first issue a written notice (the “**Transfer Notice**”) to the Company and the Investors regarding its intention to transfer. The Transfer Notice shall include: (a) a description of the Equity to be Transferred, including but not limited to the amount of Equity to be transferred, the transfer price, the payment term for the transfer consideration, etc.; (b) the identity of the third party intending to acquire the Equity, including but not limited to the name or title and business scope (if applicable) of the third party, etc.; and (c) the main terms and conditions on which the intended transfer is based. The Transfer Notice shall prove that such Transferring Shareholder has received a firm offer from the Transferee and is confident that it can reach a binding agreement on the transfer based on the terms and conditions in the Transfer Notice. The Transfer Notice shall also include copies of any written proposals, term sheets or letters of intent or other agreements regarding the proposed transfer.

- 3.2.3 Each Investor intending to exercise the Right of First Refusal (the “**First Refusal Exercising Shareholder**”) shall issue a written notice (the “**Purchase Notice**”) to such Transferring Shareholder within twenty (20) Business Days after its receipt of the Transfer Notice (the “**First Refusal Period**”). The Purchase Notice shall state the amount of Equity to be Transferred that such First Refusal Exercising Shareholder intends to purchase on a first-refusal basis under the terms and conditions set forth in the Transfer Notice. If the sum of the amount of Equity to be Transferred that the First Refusal Exercising Shareholders are willing to purchase exceeds the total amount of Equity to be Transferred, then each First Refusal Exercising Shareholder shall negotiate to determine their respective purchase amount. If the negotiation fails, then the First Refusal Exercising Shareholders shall purchase the Equity to be Transferred in accordance with their respective relative shareholding ratios in the Company at such time. If any shareholder fails to respond during the First Refusal Period, it shall be deemed that such shareholder has waived its exercise of the Right of First Refusal.
- 3.2.4 If any First Refusal Exercising Shareholder waives the exercise or does not fully exercise the Right of First Refusal under this Article 3.2 in accordance with its relative shareholding ratio, then with respect to the transfer Equity waived or not fully exercised by such shareholder (hereinafter referred to as the “**Remaining Transfer Equity**”), the Transferring Shareholder shall immediately issue a written notice to the First Refusal Exercising Shareholders who have fully exercised the Right of First Refusal in accordance with the shareholders’ relative shareholding ratios (hereinafter referred to as the “**Excess Purchase Right Shareholders**”), and the Excess Purchase Right Shareholders shall have the right to choose to purchase the Remaining Transfer Equity in accordance with the respective relative shareholding ratios of the Excess Purchase Right Shareholders in the Company at such time within ten (10) Business Days after receipt of such notice.
- 3.2.5 The Transferring Shareholder shall enter into the equity transfer agreement and other relevant documents with the First Refusal Exercising Shareholders.

3.3 **Co-sale Right**

- 3.3.1 If a Transferring Shareholder sells its held Equity in the Company, any Investor that has not exercised the Right of First Refusal in accordance with the provisions of Article 3.2 of this Agreement (the “**Co-sale Right Shareholder**”) shall have the right, in accordance with the provisions of Article 3.3 of this Agreement, to sell Equity together with the Transferring Shareholder to the Transferee on the same terms and conditions set forth in the Transfer Notice (the “**Co-sale Right**”). The Transferring Shareholder shall issue a written notice (the “**Co-sale Notice**”) to the Co-sale Right Shareholders, stating the amount of Equity intended to be sold that was not purchased on a first-refusal basis. The Co-sale Right Shareholders have the right but not the obligation to participate in the sale of Equity at the same price and conditions set forth in the sale notice.

- 3.3.2 Co-sale Right Shareholder (including its Affiliates) intends to exercise the Co-sale Right, such Co-sale Right Shareholder (the “**Co-sale Exercising Shareholder**”) shall issue a written notice to the Transferring Shareholder within ten (10) Business Days after receipt of the Co-sale Notice, which shall state the amount of Equity that such Co-sale Exercising Shareholder intends to co-sell under the terms and conditions set forth in the Transfer Notice. The amount of Equity that the Co-sale Exercising Shareholder may participate in co-selling shall be the lower of: (a) the amount of Equity that such Co-sale Exercising Shareholder states in the Co-sale Notice that it is willing to sell; or (b) the total amount of Equity to be Transferred multiplied by a fraction, the numerator of which is the amount of the Company’s registered capital held by such Co-sale Exercising Shareholder at such time, and the denominator of which is the total amount of the Company’s registered capital held by all Co-sale Exercising Shareholders and the Transferring Shareholder at such time. If any Investor fails to respond during the First Refusal Period or has exercised the Right of First Refusal in accordance with Article 3.2 of this Agreement, it shall be deemed that such Investor has waived the exercise of the Co-sale Right.。
- 3.3.3 Notwithstanding the above provisions, if a Restricted Shareholder, although not selling all of its held Equity in the Company, will cause a change in the Company’s Founder due to the sale, then the Investors shall have the right to require that, on the same terms and conditions as the intended transfer, all of their held Equity in the Company be sold to the Transferee in priority to the Restricted Shareholder.
- 3.3.4 The Transferring Shareholder, the Co-sale Exercising Shareholders and the Transferee shall enter into the equity transfer agreement and other relevant documents in accordance with the same terms and conditions set forth in the Transfer Notice, and the Transferring Shareholder shall take measures including correspondingly reducing the amount of Equity it sells to ensure the realization of the Co-sale Right. If any one or more Transferees explicitly disagree with the Co-sale Exercising Shareholders’ participation in the co-sale, or do not accept their Equity transfer, then the Transferring Shareholder shall not sell any Company Equity to such Transferee(s), unless at the same time of such sale or transfer, such Transferring Shareholder purchases from the Co-sale Exercising Shareholders the amount of Equity determined in accordance with Article 3.3.2 of this Agreement under the terms and conditions

3.4 **Non-Exercise of Rights**

Subject to Articles 3.2 and 3.3 of this Agreement, the Transferring Shareholder shall, within ninety (90) days after issuing the Transfer Notice, transfer the Equity to be Transferred to the Transferee in accordance with the terms and conditions listed in the Transfer Notice. Any transfer not completed within such ninety (90) days shall be handled again in accordance with the provisions of Articles 3.2 and 3.3 of this Agreement.

4 NEW REGISTERED CAPITAL

4.1 Preemptive Right

- 4.1.1 If the Company intends to increase its registered capital or issue any Equity Interest (the “**New Registered Capital**”), then the Investors (including their designated Affiliates) shall have the right to subscribe for such New Registered Capital on a preemptive basis in proportion to their respective shareholdings in the Company at such time (the “**Preemptive Right**”).
- 4.1.2 The Company shall provide written notice of the Company’s New Registered Capital matter to each shareholder, and the written notice shall state the price of the Company’s New Registered Capital, the subscribers and other terms (the “**Capital Increase Notice**”). Each shareholder intending to exercise the Preemptive Right (the “**Preemptive Right Exercising Shareholder**”) shall issue a written notice (the “**Subscription Notice**”) to the Company within twenty (20) Business Days after its receipt of the Capital Increase Notice (the “**Preemptive Right Period**”). The maximum number of the Company’s registered capital that each shareholder is entitled to subscribe for (the “**Maximum Subscription Amount**”) is the product of: (x) the amount of the Company’s planned New Registered Capital, (y) a fraction, the numerator of which is the amount of the Company’s registered capital held by such shareholder, and the denominator of which is the total registered capital of the Company before the addition of the New Registered Capital. The Subscription Notice shall state that such Preemptive Right Exercising Shareholder intends to subscribe for the New Registered Capital on a preemptive basis under the terms and conditions set forth in the Capital Increase Notice. If any shareholder fails to respond during the Preemptive Right Period, it shall be deemed that such shareholder has waived its exercise of the Preemptive Right.
- 4.1.3 If any shareholder (the “**Non-Full Subscription Party**”) waives the exercise or does not fully subscribe for the Maximum Subscription Amount it is entitled to in the Subscription Notice, the Company shall immediately issue a written notice to the Investors who have fully subscribed for the amount they are entitled to (the “**Full Subscription Investors**”), stating the amount of registered capital that the Non-Full Subscription Party failed to subscribe for, and the Full Subscription Investors shall, within ten (10) Business Days after receipt of the above notice (the “**Second Subscription Period**”), notify the Company whether they exercise the Preemptive Right beyond the Maximum Subscription Amount, and inform the Company of the further amount of the Company’s registered capital they undertake to subscribe for. If there are two or more Full Subscription Investors, then each Full Subscription Investor shall have the right to subscribe for the remaining New Registered Capital in accordance with their respective relative shareholding ratios at such time, up to all of the New Registered Capital corresponding to the Non-Full Subscription Party’s waiver of the Preemptive Right.

- 4.1.4 Subject to the above Article 4.1.3, after the expiration of the Preemptive Right Period or the Second Subscription Period (if applicable), if no shareholder exercises the Preemptive Right or the shareholders do not fully exercise the Preemptive Right, the Company shall have the right, within ninety (90) days after the expiration of the Preemptive Right Period or the Second Subscription Period (if applicable), to issue the remaining New Registered Capital among the New Registered Capital that has not been preemptively subscribed by the Investors on terms and conditions not lower than those in the Capital Increase Notice. If the Company fails to complete the sale of the New Registered Capital within the aforementioned ninety (90) days, when the Company intends to continue or again issue or sell any New Registered Capital, the Company shall re-grant the Preemptive Right to each shareholder for such New Registered Capital in accordance with the procedures specified in Article 4.1.2 of this Agreement.
- 4.1.5 The Preemptive Right described in this Article shall not apply to issuances due to the following matters (and such matters have been approved by the Series A Investors or the QuantaSing Directors): (a) capital increase for implementing new employee incentives; (b) the Company's merger with other business entities through share exchange; (c) the Company's reorganization and public offering to raise funds; (d) newly increased registered capital in the case of profit conversion into registered capital, capital reserve conversion into share capital, etc., passed unanimously by the Company's shareholders' meeting; (e) other issuances related to share reorganization or similar transactions.

4.2 Anti-dilution Protection

- 4.2.1 If the Company, upon approval of the shareholders' meeting, issues any shares, convertible debts, or other subscription rights convertible into any Equity of the Company (the "**New Round Capital Increase**"), and the price of the New Round Capital Increase is lower than the Price Per Share at which the Investors subscribed for each Yuan of registered capital (for the purpose of this Article 4.2, each Yuan of registered capital is counted as 1 share), then any Investor shall have the right to choose the following method for anti-dilution adjustment (the "**Anti-dilution Adjustment**"): (i) each Founding Shareholder transfers Company Equity to such Investor for a total consideration of RMB 1 or the lowest price permitted by law (whichever is lower), and/or (ii) the Company issues Company Equity to such Investor at the lowest price permitted by law (collectively referred to as the "**Compensation Equity**"), so that after the Investor obtains the Compensation Equity, the total number of the Investor's original Equity held plus the Compensation Equity = the Investor's total Investment Amount ÷ New Conversion Price (all calculated in RMB Yuan), wherein the formula for "**New Conversion Price**" in the formula is:

$$NCP = OCP * (OB + (X/OCP)) / OA$$

Where:

NCP = New Conversion Price ;

OCP = the currently effective Price Per Share of the Investor before the New Round Capital Increase;

OB = the total number of shares before the New Round Capital Increase;

X = the amount of the New Round Capital Increase;

OA = the total number of Company shares after the New Round Capital Increase.

- 4.2.2 If, due to restrictions of Applicable Law, any Investor cannot obtain Compensation Equity from the Founding Shareholders or the Company at nominal consideration for free, while such Investor enters into an equity transfer agreement with payment obligation with the Founding Shareholders or a capital increase agreement with payment obligation with the Company, the Founding Shareholders or the Company shall issue a written exemption letter for the equity transfer consideration or capital increase consideration in the format required by such Investor, exempting such Investor from the obligation to pay the equity transfer consideration or capital increase consideration (for the capital increase consideration, the Company Parties shall compensate such Investor in cash in a manner compliant with legal provisions, and such Investor shall use such cash to pay the capital increase consideration to the Company), and all costs and taxes arising therefrom shall be borne by the Company Parties.
- 4.2.3 The Company Parties shall ensure that at that time, through resolutions of the shareholders' meeting, resolutions of the Board and the execution of all required legal documents, the Investors can exercise the rights described in this Article, and shall complete the equity transfer or increase of registered capital and the relevant government approvals and industrial and commercial registration procedures within thirty (30) days after receipt of the Investor's written compensation request. If the Investor needs to pay any taxes or other fees due to the above equity adjustment, the Company Parties shall compensate the Investor for such taxes or other fees payable within ten (10) Business Days. The Company Parties shall bear joint and several liability for the Anti-dilution Adjustment, and the Company shall not implement such New Round Capital Increase before the completion of such Anti-dilution Adjustment.

4.3 Exceptions

The provisions of Articles 4.1 and 4.2 above shall not apply to any of the following circumstances:

- 4.3.1 Employee incentive equity issued pursuant to the employee incentive plan passed by the Board (including the consent of the QuantaSing Directors) or the shareholders' meeting (including the consent of the Series A Investors);

- 4.3.2 The Company's implementation of capital reserve or profit pro rata conversion into capital or stock dividend;
- 4.3.3 Increase of registered capital for implementing the acquisition of another entity or business or merger with another entity, passed by the shareholders' meeting.

5 INFORMATION RIGHTS

5.1 Reports

- 5.1.1 Subject to the disclosure and internal control requirements of the listed company to which QuantaSing belongs, as long as the Investors hold Equity in the Company, the Company shall, and the other Company Parties shall cause the Company to, deliver the following documents related to the Group Companies to the Investors:
- (a) Within 90 days after the end of each fiscal year, provide the audited consolidated financial statements and operating report of the Company for such fiscal year, and the auditor shall be a securities-qualified accounting firm agreed upon by the QuantaSing Directors;
 - (b) Within 21 days after the end of each quarter, provide the Company's unaudited quarterly consolidated financial statements and management accounts;
 - (c) Before the 21st day of each month, provide the Company's unaudited monthly consolidated financial statements, management accounts and monthly main operational data for the previous month;
 - (d) Within 30 days before the end of each fiscal year, provide the Company's annual budget and business plan for the next fiscal year;
 - (e) Various government penalties, injunctions and litigation proceedings in which the Company is a party;
 - (f) Other information and documents reasonably requested by the Investors; and
 - (g) Other materials or information delivered by the Company to any shareholder.
- 5.1.2 The financial statements stipulated in Article 5.1 shall include balance sheets, income statements and cash flow statements, as well as the comparison of the corresponding financial data with the corresponding monthly, quarterly or annual budget targets.

- 5.1.3 All financial statements of the Company shall be prepared in accordance with Chinese Accounting Standards or other qualified financial reporting standards agreed upon by the Board.
- 5.1.4 The Investors have the right to inspect and copy the facilities, accounts and records of the Company and its subsidiaries or branches without affecting the normal operation of the Company, and have the right to discuss the business, operations and other conditions of the Company and its Affiliates with the relevant directors, management personnel, employees, accountants, legal advisors and investment banks, and the Company shall actively cooperate.
- 5.1.5 The exercise of the information rights under this Article 5 (including but not limited to Articles 5.1.1, 5.1.4) shall not violate the relevant provisions and requirements regarding information disclosure and internal control of the listed company to which QuantaSing belongs.

6 FULL-TIME SERVICE AND NON-COMPETITION

- 6.1 The Founder and Key Employees shall devote all of their time, energy, skills and efforts to the operation of the Group Companies, and the Founder and Key Employees shall use their best efforts to promote the development of the Group Companies and seek benefits for the Group Companies. Without the prior written consent of the Investors, the Founder and Key Employees shall not hold positions in other enterprises, work part-time or provide advisory services or similar services to other enterprises. The Founder shall owe duties of loyalty and diligence to the Group Companies and shall not engage in any activities that harm the Group Companies and/or any shareholders including the Investors. In addition, during the period when the Founder and Key Employees directly or indirectly hold Equity in the Company or serve as employees or directors of the Group Companies, and within two (2) years after they no longer directly or indirectly hold Equity in the Company or are no longer employed by the Group Companies or serve as directors of the Group Companies (whichever is later), they shall not directly or indirectly engage in businesses that compete with the Principal Business, shall not directly or indirectly hold any interests in any entity that competes with the Group Companies, nor shall they engage in other acts that harm the interests of the Group Companies, including but not limited to:
- 6.1.1 Holding a controlling interest, participating or indirectly controlling companies or other organizations engaged in competitive activities (except for purchasing and holding no more than 1% of the outstanding shares or other securities issued by the aforementioned companies from the public stock trading market);
- 6.1.2 Serving as a management personnel, employee, or consultant of a company or organization engaged in competitive activities.;
- 6.1.3 Providing loans to companies or organizations engaged in competitive activities;
- 6.1.4 Obtaining benefits directly or indirectly from competitive activities or companies or other organizations engaged in competitive activities;

- 6.1.5 Soliciting customers of the Group Companies in any form, or conducting or attempting to conduct transactions with customers related to the Group Companies' production and sales business, regardless of whether such customers are customers of the Group Companies before or after the closing date;
- 6.1.6 Employing, in any form and through any individual or organization directly or indirectly controlled by them or in which they have an interest, any person who has left the Group Companies since the closing date (excluding individuals who have left for more than two (2) years at that time); and
- 6.1.7 Soliciting the employment of employees employed by the Group Companies at that time in any form.
- 6.2 Except as otherwise provided by Applicable Law, the Group Companies shall not, and the Company Parties and Key Employees shall use their best efforts to prevent the Group Companies from, exempting any employee or advisor who is subject to non-competition, non-solicitation, intellectual property protection or similar restrictive commitment obligations from such obligations, or failing to enforce any such non-competition, non-solicitation, intellectual property protection or similar restrictive commitment against any such employee or advisor.
- 7 DIVIDEND RIGHTS**
- 7.1 If the Company's shareholders' meeting declares the distribution of dividends, each shareholder of the Company shall be distributed in proportion to its shareholding, and the Investors shall have the right to receive dividends equivalent to the distributable dividends according to their respective shareholding ratios in the Company at such time in priority to other shareholders of the Company. Only after the Investors have received such dividends may the Company distribute dividends to other shareholders.
- 8 DRAG-ALONG RIGHT**
- 8.1 If any bona fide third party (the "**Acquirer**") intends to acquire the Equity, assets or business of the Company resulting in the occurrence of a Sale Event (as defined below), and the Company's valuation at the time of the overall sale is not less than 5 times the Post-Transaction Valuation (the "**Overall Sale**"), and such Sale Event is approved by shareholders holding more than 51% of the voting rights of all shareholders (the "**Drag-Along Right Holders**") (including the consent of the Series A Investors), the Drag-Along Right Holders shall have the right to issue a written notice (the "**Drag-Along Notice**") to the Company and all shareholders, requiring all shareholders to sell all of their held Equity in the Company (the "**Drag-Along Right**"). The Company's shareholders are obligated to sell all of their held Equity in the Company at the intended sale price of the Company at the time of the Overall Sale within sixty (60) days after receipt of the Drag-Along Notice (including but not limited to completing all change registration, filing, approval and other legal procedures required for the equity transfer). All proceeds obtained by the Company and/or the Company's shareholders in the aforementioned transaction shall be distributed in accordance with the provisions of Article 9.1 of this Agreement.

- 8.2 When an Overall Sale occurs, the Right of First Refusal provisions under this Agreement shall no longer apply (and the relevant shareholders hereby agree to waive their respective Rights of First Refusal), and the Company and the Company's shareholders shall provide necessary cooperation for the exercise of the Drag-Along Right, including but not limited to signing all documents required for the change registration.
- 8.3 If any Company shareholder at that time does not agree or fails to sell its held Equity in the Company in accordance with the provisions of Article 8 of this Agreement, it shall purchase all of the Company Equity that the Series A Investors intend to sell from the Series A Investors at the intended sale price of the Company at the time of the Overall Sale.

9 LIQUIDATION PREFERENCE

9.1 Liquidation Preference Amount

If the Company undergoes any Liquidation Event (as defined below), the remaining assets after the proceeds from the disposal of the Company's assets are used to pay liquidation expenses, employee wages, social insurance fees and statutory compensation, pay off outstanding taxes, and repay the Company's debts in accordance with the provisions of Applicable Law (the "**Liquidation Proceeds**") shall be distributed according to the following scheme and order:

- 9.1.1 Before distribution to other shareholders, the Company shall give priority to distributing Liquidation Proceeds to the Series A Investors until the distributable proceeds obtainable by the Series A Investors equal the higher of: (i) the Investment Amount corresponding to their held Company Equity plus the amount calculated at an annual simple interest rate of 8%, plus the total of all declared but undistributed profits or dividends; (ii) the distributable amount calculated based on their held Company Equity ratio (the "**Series A Investor Liquidation Preference Return**").
- 9.1.2 After the payment of the Series A Investor Liquidation Preference Return is completed, the Company shall distribute Liquidation Proceeds to the Series Pre-A Investor until the distributable proceeds obtainable by the Series Pre-A Investor equal the higher of: (i) the Investment Amount corresponding to its held Company Equity plus the amount calculated at an annual simple interest rate of 8%, plus the total of all declared but undistributed profits or dividends; (ii) the distributable amount calculated based on its held Company Equity ratio (the "**Series Pre-A Investor Liquidation Preference Return**", collectively with the Series A Investor Liquidation Preference Return referred to as the "**Investor Liquidation Preference Return**").

9.1.3 After the payment of the Investor Liquidation Preference Return is completed, if there is still a balance of Liquidation Proceeds, it shall be distributed among all shareholders of the Company (including the Investors) in proportion to their Equity ratios.

9.2 Implementation of Liquidation Preference

The Company Parties shall take all effective measures to ensure that the Investors receive the corresponding distribution amount in accordance with the provisions of Article 9.1, including but not limited to (a) the Company distributing dividends and bonuses (if any) according to a scheme agreed by the Investors, (b) the Company and its shareholders compensating the Investors with the Liquidation Proceeds, (c) other methods agreed upon by the Parties as permitted by law.

If the distribution principle described in this Article 9.1 cannot be realized in accordance with the relevant laws and regulations, the Company shall first distribute according to the provisions of the law, after which each shareholder shall compensate the Investors through free gift or other methods recognized by the Investors to the extent of the Liquidation Proceeds obtained by them at that time (to avoid doubt, if it is by way of free gift, each shareholder hereby explicitly agrees and confirms that such free gift is irrevocable), to achieve the same or similar economic effect under the scheme stipulated in Article 9.1 of this Agreement.

To facilitate the realization of the aforementioned compensation, all parties are obliged to fully cooperate with the aforementioned compensation methods. This includes, but is not limited to, voting in favor at shareholders' meetings, requiring the directors appointed by them to vote in favor at board meetings, signing all necessary relevant legal documents such as unconditional gift agreements or irrevocable transfer agreements, and obtaining the consent of relevant internal and external parties.

9.3 Liquidation Event

For the purpose of this Agreement, "**Liquidation Event**" means (a) the dissolution, liquidation, winding-up, closure or termination of business of the Company; (b) the merger or acquisition of the Company or its merger into any other company or entity, resulting in the shareholders of the Company before such merger, acquisition or merger holding less than fifty percent (50%) of the equity in the surviving company or entity after such transaction; (c) the sale, transfer, mortgage, pledge or other disposal of all or substantially all of the assets or business of the Group Companies (including the sale or exclusive or sole license of all or substantially all of the intellectual property of the Group Companies to a third party for use); or (d) any equity transfer, sale, share exchange or other transaction resulting in the transfer of more than fifty percent (50%) of the voting rights of the Company to a third party and other events defined as a change of control of the Company, except for circumstances exempted with the consent of the Series A Investors. The aforementioned items (b) to (d) are individually or collectively referred to as "**Sale Events**".

10 MOST FAVORED TERMS

If any existing shareholder of the Company, other Investors in this transaction (if any) or future shareholders who obtain any Equity in the Company at a valuation not higher than the Post-Transaction Valuation enjoy rights that are more favorable or preferential than the rights enjoyed by the Series A Investors under the Transaction Documents (unless otherwise explicitly agreed in the Transaction Documents), then the Series A Investors shall automatically enjoy the same rights.

The Company and its shareholders shall provide all necessary cooperation, including but not limited to amending this Agreement and the Company's new articles of association, to enable the relevant Investors to enjoy the aforementioned more favorable or preferential rights.

11 USE OF NAME

Unless with the prior written consent of QuantaSing, no party to this Agreement (other than QuantaSing) may use, disclose or copy any of the following names for any market promotion, advertising or promotional purposes: (i) the name of QuantaSing or any of its Affiliates, including but not limited to QuantaSing, Beijing Liangzizhige, QSG, etc.; (ii) the name, portrait of any partner or director or supervisor of QuantaSing or its Affiliates; and/or (iii) any name, trademark, logo similar to any of the foregoing items.

12 CONFIDENTIALITY

12.1 Unless otherwise agreed in this Agreement, the Parties shall keep confidential the existence of the Transaction Documents or any information relating to the transactions under the Transaction Documents (including any information obtained by such Party through participating in the negotiation and execution of the Transaction Documents) (the “**Confidential Information**”), and shall not use or disclose it to any third party in any way or for any other purpose.

12.2 The restrictions in Article 12.1 of this Agreement shall not apply to information disclosed under the following circumstances:

12.2.1 Disclosure or use required by Applicable Law or any regulatory authority;

12.2.2 Disclosure or use required by any legal proceedings arising from this Agreement or any other agreement entered into pursuant to this Agreement, or reasonably disclosed to tax authorities;

12.2.3 Disclosure to the respective investors, fund management companies, investment banks, lenders, accountants, legal advisors, and bona fide potential investors of the Parties, provided that the Parties shall require such information recipients to comply with the provisions of this Article 12 regarding such Confidential Information as if they were parties to this Agreement;

12.2.4 The information has entered the public domain for reasons not attributable to the Parties to this Agreement;

12.2.5 Disclosure or use has been approved in writing by all other Parties in advance.

- 12.3 If disclosure is made based on Articles 12.2.1 and 12.2.2 above, the party disclosing the information shall discuss such information disclosure and submission with the other Parties within a reasonable time before disclosing or submitting the information, and shall, in the case of information disclosure or submission required by the other Parties, to the extent possible, allow the informed party to treat the disclosed or submitted information parts confidentially.

13 FORCE MAJEURE

- 13.1 If a force majeure event such as earthquake, typhoon, flood, fire, military action, strike, riot, war or other unforeseeable, unavoidable and insurmountable event by the Parties occurs (each referred to as a “**Force Majeure Event**”), preventing a Party from performing this Agreement, such Party shall immediately notify the other Parties without delay, and provide detailed information and supporting documents of such event within fifteen (15) days after the notice is sent, explaining the reason for the inability or delay in performing all or part of its obligations under this Agreement. The Parties shall seek and implement solutions acceptable to all Parties through consultation.

- 13.2 If a Force Majeure Event occurs, the Party affected by the force majeure shall not be liable to any other Party for any damage or loss suffered by such other Party due to the failure or delay in performing its obligations under this Agreement due to the Force Majeure Event, and such failure or delay shall not be deemed a breach of this Agreement. The Party claiming the occurrence of a Force Majeure Event shall take appropriate measures to reduce or eliminate the impact of the Force Majeure Event and shall attempt to resume performance of the obligations delayed or hindered by the Force Majeure Event as soon as possible.

- 13.3 If a Force Majeure Event or the impact of a Force Majeure Event prevents one or more Parties from performing all or part of their obligations under this Agreement for more than one (1) month, the Party not affected by the force majeure or other Parties shall have the right to require the termination of this Agreement and the exemption of part of the obligations under this Agreement or the delay of the performance of this Agreement.

14 LIABILITY FOR BREACH OF AGREEMENT

- 14.1 If any Party breaches the representations, warranties or undertakes made by it under this Agreement and other Transaction Documents, or fails to perform its obligations undertaken under this Agreement and other Transaction Documents, such Party shall be deemed to be in default, and the defaulting Party shall rectify its default within fifteen days after receiving notice from the observing Party of this Agreement expressly stating its default. If the defaulting Party fails to make a remedy satisfactory to the observing Party within fifteen days after receiving such notice, the observing Party shall have the right to require the defaulting Party to bear liability for breach of agreement and compensate for any loss, damage, liability, cost or expense incurred due to such default. Unless otherwise agreed in this Agreement, after the execution of this Agreement, if any Party breaches the agreement and unilaterally rescinds or terminates this Agreement without just cause, in addition to compensating the observing Party's losses, the defaulting Party shall also compensate the observing Party for breach of agreement in accordance with the law, and the penalty shall be 20% of the investment amount under this Agreement.

- 14.2 On the basis of Article 14.1 of this Agreement, the Company Parties agree that for any damage, loss, claim, action, proceeding, demand, judgment, settlement, tax, interest, expense and expenditure (including but not limited to reasonable attorney's fees) that any Investor directly or indirectly suffers, incurs or occurs, or is brought against any Investor or its Affiliates, directors, partners, shareholders, employees, agents and representatives (the "**Indemnified Persons**") (whether it is a third-party claim, a claim between the Parties to this Agreement or other claims) due to any breach by the Company Parties of any commitment, agreement or obligation under this Agreement, the Group Companies and the Founding Shareholders shall jointly and severally compensate the Investors, defend the Investors and hold them harmless, with the Investors acting on behalf of themselves or each other Indemnified Person, so that the Investors and each other Indemnified Person can obtain compensation, regardless of whether they are a party to this Agreement.
- 14.3 The Parties acknowledge and agree that the provisions on compensation in Article 15 of this Agreement shall not be the sole remedy that any Investor will obtain in the event that any other Party fails to perform and comply with any of its commitments and agreements in this Agreement. If such other Party fails to perform in accordance with the agreement or violates any provision in this Agreement, then any Investor may seek any other rights that can be asserted based on this Agreement or Chinese Law applicable to any other Transaction Document or seek any and all other remedies.
- 14.4 For the avoidance of doubt, the Founder's liquidation, compensation and other liabilities under this Agreement shall be limited to the market fair value corresponding to all of the Company's Equity directly and/or indirectly held by him at that time, and shall not involve his personal or family property.
- 15 TERMINATION OF AGREEMENT**
- 15.1 This Agreement may be modified or amended upon consultation and unanimity by the Parties to this Agreement. Any modification or amendment must be made in writing and shall take effect upon execution by the Parties to this Agreement.

15.2 This Agreement may be terminated by:

15.2.1 The jointly written agreement of the Parties to this Agreement to terminate and determine the effective time of termination;

15.2.2 QuantaSing has the right to terminate this Agreement by providing at least ten (10) Business Days' prior written notice to the other Parties, stating the effective date of termination in the notice, if any of the following circumstances occur:

- (a) The representations or warranties of the Company Parties under the Transaction Documents are materially untrue, have material omissions or are materially misleading;
- (b) The Company Parties materially breach the agreements, commitments, or obligations under the Transaction Documents; or
- (c) For reasons not attributable to QuantaSing, this transaction cannot be completed within ninety (90) days from the execution date of this Agreement or on another date recognized by the Parties through consultation.

16 NOTICE AND SERVICE

16.1 Any notice or other communication related to this Agreement sent by one Party to the other Parties (the "**Notice**") shall be in writing and shall be deemed duly served when delivered to the addressee at the following communication address, communication number or email address, noting the name of the following contacts.

[***] (*List of notice addresses*)

16.2 The time of service for various communication methods stipulated in the preceding paragraph shall be determined in the following ways:

16.2.1 Notices delivered in person shall be deemed served upon signing by the addressee;

16.2.2 Notices sent by mail shall be sent by registered mail or express delivery, and registered mail shall be deemed served on the seventh (7th) day after posting, and express delivery shall be deemed served upon signing by the addressee;

16.2.3 Notices sent by email shall be deemed served when the email system shows that the addressee has actually received them.

16.3 If the above communication address or notification method of any Party (the "**Changing Party**") changes, the Changing Party shall notify the other Parties within seven (7) days after the occurrence of such change. If the Changing Party fails to notify in a timely manner as agreed, the Changing Party shall bear the losses caused thereby.

17 GOVERNING LAW AND DISPUTE RESOLUTION

- 17.1 The formation, validity, interpretation, performance, change, termination and dispute resolution of this Agreement shall be governed by Chinese Law.
- 17.2 Any dispute arising from the execution of this Agreement or in connection with this Agreement shall be resolved by the Parties through friendly consultation. If any dispute cannot be resolved through consultation within fifteen (15) days after the dispute arises, any Party shall have the right to submit the dispute to the Shenzhen Court of International Arbitration for arbitration in Shenzhen in accordance with the arbitration rules of the Commission effective at that time. The language of the arbitration shall be Chinese. The arbitral award is final and binding on all Parties.
- 17.3 During the dispute resolution period, the Parties shall continue to have their respective other rights under this Agreement and shall continue to perform their corresponding obligations under this Agreement.

18 SUPPLEMENTARY PROVISIONS

18.1 Exemption from Liability

The Series Pre-A Investor hereby confirms that it exempts the Company Parties from any legal liability that may arise from the failure to complete the commitments or obligations under the Series Pre-A Capital Increase Agreement within the agreed time limit as of the closing date, and agrees and undertakes that it will not subsequently assert any claims, requests, demands or complaints against the Company Parties based on the aforementioned agreement regarding such default as of the closing date.

18.2 Restructuring

The Parties confirm and agree that after the closing date, the Company shall implement domestic and overseas restructuring arrangements in accordance with the scheme passed by the shareholders' meeting at that time (which must include the consent of the Series A Investors) so that the Company is restructured into an overseas company that controls domestic entities. At that time, the Parties shall ensure that the relevant arrangements for Equity Transfer I, Capital Increase I, Debt-to-Equity Conversion, Equity Transfer II, Equity Transfer III, Capital Increase II and the employee incentive equity under Article 2.3 of the Capital Increase Agreement can be fully implemented at the level of the restructured overseas company. The rights of the Investors in the overseas company shall include all the rights enjoyed by the Investors under this Agreement and all the rights customarily enjoyed by the Investors as shareholders of the overseas company. The Group Companies and the Founding Shareholders shall ensure that the rights and interests of the Investors are still substantively respected and satisfied during and after the implementation of the Company's domestic and overseas restructuring. The Parties agree to cooperate with the implementation of the aforementioned restructuring matters and sign necessary legal documents to achieve the purpose of the aforementioned restructuring. If such domestic and overseas restructuring of the Company causes additional costs or tax basis losses to the Investors, the Group Companies and the Founding Shareholders agree to bear such costs or tax basis losses.

18.3 Effectiveness and Amendment

This Agreement shall be formed upon execution by the Parties and shall take effect from the closing date of this transaction (taking the earliest closing date). Matters not covered in this Agreement shall be separately negotiated by the Parties and signed as a supplementary agreement, which shall have the same legal effect as this Agreement. The modification and change of this Agreement must be unanimously agreed by the Parties, conducted in writing, and shall take effect upon execution by the Parties.

18.4 Transfer

The Investors have the right to transfer their rights and obligations under this Agreement together with their held Equity in accordance with the provisions of this Agreement to a third party, and such transfer does not require the prior consent of the other Parties, but the Investors shall provide written notice to the other Parties at least ten (10) Business Days in advance. Except for this, without the prior written consent of the other Parties, no Party may transfer its rights and obligations under this Agreement to a third party.

18.5 Entire Agreement

This Agreement represents the complete and consistent agreement of the Parties on the matters under this Agreement and replaces any other written and oral agreements or other documents previously made by the Parties on this matter (including but not limited to Articles 5, 6, 7 (excluding Article 7.4) of the Series Pre-A Capital Increase Agreement, and the *Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.* signed by the Company Parties, the Investors (excluding Yu Cui) and other relevant parties on December 30, 2024, which shall automatically terminate from the effective date of this Agreement). The contents of agreements signed and effective between the Company's shareholders and the Company and between the Company's shareholders before the execution of this Agreement, if conflicting with the provisions of this Agreement, shall be subject to the relevant provisions of this Agreement; non-conflicting contents shall continue to apply to the relevant Parties and have legal binding force.

18.6 Severability

If any provision of this Agreement is invalid or unenforceable due to the law applicable to it, such provision shall be deemed non-existent from the beginning without affecting the validity of the other provisions of this Agreement. The Parties to this Agreement shall negotiate to determine new provisions within the legal scope to ensure the maximum realization of the original provision's intent.

18.7 Delay or Omission

Any delay or failure by a Party to exercise the rights, powers or remedies conferred upon it by the breach or non-performance of this Agreement by another Party shall not impair such rights, powers or remedies of such Party, nor shall it be deemed a waiver or acquiescence of such breach or non-performance or subsequent similar breaches or non-performance, nor shall it be deemed a waiver of any other breach or non-performance occurring before or after. Any waiver, permission, consent, approval of any nature or characteristic of a breach or non-performance of this Agreement or waiver of any provision or condition of this Agreement must be made in writing and shall be effective only within the scope stipulated in such writing. Any remedy provided to any Party under this Agreement, according to law or by other means, shall be cumulative and not alternative.

18.8 Several Not Joint Liability of Investors

The Parties agree that the Investors enjoy rights and assume obligations under this Agreement separately, and the obligations and liabilities of the Investors under this Agreement are several and not joint. Any Investor's waiver of its rights or termination of this Agreement shall only take effect within the scope of such Party's rights and obligations and does not represent the waiver of rights or termination of this Agreement by other Investors.

18.9 Precedence in Effect

If the then effective articles of association of the Company or other Transaction Documents conflict with this Agreement, this Agreement shall prevail.

18.10 Language and Original

This Agreement is written in Chinese. The original is in ten (10) copies, the Company Parties jointly hold two (2) copies, and each of the other Parties holds one (1) copy, each copy having the same effect. The Parties agree that this Agreement may be executed by exchanging electronically scanned signature pages, and the electronically scanned signed version of this Agreement shall have the same legal effect as each original.

(No text below)

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Huiyu Zhan

Signature: /s/ Huiyu Zhan _____

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Legal Representative

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Shenzhen Zhongqingwenli Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____
Name: Huiyu Zhan
Title: Legal Representative

Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____
Name: Huiyu Zhan
Title: Representative Designated by the Executive
Partner

Shenzhen Haoduo Xiaohuoban Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____
Name: Huiyu Zhan
Title: Representative Designated by the Executive
Partner

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Siyan Zheng

Signature: /s/ Siyan Zheng

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Feng Xian

Signature: /s/ Feng Xian

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Xiaoyi Yang

Name: Xiaoyi Yang

Title: Representative Designated by the Executive
Partner

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Shenzhen Chaowan World Information Technology Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Dong Xie _____

Name: Dong Xie

Title: Authorized Representative

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Nanjing Shangdehehua Equity Investment Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Xiyuan Deng _____

Name: Xiyuan Deng

Title: Representative Designated by the Executive
Partner

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Peng Li

Signature : /s/ Peng Li

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Dong Xie

Signature: /s/ Dong Xie _____

(This page has no text, it is the signature page of the Shareholders' Agreement in relation to Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have or have caused their duly authorized representatives to sign this Agreement on the date stated at the beginning hereof.

Yu Cui

Signature: : /s/ Yu Cui

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.

This “Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.” (this “**Agreement**”) is entered into by and among the following parties on March 21, 2025 (the “**Execution Date**”):

- (1) **Transferor 1: Siyan Zheng**, a citizen of the People’s Republic of China, with Chinese Citizen ID No.: [***];
 - (2) **Transferor 2: Feng Xian**, a citizen of the People’s Republic of China, with Chinese Citizen ID No.: [***];
 - (3) **Transferor 3: Huiyu Zhan**, a citizen of the People’s Republic of China, with Chinese Citizen ID No.: [***] (the “**Founder**”);
 - (4) **Transferor 4: Shenzhen Zhongqingwenli Culture Industry Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Unit 02, Semi-underground 1st Floor, Building B, Tower 1, Yiye Plaza, No. 3076 Qiaoxiang Road, Xiang’an Community, Xiangmihu Street, Futian District, Shenzhen (“**Shenzhen Zhongqingwenli**”);
 - (5) **Transferor 5: Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at Unit 22-03-45, Zone 3, South Building 6, Asia-Pacific Financial Town, Haitang District, Sanya City, Hainan Province (“**Hainan Hongchuanyuan**”, together with Siyan Zheng, Feng Xian, Huiyu Zhan and Shenzhen Zhongqingwenli, collectively referred to as the “**Transferors**”);
 - (6) **Transferee: Shenzhen Chaowan World Information Technology Co., Ltd.**, a limited liability company duly organized and validly existing under the laws of China, with its registered address at 18H, Microsoft Ketong Building, No. 55 Gaoxin Nanjiudao, Gaoxin District Community, Yuehai Street, Nanshan District, Shenzhen (the “**Transferee**” or the “**Investor**”); and
 - (7) **Shenzhen Yiqi Culture Co., Ltd.**, a limited liability company duly organized and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Company**”);
 - (8) **Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Heguangtongchen**”);
-

- (9) **Shenzhen Haoduo Xiaohuoban Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at 2C-215T, 2nd Floor, Building 213, Tairan Technology Park, Tairan 6th Road, Tian'an Community, Shatou Street, Futian District, Shenzhen ("**Shenzhen Haoduo Xiaohuoban**", together with Huiyu Zhan, Shenzhen Zhongqingwenli, and Shenzhen Heguangtongchen, collectively referred to as the "**Founding Shareholders**", and the Founding Shareholders together with the Group Companies (as defined below) are collectively referred to as the "**Company Parties**");

Each of the above parties is referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS:

1. As of the Execution Date, the registered capital of the Company is RMB 11,002,114.73.
2. The Company, the Founding Shareholders, Shenzhen Chaowan World Information Technology Co., Ltd., Nanjing Shangde Hehua Equity Investment Partnership (Limited Partnership), Peng Li, Dong Xie and other relevant parties entered into an Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd. on December 30, 2024 (the "**Prior Capital Increase Agreement**").
3. As of the Execution Date, the Transferors collectively hold equity interests in the Company corresponding to RMB 6,430,270.10 in registered capital (representing 58.44577% of the current total registered capital of the Company). The Transferors agree to transfer to the Transferee, and the Transferee agrees to acquire from the respective Transferors, equity interests in the Company corresponding to an aggregate of RMB 3,667,371.58 in registered capital (representing 33.33333% of the current total registered capital of the Company) (the "**Target Equity**"), in each case, on the terms and conditions set forth herein (collectively, the "**Equity Transfer**").
4. The Company, the Founder, and the Transferee entered into a Debt-to-Equity Conversion Agreement for Shenzhen Yiqi Culture Co., Ltd. on March 21, 2025, pursuant to which the Transferee will acquire a 5% equity interest in the Company (corresponding to RMB 513,432 in registered capital of the Company) held by the Founder for a consideration of RMB 10 million, and the principal amount of RMB 10 million under the convertible note agreement shall be fully converted into the aforementioned equity transfer consideration (the "**Debt-to-Equity Conversion**").

NOW, THEREFORE, through friendly consultation, the Parties hereby agree as follows:

ARTICLE 1 GENERAL PROVISIONS

1.1 **Definitions.** Unless otherwise provided in this Agreement, the following terms shall have the meanings set forth below:

“**Equity Transfer**” shall have the meaning set forth in the preamble.

“**Industrial and Commercial Change Registration**” means the registration or filing required to be completed by the Company with the relevant Chinese market supervision administration authorities for the Equity Transfer, including, without limitation, the registration of the Transferee as a shareholder, the filing of the Investor Director (as defined below) as a director of the Company, and the filing of the amended articles of association of the Company with the market supervision administration authorities.

“**Affiliate**” or “**Affiliated Party**”, with respect to any natural person, means his/her immediate family members (i.e., such natural person’s parents, spouse, siblings and their spouses, children and their spouses), the trustee of any trust of which such natural person and/or his/her immediate family members are beneficiaries or grantors, and any other entity directly or indirectly, individually or jointly, Controlled by such natural person and/or his/her immediate family members; with respect to any entity other than a natural person, means any other entity that Controls such entity, is Controlled by such entity, or is under common Control with such entity. “Control” in the preceding definition means the direct or indirect ownership of at least 50% of the voting power in the decision-making body of the other party. Notwithstanding the foregoing, with respect to the Transferee, if the Transferee is an investment fund or its subsidiary, its “Affiliates” shall also include the management company of the Transferee or the investment fund to which it belongs and any other investment fund managed by such management company (and/or the subsidiaries of such other investment funds);

“**Closing Date**” shall have the meaning set forth in Section 2.2 of this Agreement.

“**Transaction Documents**” means the relevant legal documents entered into by the Parties hereto for the purpose of governing the Equity Transfer, including but not limited to this Agreement and the ancillary and supplementary documents related to the Equity Transfer.

“**Encumbrance**” means any form of encumbrance that has been created and has a material adverse effect on the object or right to which it relates, including, without limitation, any mortgage, pledge, lien, or other right or claim of a third party.

“**Tax**” or “**Taxes**” means any national, local, foreign or other kind of income tax, value-added tax, consumption tax, customs duty, stamp duty or any other type of tax, levy, impost, duty, charge, assessment or fee of any kind (whether payable directly or by withholding) levied by any tax authority, and any interest, penalty, surcharge or other expenses in connection therewith.

“**Governmental Authority**” means any nation or government, any province, autonomous region, municipality or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group Companies**” means Shenzhen Yiqi Culture Co., Ltd., Dongguan Yiqiwan Culture Industry Co., Ltd., Shenzhen Huiyu Design Culture Co., Ltd., Shenzhen Yiqiwan Culture Industry Co., Ltd., Beijing Yiqi Culture Co., Ltd., and any entities already established or to be established or acquired in the future in which the foregoing entities directly or indirectly (including but not limited to through arrangements involving a third-party nominee) hold a controlling interest (including, without limitation, subsidiaries, branches, partnerships, offices, or other forms of organizations).

1.2 **Interpretation**. For purposes of this Agreement, unless the context otherwise requires:

- (i) “**Person**” shall be construed as including any individual, firm, company, corporation, other incorporated or unincorporated body, government, state or agency of a state, any joint venture, association, partnership or employees’ representative body (in each case whether or not having separate legal personality).
- (ii) “**Law**”, unless otherwise specified, with respect to China, means all laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees or other restrictive provisions of any Governmental Authority within its jurisdiction; “**Applicable Law**” means, with respect to any Person, the publicly available, effective and applicable laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees or other restrictive provisions of any Governmental Authority that are applicable to or binding upon such Person or any of its properties.
- (iii) “**Third Party**” means any Person other than the Parties to this Agreement.
- (iv) “**Business Day**” means any day on which banks in China are generally open for business, excluding Saturdays, Sundays and statutory holidays in China.
- (v) “**Day**” means a calendar day; provided, however, that if any action is required to be taken or obligation is to be performed on any non-Business Day (i.e., any Saturday, Sunday or public holiday in China), then such action or obligation may be postponed until the next Business Day.

- (vi) References to an Article, Section, paragraph or Appendix are, unless otherwise stated, references to an Article, Section, paragraph or Appendix of this Agreement.
- (vii) The headings and titles used in the table of contents and the Articles and Sections of this Agreement are for convenience of reference only and do not affect the construction or interpretation of the relevant provisions.

ARTICLE 2 EQUITY TRANSFER

2.1 **The Equity Transfer.** Subject to the terms and conditions set forth herein, the Transferee agrees to purchase from the respective Transferors, and the Transferors agree to sell to the Transferee, their respective equity interests in the Company at the following agreed transfer consideration (the “**Equity Transfer Consideration**”):

- (a) The Transferee agrees to purchase from Siyan Zheng, and Siyan Zheng agrees to transfer to the Transferee, her equity interest in the Company corresponding to RMB 110,021.15 in registered capital (representing 1.00000% of the current total registered capital of the Company) for an Equity Transfer Consideration of RMB 3,000,000;
- (b) The Transferee agrees to purchase from Feng Xian, and Feng Xian agrees to transfer to the Transferee, his equity interest in the Company corresponding to RMB 55,010.57 in registered capital (representing 0.50000% of the current total registered capital of the Company) for an Equity Transfer Consideration of RMB 1,500,000;
- (c) The Transferee agrees to purchase from Huiyu Zhan, and Huiyu Zhan agrees to transfer to the Transferee, his equity interest in the Company corresponding to RMB 1,187,492.30 in registered capital (representing 10.79331% of the current total registered capital of the Company) for an Equity Transfer Consideration of RMB 32,380,030;
- (d) The Transferee agrees to purchase from Shenzhen Zhongqingwenli, and Shenzhen Zhongqingwenli agrees to transfer to the Transferee, its equity interest in the Company corresponding to RMB 1,728,434.84 in registered capital (representing 15.71002% of the current total registered capital of the Company) for an Equity Transfer Consideration of RMB 47,129,970;
- (e) The Transferee agrees to purchase from Hainan Hongchuanyuan, and Hainan Hongchuanyuan agrees to transfer to the Transferee, its equity interest in the Company corresponding to RMB 586,412.72 in registered capital (representing 5.33000% of the current total registered capital of the Company) for an Equity Transfer Consideration of RMB 15,990,000.

The equity structure of the Company as of the Execution Date and upon completion of the Equity Transfer is set forth in Part I and Part II of Appendix I, respectively.

2.2 Payment of the Equity Transfer Consideration.

- (a) With respect to each of the equity transfers described in Sections 2.1(a), (b), (c), (d), and (e) of this Agreement, and subject to the fulfillment or written waiver by the Transferee of all closing conditions set forth in Section 4.1 of this Agreement:

the Transferee for such equity transfer:

(i) shall, within twelve (12) Business Days after the date on which all closing conditions set forth in Section 4.1 are fulfilled or expressly waived in writing by the Transferee, or within such other period as agreed by the relevant Transferor and the Transferee, pay eighty percent (80%) of the Equity Transfer Consideration payable by it (the “**First Installment**”) to the following bank account designated by the relevant Transferor (the “**Transferor Account**”):

- a) The First Installment payable by the Transferee to Transferor Siyan Zheng shall be RMB 2,400,000;
- b) The First Installment payable by the Transferee to Transferor Feng Xian shall be RMB 1,200,000;
- c) The First Installment payable by the Transferee to Transferor Huiyu Zhan shall be RMB 25,904,024;
- d) The First Installment payable by the Transferee to Transferor Shenzhen Zhongqingwenli shall be RMB 37,703,976;
- e) The First Installment payable by the Transferee to Transferor Hainan Hongchuanyuan shall be RMB 12,792,000;

(ii) shall, within twelve (12) Business Days after the date on which (a) the Transferee receives the tax payment certificates evidencing the completion of individual income tax payment for this Equity Transfer by the Transferors (for the avoidance of doubt, with respect to Shenzhen Zhongqingwenli and Hainan Hongchuanyuan, this closing condition refers to Transferors Siyan Zheng, Feng Xian, and Huiyu Zhan having provided the Transferee with their individual income tax payment certificates. Hainan Hongchuanyuan undertakes to complete the tax filing procedures for the Equity Transfer Consideration received by it in accordance with the law and to provide the Transferee with its enterprise income tax payment certificate within three (3) Business Days after completing its 2025 annual tax filing and payment. Shenzhen Zhongqingwenli undertakes to complete the tax filing procedures for the Equity Transfer Consideration received by it in accordance with the law and to provide the Transferee with its enterprise income tax payment certificate within three (3) Business Days after completing its 2025 annual final settlement); and (b) the Company has completed the Industrial and Commercial Change Registration for the Equity Transfer, as evidenced by the relevant documentation, or within such other period as agreed by the relevant Transferor and the Transferee, pay twenty percent (20%) of the Equity Transfer Consideration payable by it (the “**Second Installment**”) to the Transferor Account:

- a) The Second Installment payable by the Transferee to Transferor Siyan Zheng shall be RMB 600,000;

- b) The Second Installment payable by the Transferee to Transferor Feng Xian shall be RMB 300,000;
- c) The Second Installment payable by the Transferee to Transferor Huiyu Zhan shall be RMB 6,476,006;
- d) The Second Installment payable by the Transferee to Transferor Shenzhen Zhongqingwenli shall be RMB 9,425,994;
- e) The Second Installment payable by the Transferee to Transferor Hainan Hongchuanyuan shall be RMB 3,198,000;

[***] (*List of bank account information*)

- (b) The relevant Transferor shall provide written confirmation to the Transferee on the same day it receives each payment of the Equity Transfer Consideration. For each equity transfer listed in Section 2.1 of this Agreement, the date on which the relevant Transferor receives the First Installment from the Transferee shall be the “**Closing Date**” for such equity transfer, and the payment of the First Installment by the Transferee to the relevant Transferor shall be referred to as the “**Closing**” for such equity transfer. For each equity transfer, provided that the Transferee has paid the corresponding First Installment in accordance with this Section 2.2, the Transferee shall acquire all shareholder rights in the relevant Target Equity from the Closing Date.
- (c) The Company shall issue and/or deliver the following documents to the Transferee on the Closing Date: (A) a capital contribution certificate for the Target Equity, which shall state the following: the Company’s name, date of establishment, registered capital, shareholder’s name, subscribed capital contribution, equity ratio, actual capital contribution amount, date of capital contribution payment, serial number of the capital contribution certificate, and date of issuance, and shall be signed by the legal representative of the Company and affixed with the Company’s seal; (B) a register of shareholders signed by the legal representative of the Company and affixed with the Company’s seal, indicating that the Transferee has full ownership, rights, and interests in the Target Equity purchased under this Agreement and is formally registered as a registered shareholder of the Company.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Transferors.

Each Transferor hereby represents and warrants to the Transferee, severally and not jointly, that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. Such Transferor is a Chinese citizen or an entity duly organized and validly existing under the laws of China, with full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, such Transferor has taken all necessary actions (including, without limitation, obtaining all required internal approvals and Third Party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon due execution by the Parties or their authorized representatives, a valid, binding and enforceable obligation of such Transferor;
- (d) Non-Contravention. The execution, delivery and performance by such Transferor of this Agreement and the other Transaction Documents to which it is a party do not and will not violate any Law or any order of any other Governmental Authority, violate its constitutional documents, violate any judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, or violate any document, contract or agreement to which it is a party or by which it or its assets are bound;
- (e) Title to Target Equity. With respect to the Target Equity held by such Transferor and to be transferred to the Transferee, it has fully paid up the registered capital corresponding to such Target Equity in accordance with the Law; it has full and valid title to the Target Equity to be transferred to the Transferee, is the sole legal and beneficial owner thereof, and has the legal right to transfer the Target Equity; there are no trust, agency, or nominee arrangements in place regarding the Target Equity held by the Transferor, and the Target Equity is free and clear of any pledge, mortgage, guarantee or other Encumbrance, and there is no pending, threatened or foreseeable dispute, claim, lawsuit, arbitration, enforcement, administrative proceeding or other legal proceeding in any respect regarding the Target Equity held by it.

3.2 Representations and Warranties of the Transferee.

The Transferee represents and warrants to the Transferors that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Transferee is an entity duly organized and validly existing under the laws of its place of incorporation or a Chinese citizen, with full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Transferee has taken all necessary actions (including, without limitation, obtaining all required internal approvals and Third Party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon due execution by the Parties or their authorized representatives, a valid, binding and enforceable obligation of the Transferee;
- (d) Non-Contravention. The execution, delivery and performance by the Transferee of this Agreement and the other Transaction Documents to which it is a party do not and will not violate any Law or any order of any other Governmental Authority, violate its constitutional documents, violate any judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, or violate any document, contract or agreement to which it is a party or by which it or its assets are bound.

3.3 Representations and Warranties of the Company and the Founding Shareholders

The Company and the Founding Shareholders hereby jointly and severally represent and warrant to the Transferee that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status. The Founding Shareholders are Chinese citizens or limited partnerships or limited liability companies established under the laws of China, with full civil capacity for rights and civil capacity for conduct, and can independently bear civil liabilities; the Group Companies are all enterprise legal persons duly organized and validly existing under the laws of their respective places of establishment, and can independently bear legal liabilities.
- (b) Due Authorization and Binding Obligation. The execution and performance of this Agreement by the Company and the Founding Shareholders are their true intentions and have been duly authorized by all necessary corporate or other actions, and they are bound by all terms and conditions of this Agreement.

- (c) Non-Contravention. The execution and performance of this Agreement by the Company and the Founding Shareholders will not violate or conflict with their articles of association, internal regulations, contracts with Third Parties, Laws, regulations, approvals or permits from relevant authorities, or court judgments, rulings or orders; the Company Parties have obtained all necessary Third Party consents or authorizations (if any) required for the transactions under the Transaction Documents. No material contracts between any Company Party and any other entity will be terminated or materially affected by the execution or performance of the Transaction Documents.
- (d) Business Licenses and Compliance with Laws. All authorizations, permits, and Third Party consents required from Governmental Authorities for the Group Companies to conduct their current business operations have been obtained, are in full force and effect, and there are no circumstances from the Execution Date to the Closing Date that indicate such authorizations or permits are likely to be revoked. The business scope detailed in the constitutional documents of the Group Companies complies with the requirements of Chinese Law, and the Group Companies strictly conduct their business activities within the business scope stipulated in their constitutional documents and in accordance with Applicable Law. The Company Parties have complied with and performed all obligations stipulated by Applicable Law, have complied with all authorizations and permits applicable to them, and no Company Party has committed any violation of any laws or regulations.
- (e) Third Party Investment Arrangements. The Company Parties have not reached or entered into any agreement or arrangement with any institution or individual that is related to this Agreement or may have any impact on the transaction contemplated hereunder.
- (f) Capital Structure. Except as otherwise disclosed in writing, the capital structure of the Group Companies as registered and filed with the competent registration authorities and as set forth in the constitutional documents and amendments thereof of the Group Companies provided by the Company to the Investor is fully consistent with the information disclosed by the Company to the Investor. Except as otherwise disclosed in writing, the shareholders of the Group Companies have contributed and paid up in full and on time the registered capital of the Group Companies beneficially held by them in accordance with the constitutional documents of the Group Companies. There is no pledge, claim, burden, other restriction or claim on the equity interests of the Group Companies, and there are no undisclosed agreements or arrangements regarding the equity interests of the Group Companies that have not been disclosed to the Investor. All previous capital increases and equity transfers of the Group Companies have complied with laws and regulations, the corresponding capital increase payments and equity transfer consideration have been fully paid by the relevant parties, and all Taxes involved in the previous equity transfers have been paid in accordance with the law. Except as otherwise disclosed in writing, the Group Companies have not granted any restricted equity, options or similar rights to any employee of the Group Companies or any other person.

- (g) Intellectual Property. The Group Companies lawfully own or have the licensed use rights, interests, and rights in the intellectual property necessary to conduct their principal business. Except as otherwise disclosed in writing, the Group Companies do not need to use any intellectual property in which any Third Party has any right, title, or interest to conduct their principal business, and the continued operation of such business by the Group Companies does not violate any license agreements entered into by the Group Companies or infringe upon any rights of any Third Party. The Group Companies have not infringed or unlawfully used any intellectual property in which any Third Party has any right, title, or interest, nor have they licensed or permitted any Third Party to use any of the Group Companies' intellectual property. There are no pending or, to the knowledge of the Company Parties, threatened claims, disputes, litigations, or arbitrations requiring the Group Companies to compensate for the infringement of any Third Party's intellectual property, trade secrets, proprietary information, or other similar rights. There is no known infringement by any Third Party of the intellectual property lawfully owned by the Group Companies. The employment of the Founding Shareholders, key employees, and relevant R&D employees of the Group Companies by the Group Companies and their engagement in the business activities of the Group Companies do not violate any contracts they have signed or any binding commitments (including, without limitation, confidentiality obligations, intellectual property assignment commitments, and non-competition obligations), and will not constitute an infringement of the legal rights of their former employers, current employers, or other intellectual property right holders, and there are no pending or potential disputes or controversies with their former and/or current employers.
- (h) The financial statements or bank statements provided by the Group Companies to the Investor, prepared in accordance with Chinese Accounting Standards for Business Enterprises (or financial data and information provided in other manners acceptable to the Investor), completely, accurately and fairly reflect the financial position of each Group Company as of February 28, 2025 (the "**Financial Statement Date**"), and are consistent with the books, vouchers and financial records of the Group Companies. All payments made by or on behalf of the Group Companies have been properly recorded in accordance with the law. All accounts receivable and accounts payable of the Group Companies are genuine and valid. The Group Companies do not have any accumulated liabilities or contingent liabilities exceeding RMB 100,000 (the "**Material Liabilities and Contingent Liabilities**") that should be disclosed but have not been disclosed in their financial statements (or notes thereto) according to the accounting standards applicable to them, nor do they have any Material Liabilities and Contingent Liabilities that are not required to be disclosed under the applicable accounting standards but have or may have a material adverse effect on the financial condition or business operations of the Group Companies.

- (i) Employees. Except as otherwise disclosed in writing, the employment of employees by the Group Companies complies with the Laws applicable to them and their commitments to local government authorities. The Group Companies have paid and/or withheld and paid in full and on time all social insurance, housing provident fund, and other employee benefits payable as stipulated by law and agreement in accordance with Applicable Law. There are no pending labor disputes or controversies between the Group Companies and their current or former employees. The Founder and key employees do not directly or indirectly hold any equity or shares in any entity other than the Group Companies, nor do they hold any position or actually provide any advisory or similar services in any entity other than the Group Companies.
- (j) Taxation. The Group Companies have completed all tax registrations required by Applicable Law. The Group Companies have paid in full and on time all Taxes levied on them or their assets in accordance with the law within the time limits permitted by Applicable Law, and there are no penalties, fines, or late payment surcharges. The issuance and management of invoices by the Group Companies comply with the provisions of Applicable Law. All preferential tax treatments and financial subsidies obtained by the Group Companies have been legally obtained and have not been withdrawn or revoked by the competent government authorities.
- (k) Information Disclosure. All information disclosed by the Company Parties in connection with this Agreement is true, complete and accurate, contains no false or misleading information, and there are no material matters that should have been disclosed but were omitted to be disclosed.

The Company and the Founding Shareholders, jointly and severally, further undertake that the above representations and warranties shall remain true, accurate, complete and not misleading as of the Closing Date under this Agreement. If, after the Execution Date of this Agreement, any circumstance occurs that causes any representation or warranty of any Company Party to become untrue, inaccurate, incomplete or misleading in any respect, the Company and the Founding Shareholders shall immediately notify the Transferee in writing and take all necessary measures as reasonably required by the Transferee.

ARTICLE 4 CLOSING CONDITIONS

4.1 Conditions Precedent to Transferee's Payment of Equity Transfer Consideration. The obligation of the Transferee to perform the obligations stipulated in Article 5 of this Agreement is subject to the fulfillment or written waiver by the Transferee of the following conditions:

- (a) All Transaction Documents relating to the Equity Transfer (including, without limitation, this Agreement and the amended articles of association of the Company) have been executed by the relevant parties and this Agreement and the other Transaction Documents have become effective in accordance with their terms;
- (b) The Company and the Founding Shareholders shall have obtained all approvals, consents and waivers necessary to complete the Equity Transfer, including, without limitation, the formal adoption of resolutions/decisions approving the Equity Transfer (the "**Company Resolutions**") by the shareholders' meeting and the board of directors of the Company, the shareholders and directors of Shenzhen Zhongqingwenli, and the partners' meetings of Shenzhen Heguangtongchen and Shenzhen Haoduoxiaohuoban, and shall have provided copies of such resolutions to the Transferee. The Company Resolutions shall include the following:
 - (i) Approval of the Equity Transfer;
 - (ii) Approval of the terms, execution and performance of the Transaction Documents; agreement that the board of directors shall consist of four (4) directors, including two (2) directors appointed by Quanzhi Song ("**Investor Directors**"); and
 - (iii) Waiver by the existing shareholders (other than the Transferee) of their right of first refusal, co-sale rights (if applicable), and other similar rights with respect to the Target Equity under this Equity Transfer.
- (c) Such Transferor has fully paid up the registered capital corresponding to the Target Equity it intends to transfer to the Transferee;
- (d) The representations and warranties of the relevant Transferors set forth in Section 3.1 and the representations and warranties of the Company and the Founding Shareholders set forth in Section 3.3 of this Agreement are true, accurate and complete in all material respects and not misleading as of the Execution Date and the Closing Date;
- (e) The Transferee has completed legal, financial and business due diligence investigations of the Company with results satisfactory to the Transferee;
- (f) The Transferee shall have obtained its internal approvals for the Equity Transfer;
- (g) Each Transferor has issued a payment notice to the Transferee in a form satisfactory to the Transferee;

- (h) The Transferors and the Company Parties have fully performed their obligations and responsibilities under this Agreement that are required to be performed prior to the Closing Date;
- (i) There has been no occurrence of any circumstance that has a Material Adverse Effect on the business operations, financial condition or assets, etc., of the Group Companies;
- (j) There is no judgment, ruling, order or injunction of any Applicable Law, court, arbitral tribunal or relevant Governmental Authority that restricts, prohibits or cancels the Equity Transfer, nor is there any pending or threatened litigation, arbitration, judgment, ruling, order or injunction that has had or would reasonably be expected to have a Material Adverse Effect on the Equity Transfer;
- (k) The Company and its shareholders and other relevant parties have entered into transaction documents satisfactory to the Investor regarding the Subsequent Transactions (as defined in the Prior Capital Increase Agreement) and the Debt-to-Equity Conversion (as defined in the Prior Capital Increase Agreement) with the Investor, and the closing conditions under such transaction documents have been satisfied.

4.2 **Best Efforts.** From the Execution Date until the Closing Date, the Transferors and the Company Parties shall use their best efforts to cause the conditions set forth in this Article 4 to be satisfied as soon as reasonably practicable.

ARTICLE 5 UNDERTAKINGS

5.1 Interim Undertakings

From the Execution Date until the Closing Date, the Company Parties jointly and severally undertake to the Investor as follows:

- 5.1.1 **Operation in Ordinary Course.** The Group Companies shall, and the other Company Parties shall cause the Group Companies to, operate their business in the ordinary course and use their best efforts to preserve their business organization intact, maintain their relationships with Third Parties and retain their present officers and employees, and preserve the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).
- 5.1.2 **Provision of Information.** During the normal business hours of the Group Companies, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, provide the Investor and its representatives with information regarding the Group Companies as reasonably requested by them, including, without limitation, providing the lawyers and other representatives designated by the Investor with full access to all accounts, records, contracts, technical data, personnel data, management information and other documents of the Group Companies. The Company Parties agree that the Investor has the right to conduct a prudent investigation into the financial, asset and operational conditions of the Group Companies at any time prior to the Closing Date. Furthermore, the Company Parties shall promptly notify the Investor in writing of any breach of this Agreement by any Company Party that has occurred or is anticipated to occur.

The Company Parties shall timely inform the Investor in writing of the following matters and discuss the impact of the following matters on the Group Companies with the Investor, thereby ensuring the stable operation of the Group Companies in a reasonable manner:

- (a) Any change that has or may have a Material Adverse Effect on the equity structure, financial condition, assets, liabilities, business, prospects or operations of the Group Companies;
- (b) The execution of agreements containing non-standard terms (including, without limitation, exclusivity terms, restrictive terms, long-term, onerous terms) and any agreements or proposals, intentions regarding the foregoing; and
- (c) The progress of government approval/registration (if applicable).

5.1.3 **Third Party Transactions.** The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, officers and representatives to (a) work exclusively with the Investor and its Affiliates on matters relating to the Equity Transfer; (b) not carry out any other transaction similar to the Equity Transfer or inconsistent with the transactions contemplated by the Transaction Documents (any such transaction referred to as a “**Third Party Transaction**”); (c) immediately terminate any discussion or negotiation with any person regarding a Third Party Transaction and thereafter not conduct or carry out any discussion or negotiation with any person regarding a Third Party Transaction, nor provide any information to any person regarding a Third Party Transaction; and (d) not encourage any inquiry or proposal regarding a possible Third Party Transaction or take any other action to facilitate such inquiry or proposal. If the Company Parties receive any inquiry from any other party regarding a possible Third Party Transaction, they shall promptly notify the Investor.

5.1.4 **Restrictions on Actions.** Without limiting the generality of Section 5.1.1 of this Agreement, unless with the prior written consent of the Investor, the Company Parties other than the Group Companies shall, within their respective powers, cause the Group Companies not to take, and the Group Companies shall not take, any of the following actions (except for those actions required by the Equity Transfer):

- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge or redeem any registered capital or equity;
- (b) Take any action that may result in the dilution of the Company equity interest held by the Investor after the Closing, by amending its constitutional documents or through reorganization, merger, sale of equity, consolidation or sale of assets or otherwise;

- (c) Sell, lease, transfer, license or dispose of any assets, except in the ordinary course of business consistent with past practice;
- (d) Incur or create any liabilities, responsibilities, obligations or expenses in an aggregate amount exceeding RMB 100,000 (or equivalent in other currencies), except those incurred in the ordinary course of business;
- (e) Make any capital expenditure exceeding RMB 100,000 (or equivalent in other currencies), except those made in the ordinary course of business;
- (f) Create any Encumbrance on any asset;
- (g) License any intellectual property of the Group Companies to Third Parties, allow any intellectual property of the Group Companies to expire, be abandoned, dedicated or waived, or disclose any material trade secrets, formulas, processes, know-how or other intellectual property of the Group Companies that were not publicly known prior to such disclosure, except as required by law or disclosed under a confidentiality agreement;
- (h) Enter into any material contract outside the ordinary course of business, amend or adjust any material term of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay and make any dividend distribution or allocation;
- (j) Enter into any transaction with an Affiliate;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interest in any other entity;
- (m) Adopt or pass any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;
- (n) Take any other actions that may have actual or potential adverse effects on the transactions under this Agreement or that may have any actual or potential adverse effects on the operation and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including, without limitation, signing investment intention letters, commitment letters, or consent letters.

5.2 Post-Closing Undertakings

After the Closing Date, the Company Parties jointly and severally undertake to the Investor as follows (the Founder's liability for compensation or indemnification to the Investor for breach of such post-closing undertakings shall be limited to the aggregate fair market value of all Company equity interests then directly and/or indirectly held by the Founder (for the avoidance of doubt, the Founder shall then actively liquidate his equity interests at fair market value, and the Investor has the right to require the Founder to sell his equity interests to a bona fide purchaser identified by the Investor), and shall not involve any personal or family property other than the Company equity interests):

- 5.2.1 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all respects with all Applicable Laws, and that any and all necessary permits and licenses of the Group Companies are legal, valid and fully effective. If, according to relevant Applicable Laws or the requirements of government authorities, any matter or activity involved in the principal business requires obtaining relevant business permits, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.
- 5.2.2 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, usage rights, and relevant government registrations for all intellectual property (including, without limitation, patents, trademarks, copyrights, know-how, domain names, and trade secrets) required for their principal business, take adequate measures to protect such intellectual property, and shall ensure not to infringe or unlawfully use any intellectual property in which any Third Party has any right, title, or interest. If the intellectual property involves co-development with a Third Party, the Company shall ensure that it has independent or co-ownership or exclusive usage rights to such intellectual property. If the Company Parties fail to timely obtain the intellectual property related to their principal business or the license to use such intellectual property, or their business operations infringe upon the intellectual property of a Third Party as the rights holder, then (i) the Company Parties shall resolve the issue as soon as possible, and (ii) if any direct or indirect damage is caused to the Investor's investment interests under this Equity Transfer due to the foregoing circumstances, the Company Parties shall be jointly and severally liable for compensation.
- 5.2.3 Employment Contracts, Confidentiality Agreements, IP Assignment Agreements and Non-Competition Agreements. After the Equity Transfer, the Group Companies shall enter into employment contracts, confidentiality agreements, intellectual property assignment agreements and non-competition agreements with key employees and other employees requested by the Investor, in form and substance reasonably satisfactory to the Investor, and such contracts shall include confidentiality, non-competition and intellectual property assignment terms satisfactory to the Investor.

- 5.2.4 Labor, Social Security and Housing Fund. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, continuously make full and timely contributions for all employees to the social insurance and housing provident fund in accordance with the standards prescribed by Applicable Law, and to withhold and pay individual income tax in full and on time in accordance with the law. Whether disclosed or not, if any Group Company is subject to administrative penalties due to illegal or non-compliant practices in labor employment or social security/housing fund contributions, or if any adverse impact on the Company's future listing arises as a result thereof, the Company Parties shall be responsible for resolving the issue and bearing corresponding compensation liability. If any direct or indirect damage is caused to the Investor's investment interests under this Equity Transfer as a result thereof, the Company Parties shall provide compensation.
- 5.2.5 Full-Time Dedication and Non-Competition. The Founder and key employees shall devote their full working time and efforts exclusively to the operation of the Group Companies, and the Founder and key employees shall use their best efforts to promote the development of the Group Companies and seek benefits for the Group Companies. Without the prior written consent of the Investor, the Founder and key employees shall not hold positions, hold concurrent posts in, or provide advisory or similar services to other enterprises. Furthermore, during the period when the Founder and key employees directly or indirectly hold equity in the Company or are employees of the Group Companies, and for a period of two (2) years after they cease to directly or indirectly hold equity in the Company or cease to be employed by the Group Companies (whichever is later), they shall not, directly or indirectly, engage in any business that competes with the principal business of the Group Companies, directly or indirectly hold any interest in any entity that competes with the Group Companies, nor engage in any other activities detrimental to the interests of the Group Companies, including but not limited to:
- (a) Holding a controlling stake, participating as a shareholder, or indirectly controlling any company or other organization engaged in competitive activities (excluding the purchase and holding of no more than 1% of the outstanding shares or other securities of such companies through public stock trading markets);
 - (b) Serving as management personnel, employees, or advisors of any company or organization engaged in competitive activities;
 - (c) Providing loans to any company or organization engaged in competitive activities;

- (d) Deriving benefits, directly or indirectly, from competitive activities or from companies or other organizations engaged in competitive activities;
- (e) Soliciting, in any form, the customers of the Group Companies, or conducting or attempting to conduct transactions with customers related to the production and sales business of the Group Companies, regardless of whether such customers were customers of the Group Companies before or after the Closing Date;
- (f) Employing, in any form and through any individual or organization directly or indirectly controlled by them or in which they have an interest, any person who has left the Group Companies after the Closing Date (except for individuals who have left for more than two (2) years at that time); and
- (g) Soliciting for employment, in any form, any employee employed by the Group Companies at that time.

Except as otherwise provided by Applicable Law, the Group Companies shall not, and the Company Parties and key employees shall use their best efforts to prevent the Group Companies from, releasing any employee or advisor bound by non-competition, non-solicitation, intellectual property protection or similar restrictive covenants from such obligations, or failing to enforce any such non-competition, non-solicitation, intellectual property protection or similar restrictive covenants against any such employee or advisor.

- 5.2.6 Employee Incentive Plan. The Company shall formulate an employee incentive plan by July 12, 2025. Such employee incentive plan shall be approved by the Company's board of directors after the Equity Transfer (which approval shall include the consent of the Investor Directors) before it can be implemented, and such employee incentive plan shall take into account the situation of an offshore restructuring as required by the Investor. The Company Parties shall ensure that the future grant of employee options shall adhere to the principle of not affecting the Company's future listing. If the Company's future listing is affected due to the actions of a grantee employee, the Company Parties shall be responsible for resolving the issue. If any direct or indirect damage is caused to the Investor's investment interests under this Equity Transfer as a result thereof, the Company Parties shall provide compensation.
- 5.2.7 Corporate Restructuring. If the Company is reorganized into an offshore company holding domestic entities in the future, the rights of the Investor in the offshore company shall include all rights enjoyed by the Investor under this Agreement and all rights customarily enjoyed by the Investor as a shareholder of the offshore company. The Company Parties shall ensure that the rights and interests of the Investor are substantially respected and satisfied during and after the implementation of the offshore restructuring. If such restructuring causes the Investor to incur additional costs or suffer tax basis losses, the Company Parties agree to bear such costs or tax basis losses.

- 5.2.8 Tax Benefits. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all applicable tax laws, and that corresponding Taxes are paid in full and on time in accordance with the law. Furthermore, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all preferential tax treatments to which they are entitled in relation to their business.
- 5.2.9 Capital Contribution. The Company Parties shall cause the shareholders of the Group Companies to complete the payment of the registered capital of the Group Companies in accordance with laws, regulations and the constitutional documents of the Group Companies.
- 5.2.10 Real Property. The Group Companies shall enter into legal and valid lease contracts for all leased properties used by them, and shall complete the relevant lease registration and filing procedures in accordance with laws and regulations.

ARTICLE 6 TRANSACTION EXPENSES

- 6.1 Payment of Taxes and Fees. Each Party shall bear all Taxes and fees related to the execution, delivery and performance of this Agreement in accordance with relevant Chinese Laws, and shall pay such Taxes and fees in full and on time as stipulated by Applicable Law.

ARTICLE 7 INDEMNIFICATION

- 7.1 Indemnification. If any Party (the “**Breaching Party**”) causes any other Party (the “**Non-Breaching Party**”) to suffer losses (including direct liabilities, damages, claims, costs and expenses (including reasonable attorney’s fees) arising therefrom, etc.) due to any of the following events, it shall indemnify the Non-Breaching Party for all such losses:
- (a) Any representation, statement or warranty made by the Breaching Party under Section 3.1, 3.2 or 3.3 of this Agreement is untrue or contains a material omission, or the Breaching Party breaches any representation, statement or warranty made by it under such section; or
 - (b) The Breaching Party fails to perform or improperly performs any of its obligations under this Agreement (including, without limitation, its relevant obligations and undertakings under Article 5) or fails to comply with any other provisions of this Agreement.

- 7.2 If any Company Party and/or Transferor breaches any warranty, undertaking, covenant or any other provision under the Transaction Documents, or any representation made by it under the Transaction Documents is untrue, thereby causing the Investor to incur any reasonably incurred costs, liabilities or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for compensation for the above losses (including, without limitation, loss of expected profits by the Investor, Taxes, interest paid or lost by the Investor due to the breach by the Company Parties, and fees for accountants and lawyers hired for this transaction).
- 7.3 If any event that occurred prior to the Closing Date (including, but not limited to, the following events) or the following events that occur after the Closing Date cause or result in any loss, liability, responsibility, obligation or debt (whether contractual or otherwise) of the Group Companies, any Taxes (including fines and late payment surcharges due to unpaid taxes) or any claim raised by any other party against the Group Companies, thereby causing any Investor to incur any reasonably incurred costs, liabilities or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for compensation for the above losses: (a) the Founder and/or key employees of the Group Companies breach their full-time employment obligations, non-competition obligations, intellectual property assignment commitments, non-solicitation obligations or other obligations to their former or current employers or work units, or have any disputes or controversies with their former or current employers or work units; (b) defects in the capital contribution of the Group Companies' registered capital or disputes over the ownership of equity; (c) illegal or non-compliant activities (including, but not limited to, violations related to taxation, social insurance, housing provident fund contributions, government subsidies, etc.), breaches of contract or tortious acts by the Company Parties prior to the Closing Date; or (d) the Group Companies' failure to obtain the intellectual property necessary for their principal business or the occurrence of intellectual property-related disputes.

ARTICLE 8 EFFECTIVENESS AND TERMINATION

- 8.1 Effectiveness. This Agreement shall become effective upon its formal execution by the Parties and their authorized representatives.
- 8.2 Termination. This Agreement may be terminated under the following circumstances:
- (a) The Parties unanimously agree in writing to terminate this Agreement;
 - (b) If any Party materially breaches its obligations under this Agreement, the Non-Breaching Party shall have the right to terminate this Agreement by notifying the other Parties in writing, and may require the Breaching Party to compensate for its losses or damages in accordance with the provisions of this Agreement; or
 - (c) If the closing conditions set forth in Section 4.1 of this Agreement cannot be fulfilled within ninety (90) days after the execution of this Agreement or another date agreed upon by the Parties through consultation, the Transferee shall have the right to terminate this Agreement by notifying the other Parties in writing, specifying the effective date of termination in the notice.

If this Agreement is terminated pursuant to this Section 8.2, no new rights or obligations shall arise for any Party, provided that the rights and obligations of each Party that have accrued up to the date of termination of this Agreement (including compensation liabilities arising from breach of this Agreement) shall not be affected by such termination.

- 8.3 If this Agreement is terminated by any Party pursuant to Section 8.2 hereof, and if the Transferee has already paid the Equity Transfer Consideration to the Transferor, the Transferor shall refund the full amount of the Equity Transfer Consideration paid by the Transferee to the Transferee within five (5) Business Days (the “**Refund Period**”) after receiving the written termination notice from the Transferee, without interest; if the refund is not made after the Refund Period, the Transferor shall pay a late payment penalty to the Transferee at a rate of 0.3% per day on the amount not refunded.
- 8.4 For the avoidance of doubt, if any Transferor terminates and withdraws from this Agreement pursuant to Section 8.2 hereof, the effect of such termination shall not extend to other Transferors, the Company and the Founding Shareholders, and this Agreement shall not be terminated in its entirety, and the other Parties to this Agreement (including, but not limited to, the Transferee and Transferors not involved in the aforementioned matter) shall continue to perform their obligations in accordance with the terms of this Agreement.

ARTICLE 9 CONFIDENTIALITY AND NON-DISCLOSURE

- 9.1 **Confidentiality.** The terms and conditions of this Agreement and all appendices hereto, as well as all subsequent amendments and restatements hereof (including the existence of this Agreement, its appendices and such amendments and restatements), shall be deemed confidential information, and except as provided in Sections 9.2 and 9.3, no Party shall disclose such confidential information to any Third Party without the prior written consent of the other Parties.
- 9.2 **Mandatory Disclosure Required by Law.** If any Party or its Affiliate has a mandatory obligation under the law (including, without limitation, pursuant to relevant securities laws and regulations) or is required by a competent Governmental Authority to disclose any confidential information regarding the Equity Transfer, or the existence or any term or condition of this Agreement, the Party so required to disclose shall (i) immediately provide the other Parties with written notice stating such fact, and shall use its best efforts to obtain confidential treatment for such information to be disclosed as requested by the other Parties; (ii) make disclosure only to the extent required; and (iii) provide the other Parties with accurate details of any such disclosure.

9.3 Exclusions. The provisions of this Article 9 shall not apply to the following circumstances:

- (a) Disclosure of confidential information to a Party's Affiliates or its professional advisors for purposes reasonably related to this Agreement or the Equity Transfer;
- (b) Information independently developed by the receiving Party without use of the confidential information, or such confidential information obtained by the receiving Party from a Third Party having the right to disclose it;
- (c) Confidential information that becomes publicly known through no breach of this Agreement by the receiving Party; or
- (d) Mandatory disclosure required by law as set forth in Section 9.2.

9.4 Term of Confidentiality Obligations. The confidentiality obligations of the Parties under this Article 9 shall remain in effect permanently from the effective date of this Agreement and shall survive the termination, suspension, rescission of this Agreement or any Party ceasing to be a party to this Agreement.

ARTICLE 10 GOVERNING LAW AND DISPUTE RESOLUTION

10.1 Governing Law. The formation, validity, interpretation, performance of this Agreement and the resolution of disputes hereunder shall be governed by and construed in accordance with the laws of China.

10.2 Dispute Resolution. Any dispute arising from or in connection with the performance of this Agreement shall be resolved by the Parties through friendly consultations. Any Party shall have the right to submit such dispute to the Shenzhen Court of International Arbitration for arbitration which shall be conducted in accordance with the arbitration rules of such commission in effect at the time of applying for arbitration. The arbitral award is final and binding upon all Parties. The place of arbitration shall be Shenzhen.

10.3 Continued Performance. During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations hereunder.

ARTICLE 11 MISCELLANEOUS

11.1 Use of Name. Unless with the prior written consent of Beijing Liangzizhige, no Party (other than Beijing Liangzizhige) may use, disclose or copy any of the following names for any marketing, advertising or promotional purposes: (i) the name of Beijing Liangzizhige or any of its Affiliates, including but not limited to Beijing Liangzizhige, QuantaSing, QSG, etc.; (ii) the name or likeness of any partner, director or supervisor of Beijing Liangzizhige or its Affiliates; and/or (iii) any name, trademark or logo similar to the foregoing.

- 11.2 Several, Not Joint, Obligations of Transferors and Transferees. The Parties agree that each Transferor shall have rights and assume obligations under this Agreement severally and not jointly, and the obligations and liabilities of each Transferor hereunder are several and not joint. Any waiver of rights or termination of this Agreement by any Transferor shall only be effective with respect to the rights and obligations of such Transferor and shall not constitute a waiver of rights or termination by other Transferors. Each Transferee shall have rights and assume obligations under this Agreement severally and not jointly, and the obligations and liabilities of each Transferee hereunder are several and not joint. Any waiver of rights or termination of this Agreement by any Transferee shall only be effective with respect to the rights and obligations of such Transferee and shall not constitute a waiver of rights or termination by other Transferees.
- 11.3 Binding Effect and Non-Assignability. This Agreement shall be binding upon the successors of the Parties, and such successors shall enjoy the relevant rights and assume the relevant obligations. No Party shall have the right to assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties.
- 11.4 Waiver. The failure or delay of any Party to exercise any right, power or privilege under this Agreement shall not operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.
- 11.5 Amendment. Any supplement or amendment to this Agreement shall be made in writing and shall become effective only upon execution by the Parties.
- 11.6 Severability. If any provision of this Agreement is invalid or unenforceable for any reason (including, without limitation, due to conflict with mandatory provisions of Applicable Law), the validity of the other provisions shall not be affected. After good faith consultation among the Parties, such invalid or unenforceable provision may be replaced by a provision that is valid and enforceable and comes closest to the original intention of the Parties.
- 11.7 Notices. All notices, requests and other communications required under this Agreement shall be in writing. A notice delivered in person shall be deemed effectively given upon receipt by the recipient; a notice sent by mail shall be sent by registered airmail or express delivery, and a notice sent by registered airmail shall be deemed effectively given on the seventh (7th) day after posting, and a notice sent by express delivery shall be deemed effectively given upon receipt by the recipient; a notice sent by email shall be deemed effectively given when the email system shows actual receipt by the recipient:

[***] (*List of notice addresses*)

Any Party may change its above notice address by notifying the other Parties in writing in accordance with this Section 11.7.

- 11.8 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire understanding of the Parties with respect to the subject matter hereof and supersede all letters of intent, agreements, commitments, arrangements, communications, statements and/or warranties, etc., previously made by the Parties or any of their responsible persons, employees or representatives in writing or orally with respect to the same subject matter. The Parties agree that, for the purpose of handling the relevant industrial and commercial change registration, the Transferors and the Transferee may separately execute an equity transfer agreement for the Company, provided that if there is any inconsistency between such agreement and this Agreement, the terms of this Agreement shall prevail.

- 11.9 Language and Counterparts. This Agreement is written in Chinese. The original counterparts of this Agreement are in seven (7) copies, with the Company Parties holding three (3) copies in total and the other Parties holding one (1) copy each. This Agreement may be executed by the Parties in separate counterparts, and each such separately executed counterpart, regardless of how delivered, shall be deemed an original, not a copy. All such counterparts of this Agreement executed by the Parties shall together constitute one and the same instrument.
- 11.10 For the purpose of submitting the relevant agreement documents for this Equity Transfer to the market supervision administration, tax authorities or other relevant government authorities in accordance with relevant laws and regulations to complete the corresponding government administrative procedures, the Parties agree that the relevant parties shall execute the government document version set forth in Appendix II hereto (for the avoidance of doubt, if the government document version shown in Appendix II needs to be modified at the request of the market supervision administration, the relevant Transferors and Transferee shall separately negotiate and confirm the modifications). The provisions of this Agreement shall be deemed as supplements and/or amendments to the government documents and shall have the same legal effect as the government documents. The government documents and this Agreement together constitute the entire agreement among the Parties with respect to the subject matter hereof; provided, however, that if there is any conflict between the government documents and this Agreement, the provisions of this Agreement shall prevail.
- 11.11 Appendices. All appendices to this Agreement shall form an integral part hereof.

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(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferors:

Siyan Zheng

Signature : /s/ Siyan Zheng

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferors:

Feng Xian

Signature : /s/ Feng Xian _____

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferors:

Huiyu Zhan

Signature : /s/ **Huiyu Zhan** _____

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferors:

Shenzhen Zhongqingwenli Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name: Huiyu Zhan
Title: Legal Representative

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferors:

Hainan Hongchuanyuan Lanshan Venture Investment Fund Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Xiaoyi Yang
Name: Xiaoyi Yang
Title: Representative Designated by the Executive
Partner

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Transferee:

Shenzhen Chaowan World Information Technology Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Dong Xie
Name: Dong Xie
Title: Authorized Representative

(This page is intentionally left blank, it is the signature page of the Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Legal Representative

Huiyu Zhan

Signature : /s/ Huiyu Zhan _____

Shenzhen Haoduo Xiaohuoban Venture Capital Service Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Representative Designated by the Executive
Partner

Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Representative Designated by the Executive
Partner

APPENDIX I
EQUITY STRUCTURE OF THE COMPANY

APPENDIX II
GOVERNMENT DOCUMENT VERSION

Equity Transfer Agreement

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Shenzhen Yiqi Culture Co., Ltd. Debt-to-Equity Conversion Agreement

This **Shenzhen Yiqi Culture Co., Ltd. Debt-to-Equity Conversion Agreement** (this “**Agreement**”) is entered into by and among the following parties on March 21, 2025 (the “**Execution Date**”):

- (1) **Shenzhen Chaowan World Information Technology Co., Ltd.**, a limited liability company duly organized and validly existing under the laws of China, with its registered address at 18H, Microsoft Ketong Building, No. 55 Gaoxin Nanjiudao, Gaoxin District Community, Yuehai Street, Nanshan District, Shenzhen (“**Shenzhen Chaowan**” or the “**Transferee**” or the “**Investor**”);
- (2) **Huiyu Zhan**, a citizen of the People’s Republic of China, with Chinese Citizen ID No.: [***] (the “**Founder**” or the “**Transferor**”);
- (3) **Shenzhen Yiqi Culture Co., Ltd.**, a limited liability company duly organized and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Company**”);
- (4) **Shenzhen Zhongqingwenli Culture Industry Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Unit 02, Semi-underground 1st Floor, Building B, Tower 1, Yiye Plaza, No. 3076 Qiaoxiang Road, Xiang’an Community, Xiangmihu Street, Futian District, Shenzhen (“**Shenzhen Zhongqingwenli**”);
- (5) **Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at 2C-215T, 2nd Floor, Building 213, Tairan Technology Park, Tairan 6th Road, Tian’an Community, Shatou Street, Futian District, Shenzhen (“**Shenzhen Haoduoxiaohuoban**”); and
- (6) **Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Heguangtongchen**”, together with Huiyu Zhan, Shenzhen Zhongqingwenli, and Shenzhen Heguangtongchen, collectively referred to as the “**Founding Shareholders**”, and the Founding Shareholders together with the Group Companies (as defined below) are collectively referred to as the “**Company Parties**”).

Each of the above parties is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS:

1. As of the Execution Date, the registered capital of the Company is RMB 11,002,114.73.
2. As of the Execution Date, Huiyu Zhan holds equity interests in the Company corresponding to RMB 1,700,924.30 in registered capital, representing 15.45998% of the current total registered capital of the Company.
3. The Company, the Founder and Beijing Liangzizhige Technology Co., Ltd. (“**Beijing Liangzizhige**”) entered into a Convertible Debt Agreement (the “**Convertible Debt Agreement**”) on December 6, 2024, pursuant to which Beijing Liangzizhige provided a loan of RMB 10 million to the Founder, and Beijing Liangzizhige or its designated affiliate has the right to acquire 5% of the Company’s equity (corresponding to RMB 513,432 in the Company’s registered capital) from the Founder at a valuation of RMB 200 million; the Company, the Founder, Beijing Liangzizhige and Shenzhen Chaowan entered into a Supplemental Agreement to the Convertible Debt Agreement (the “**Supplemental Agreement**”) on January 9, 2025, pursuant to which the rights and obligations of Beijing Liangzizhige under the Convertible Debt Agreement were assigned to Shenzhen Chaowan. As of the Execution Date, the lender has disbursed the loan of RMB 10 million to the Founder (the “**Convertible Debt**”).
4. Pursuant to the Convertible Debt Agreement and the Supplemental Agreement, Shenzhen Chaowan has the right (but not the obligation) to elect to convert all or part of the Convertible Debt into equity interests in the Company in accordance with the terms of this Agreement. Huiyu Zhan agrees to transfer to Shenzhen Chaowan, and Shenzhen Chaowan agrees to acquire from Huiyu Zhan, equity interests in the Company corresponding to an aggregate of RMB 513,432 in registered capital (representing 4.66667% of the current total registered capital of the Company) (the “**Target Equity**”), in each case, on the terms and conditions set forth herein (the “**Debt-to-Equity Conversion**”).
5. The Company, Zheng Siyan, Xian Feng, Huiyu Zhan, Shenzhen Heguangtongchen, Shenzhen Zhongqingwenli, Shenzhen Haoduoxiaohuoban, Hainan Hongchuan Yuan and Shenzhen Chaowan entered into an Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd. on March 21, 2025, pursuant to which Shenzhen Chaowan will acquire an aggregate of 33.33333% equity interest in the Company (corresponding to RMB 3,667,371.58 in registered capital of the Company) from Zheng Siyan, Xian Feng, Huiyu Zhan, Shenzhen Zhongqingwenli, and Hainan Hongchuan Yuan for a total consideration of RMB 100 million (the “**Equity Transfer II**”).
6. The Company Parties, Shenzhen Chaowan and other relevant parties entered into a Capital Increase Agreement for Shenzhen Yiqi Culture Co., Ltd. (the “**Capital Increase Agreement**”) on March 21, 2025, pursuant to which, and subject to the terms and conditions thereof, Shenzhen Chaowan will contribute RMB 100 million to subscribe for RMB 3,667,371.58 of newly increased registered capital of the Company (the “**Capital Increase II**”).

NOW, THEREFORE, through friendly consultation, the Parties hereby agree as follows:

ARTICLE 1 GENERAL PROVISIONS

1.1 Definitions. Unless otherwise provided in this Agreement, the following terms shall have the meanings set forth below:

“**Debt-to-Equity Conversion**” shall have the meaning set forth in the preamble.

“**Industrial and Commercial Change Registration**” means the registration or filing required to be completed by the Company with the relevant Chinese market supervision administration authorities for the Debt-to-Equity Conversion, including, without limitation, the registration of the Transferee as a shareholder, the filing of the Investor Director (as defined below) as a director of the Company, and the filing of the amended articles of association of the Company with the market supervision administration authorities.

“**Affiliate**” or “**Affiliated Party**”, with respect to any natural person, means his/her immediate family members (i.e., such natural person’s parents, spouse, siblings and their spouses, children and their spouses), the trustee of any trust of which such natural person or his/her immediate family members are beneficiaries or grantors, and any other entity directly or indirectly, individually or jointly, Controlled by such natural person or his/her immediate family members; with respect to any entity other than a natural person, means any other entity that Controls such entity, is Controlled by such entity, or is under common Control with such entity. “Control” in the preceding definition means the direct or indirect ownership of at least 50% of the voting power in the decision-making body of the other party. Notwithstanding the foregoing, with respect to the Transferee, if the Transferee is an investment fund or its subsidiary, its “Affiliates” shall also include the management company of the Transferee or the investment fund to which it belongs and any other investment fund managed by such management company (and/or the subsidiaries of such other investment funds);

“**Closing Date**” shall have the meaning set forth in Section 2.2 of this Agreement.

“**Transaction Documents**” means the relevant legal documents entered into by the Parties hereto for the purpose of governing the Debt-to-Equity Conversion, including but not limited to this Agreement and the ancillary and supplementary documents related to the Debt-to-Equity Conversion.

“**Encumbrance**” means any form of encumbrance that has been created and has a material adverse effect on the object or right to which it relates, including, without limitation, any mortgage, pledge, lien, or other right or claim of a third party.

“**Tax**” or “**Taxes**” means any national, local, foreign or other kind of income tax, value-added tax, consumption tax, customs duty, stamp duty or any other type of tax, levy, impost, duty, charge, assessment or fee of any kind (whether payable directly or by withholding) levied by any tax authority, and any interest, penalty, surcharge or other expenses in connection therewith.

“**Governmental Authority**” means any nation or government, any province, autonomous region, municipality or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group Companies**” means Shenzhen Yiqi Culture Co., Ltd., Dongguan Yiqiwan Culture Industry Co., Ltd., Shenzhen Huiyu Design Culture Co., Ltd., Shenzhen Yiqiwan Culture Industry Co., Ltd., Beijing Yiqi Culture Co., Ltd., and any entities already established or to be established or acquired in the future in which the foregoing entities directly or indirectly (including but not limited to through arrangements involving a third-party nominee) hold a controlling interest (including, without limitation, subsidiaries, branches, partnerships, offices, or other forms of organizations).

1.2 Interpretation. For purposes of this Agreement, unless the context otherwise requires:

- (i) “**Person**” shall be construed as including any individual, firm, company, corporation, other incorporated or unincorporated body, government, state or agency of a state, any joint venture, association, partnership or employees’ representative body (in each case whether or not having separate legal personality).
- (ii) “**Law**”, unless otherwise specified, with respect to China, means all laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees or other restrictive provisions of any Governmental Authority within its jurisdiction; “**Applicable Law**” means, with respect to any Person, the publicly available, effective and applicable laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees or other restrictive provisions of any Governmental Authority that are applicable to or binding upon such Person or any of its properties.
- (iii) “**Third Party**” means any Person other than the Parties to this Agreement.
- (iv) “**Business Day**” means any day on which banks in China are generally open for business, excluding Saturdays, Sundays and statutory holidays in China.

- (v) “**Day**” means a calendar day; provided, however, that if any action is required to be taken or obligation is to be performed on any non-Business Day (i.e., any Saturday, Sunday or public holiday in China), then such action or obligation may be postponed until the next Business Day.
- (vi) References to an Article, Section, paragraph or Appendix are, unless otherwise stated, references to an Article, Section, paragraph or Appendix of this Agreement.
- (vii) The headings and titles used in the table of contents and the Articles and Sections of this Agreement are for convenience of reference only and do not affect the construction or interpretation of the relevant provisions.

ARTICLE 2 THE DEBT-TO-EQUITY CONVERSION

2.1 The Debt-to-Equity Conversion. Pursuant to the Convertible Debt Agreement and the Supplemental Agreement, Shenzhen Chaowan has the right (but not the obligation) to elect to convert all or part of the Convertible Debt into equity interests in the Company in accordance with the terms of this Agreement. The Transferee agrees to acquire from the Transferor the Company’s registered capital of RMB 513,432 held by the Transferor for a consideration of RMB 10 million (the “**Equity Transfer Consideration**”); the Transferor agrees to transfer such Target Equity to the Transferee for the aforementioned Equity Transfer Consideration. The Transferor and the Transferee further confirm that the Transferee agrees to convert the entire RMB 10 million principal amount of the Convertible Debt under the Convertible Debt Agreement into the aforementioned Equity Transfer Consideration. Such conversion shall become effective on the Closing Date, whereby as of the Closing Date, the Transferor shall be deemed to have fully repaid all amounts due under the Convertible Debt Agreement and its supplemental agreement, and the Transferee shall be deemed to have paid the full Equity Transfer Consideration to the Transferor. For the avoidance of doubt, the Parties hereby acknowledge and agree that the foregoing arrangement is based on the fact that the Transferor, Huiyu Zhan, owes the Transferee, Shenzhen Chaowan, a repayment amount of RMB 10 million under the Convertible Debt Agreement and its supplemental agreement, while Shenzhen Chaowan, as the Transferee, is required to pay an Equity Transfer Consideration of RMB 10 million for acquiring the equity interest corresponding to the aforementioned registered capital held by Huiyu Zhan in the Company pursuant to this Agreement. The Transferor and the Transferee agree to effect the Debt-to-Equity Conversion by way of set-off between the repayment amount and the Equity Transfer Consideration to avoid cash flow.

2.2 Closing.

- (a) Subject to the fulfillment or written waiver by the Transferee of all closing conditions set forth in Section 4.1 of this Agreement, the Transferee shall have the right (but not the obligation) to confirm the completion of the Debt-to-Equity Conversion by notifying the Transferor in writing (the “**Debt-to-Equity Conversion Closing Notice**”).

- (b) The date on which the Transferor receives the Debt-to-Equity Conversion Closing Notice from the Transferee shall be the closing date for the Debt-to-Equity Conversion (the “**Closing Date**”). The Transferee shall acquire all shareholder rights in the Target Equity from the Closing Date.
- (c) The Company shall issue the following documents to the Transferee on the Closing Date: (A) a capital contribution certificate for the Target Equity, which shall state the following: the Company’s name, date of establishment, registered capital, shareholder’s name, subscribed capital contribution, equity ratio, actual capital contribution amount, date of capital contribution payment, serial number of the capital contribution certificate, and date of issuance, and shall be signed by the legal representative of the Company and affixed with the Company’s seal; (B) a register of shareholders signed by the legal representative of the Company and affixed with the Company’s seal, indicating that the Transferee has full ownership, rights, and interests in the Target Equity purchased under this Agreement and is formally registered as a registered shareholder of the Company.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Transferor.

The Transferor hereby represents and warrants to the Transferee that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. Such Transferor is a Chinese citizen, with full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, such Transferor has taken all necessary actions (including, without limitation, obtaining all required internal approvals and Third Party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon due execution by the Parties or their authorized representatives, a valid, binding and enforceable obligation of such Transferor;
- (d) Non-Contravention. The execution, delivery and performance by such Transferor of this Agreement and the other Transaction Documents to which it is a party do not and will not violate any Law or any order of any other Governmental Authority, violate its constitutional documents, violate any judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, or violate any document, contract or agreement to which it is a party or by which it or its assets are bound;

- (e) Title to Target Equity. With respect to the Target Equity held by such Transferor and to be transferred to the Transferee, it has fully paid up the registered capital corresponding to such Target Equity in accordance with the Law; it has full and valid title to the Target Equity to be transferred to the Transferee, is the sole legal and beneficial owner thereof, and has the legal right to transfer the Target Equity; there are no trust, agency, or nominee arrangements in place regarding the Target Equity held by the Transferor, and the Target Equity is free and clear of any pledge, mortgage, guarantee or other Encumbrance, and there is no pending, threatened or foreseeable dispute, claim, lawsuit, arbitration, enforcement, administrative proceeding or other legal proceeding in any respect regarding the Target Equity held by it.

3.2 Representations and Warranties of the Transferee.

The Transferee represents and warrants to the Transferor that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Transferee is an entity duly organized and validly existing under the laws of its place of incorporation, with full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Transferee has taken all necessary actions (including, without limitation, obtaining all required internal approvals and Third Party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon due execution by the Parties or their authorized representatives, a valid, binding and enforceable obligation of the Transferee;
- (d) Non-Contravention. The execution, delivery and performance by the Transferee of this Agreement and the other Transaction Documents to which it is a party do not and will not violate any Law or any order of any other Governmental Authority, violate its constitutional documents, violate any judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, or violate any document, contract or agreement to which it is a party or by which it or its assets are bound.

3.3 Representations and Warranties of the Company and the Founding Shareholders

The Company and the Founding Shareholders hereby jointly and severally represent and warrant to the Transferee that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status. The Founding Shareholders are Chinese citizens or limited partnerships or limited liability companies established under the laws of China, with full civil capacity for rights and civil capacity for conduct, and can independently bear civil liabilities; the Group Companies are all enterprise legal persons duly organized and validly existing under the laws of their respective places of establishment, and can independently bear legal liabilities.
- (b) Due Authorization and Binding Obligation. The execution and performance of this Agreement by the Company and the Founding Shareholders are their true intentions and have been duly authorized by all necessary corporate or other actions, and they are bound by all terms and conditions of this Agreement.
- (c) Non-Contravention. The execution and performance of this Agreement by the Company and the Founding Shareholders will not violate or conflict with their articles of association, internal regulations, contracts with Third Parties, Laws, regulations, approvals or permits from relevant authorities, or court judgments, rulings or orders; the Company Parties have obtained all necessary Third Party consents or authorizations (if any) required for the transactions under the Transaction Documents. No material contracts between any Company Party and any other entity will be terminated or materially affected by the execution or performance of the Transaction Documents.
- (d) Business Licenses and Compliance with Laws. All authorizations, permits, and Third Party consents required from Governmental Authorities for the Group Companies to conduct their current business operations have been obtained, are in full force and effect, and there are no circumstances from the Execution Date to the Closing Date that indicate such authorizations or permits are likely to be revoked. The business scope detailed in the constitutional documents of the Group Companies complies with the requirements of Chinese Law, and the Group Companies strictly conduct their business activities within the business scope stipulated in their constitutional documents and in accordance with Applicable Law. The Company Parties have complied with and performed all obligations stipulated by Applicable Law, have complied with all authorizations and permits applicable to them, and no Company Party has committed any violation of any laws or regulations.
- (e) Third Party Investment Arrangements. The Company Parties have not reached or entered into any agreement or arrangement with any institution or individual that is related to this Agreement or may have any impact on the transaction contemplated hereunder.

- (f) Capital Structure. Except as otherwise disclosed in writing, the capital structure of the Group Companies as registered and filed with the competent registration authorities and as set forth in the constitutional documents and amendments thereof of the Group Companies provided by the Company to the Investor is fully consistent with the information disclosed by the Company to the Investor. Except as otherwise disclosed in writing, the shareholders of the Group Companies have contributed and paid up in full and on time the registered capital of the Group Companies beneficially held by them in accordance with the constitutional documents of the Group Companies. There is no pledge, claim, burden, other restriction or claim on the equity interests of the Group Companies, and there are no undisclosed agreements or arrangements regarding the equity interests of the Group Companies that have not been disclosed to the Investor. All previous capital increases and equity transfers of the Group Companies have complied with laws and regulations, the corresponding capital increase payments and equity transfer consideration have been fully paid by the relevant parties, and all Taxes involved in the previous equity transfers have been paid in accordance with the law. Except as otherwise disclosed in writing, the Group Companies have not granted any restricted equity, options or similar rights to any employee of the Group Companies or any other person.
- (g) Intellectual Property. The Group Companies lawfully own or have the licensed use rights, interests, and rights in the intellectual property necessary to conduct their principal business. Except as otherwise disclosed in writing, the Group Companies do not need to use any intellectual property in which any Third Party has any right, title, or interest to conduct their principal business, and the continued operation of such business by the Group Companies does not violate any license agreements entered into by the Group Companies or infringe upon any rights of any Third Party. The Group Companies have not infringed or unlawfully used any intellectual property in which any Third Party has any right, title, or interest, nor have they licensed or permitted any Third Party to use any of the Group Companies' intellectual property. There are no pending or, to the knowledge of the Company Parties, threatened claims, disputes, litigations, or arbitrations requiring the Group Companies to compensate for the infringement of any Third Party's intellectual property, trade secrets, proprietary information, or other similar rights. There is no known infringement by any Third Party of the intellectual property lawfully owned by the Group Companies. The employment of the Founding Shareholders, key employees, and relevant R&D employees of the Group Companies by the Group Companies and their engagement in the business activities of the Group Companies do not violate any contracts they have signed or any binding commitments (including, without limitation, confidentiality obligations, intellectual property assignment commitments, and non-competition obligations), and will not constitute an infringement of the legal rights of their former employers, current employers, or other intellectual property right holders, and there are no pending or potential disputes or controversies with their former and/or current employers.

- (h) Financial Statements. The financial statements or bank statements provided by the Group Companies to the Investor, prepared in accordance with Chinese Accounting Standards for Business Enterprises (or financial data and information provided in other manners acceptable to the Investor), completely, accurately and fairly reflect the financial position of each Group Company as of February 28, 2025 (the “**Financial Statement Date**”), and are consistent with the books, vouchers and financial records of the Group Companies. All payments made by or on behalf of the Group Companies have been properly recorded in accordance with the law. All accounts receivable and accounts payable of the Group Companies are genuine and valid. The Group Companies do not have any accumulated liabilities or contingent liabilities exceeding RMB 100,000 (the “**Material Liabilities and Contingent Liabilities**”) that should be disclosed but have not been disclosed in their financial statements (or notes thereto) according to the accounting standards applicable to them, nor do they have any Material Liabilities and Contingent Liabilities that are not required to be disclosed under the applicable accounting standards but have or may have a material adverse effect on the financial condition or business operations of the Group Companies.
- (i) Employees. Except as otherwise disclosed in writing, the employment of employees by the Group Companies complies with the Laws applicable to them and their commitments to local government authorities. The Group Companies have paid and/or withheld and paid in full and on time all social insurance, housing provident fund, and other employee benefits payable as stipulated by law and agreement in accordance with Applicable Law. There are no pending labor disputes or controversies between the Group Companies and their current or former employees. The Founder and key employees do not directly or indirectly hold any equity or shares in any entity other than the Group Companies, nor do they hold any position or actually provide any advisory or similar services in any entity other than the Group Companies.
- (j) Taxation. The Group Companies have completed all tax registrations required by Applicable Law. The Group Companies have paid in full and on time all Taxes levied on them or their assets in accordance with the law within the time limits permitted by Applicable Law, and there are no penalties, fines, or late payment surcharges. The issuance and management of invoices by the Group Companies comply with the provisions of Applicable Law. All preferential tax treatments and financial subsidies obtained by the Group Companies have been legally obtained and have not been withdrawn or revoked by the competent government authorities.
- (k) Information Disclosure. All information disclosed by the Company Parties in connection with this Agreement is true, complete and accurate, contains no false or misleading information, and there are no material matters that should have been disclosed but were omitted to be disclosed.

The Company and the Founding Shareholders, jointly and severally, further undertake that the above representations and warranties shall remain true, accurate, complete and not misleading as of the Closing Date under this Agreement. If, after the Execution Date of this Agreement, any circumstance occurs that causes any representation or warranty of any Company Party to become untrue, inaccurate, incomplete or misleading in any respect, the Company and the Founding Shareholders shall immediately notify the Transferee in writing and take all necessary measures as reasonably required by the Transferee.

ARTICLE 4 CLOSING CONDITIONS

- 4.1 Conditions Precedent to Transferee's Completion of the Debt-to-Equity Conversion. The obligation of the Transferee to complete the Debt-to-Equity Conversion is subject to the fulfillment or written waiver by the Transferee of the following conditions:
- (a) All Transaction Documents relating to the Debt-to-Equity Conversion (including, without limitation, this Agreement and the amended articles of association of the Company) have been executed by the relevant parties and this Agreement and the other Transaction Documents have become effective in accordance with their terms;
 - (b) The Company and the Founding Shareholders shall have obtained all approvals, consents and waivers necessary to complete the Debt-to-Equity Conversion, including, without limitation, the formal adoption of resolutions/decisions approving the Debt-to-Equity Conversion (the “**Company Resolutions**”) by the shareholders’ meeting and the board of directors of the Company, the shareholders and directors of Shenzhen Zhongqingwenli, and the partners’ meetings of Shenzhen Heguangtongchen and Shenzhen Haoduoxiaohuoban, and shall have provided copies of such resolutions to the Transferee. The Company Resolutions shall include the following:
 - (i) Approval of the Debt-to-Equity Conversion;
 - (ii) Approval of the terms, execution and performance of the Transaction Documents; agreement that the board of directors shall consist of four (4) directors, including two (2) directors appointed by Quanzhi Song (“**Investor Directors**”); and
 - (iii) Waiver by the existing shareholders (other than Shenzhen Chaowan) of their right of first refusal, co-sale rights (if applicable), and other similar rights with respect to the Target Equity under this Debt-to-Equity Conversion.
 - (c) The Transferor has fully paid up the registered capital corresponding to the Target Equity it intends to transfer to the Transferee;

- (d) The representations and warranties of the relevant Transferor set forth in Section 3.1 and the representations and warranties of the Company and the Founding Shareholders set forth in Section 3.3 of this Agreement are true, accurate and complete in all material respects and not misleading as of the Execution Date and the Closing Date;
- (e) The Transferee has completed legal, financial and business due diligence investigations of the Company with results satisfactory to the Transferee;
- (f) The Transferee shall have obtained its internal approvals for the Debt-to-Equity Conversion;
- (g) The Transferor and the Company Parties have fully performed their obligations and responsibilities under this Agreement that are required to be performed prior to the Closing Date;
- (h) There has been no occurrence of any circumstance that has a Material Adverse Effect on the business operations, financial condition or assets, etc., of the Group Companies;
- (i) There is no judgment, ruling, order or injunction of any Applicable Law, court, arbitral tribunal or relevant Governmental Authority that restricts, prohibits or cancels the Debt-to-Equity Conversion, nor is there any pending or threatened litigation, arbitration, judgment, ruling, order or injunction that has had or would reasonably be expected to have a Material Adverse Effect on the Debt-to-Equity Conversion;
- (j) The Company and the Transferor have completed the Industrial and Commercial Change Registration for the Debt-to-Equity Conversion (including, without limitation, the registration of the Transferee as a shareholder, the filing of the Investor Director as a director of the Company, and the filing of the amended articles of association of the Company with the market supervision administration authorities, etc.) and the Transferor has completed the tax filing procedures for the Debt-to-Equity Conversion and has paid all Taxes in full;
- (k) The Company and its shareholders and other relevant parties have entered into transaction documents satisfactory to the Investor regarding the Equity Transfer II and the Capital Increase II with the Investor, and the closing conditions under such transaction documents have been satisfied.

4.2 Best Efforts. From the Execution Date until the Closing Date, the Transferor and the Company Parties shall use their best efforts to cause the conditions set forth in this Article 4 to be satisfied as soon as reasonably practicable.

ARTICLE 5 UNDERTAKINGS

5.1 Interim Undertakings

From the Execution Date until the Closing Date, the Company Parties jointly and severally undertake to the Investor as follows:

- 5.1.1 Operation in Ordinary Course. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, operate their business in the ordinary course and use their best efforts to preserve their business organization intact, maintain their relationships with Third Parties and retain their present officers and employees, and preserve the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).
- 5.1.2 Provision of Information. During the normal business hours of the Group Companies, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, provide the Investor and its representatives with information regarding the Group Companies as reasonably requested by them, including, without limitation, providing the lawyers and other representatives designated by the Investor with full access to all accounts, records, contracts, technical data, personnel data, management information and other documents of the Group Companies. The Company Parties agree that the Investor has the right to conduct a prudent investigation into the financial, asset and operational conditions of the Group Companies at any time prior to the Closing Date. Furthermore, the Company Parties shall promptly notify the Investor in writing of any breach of this Agreement by any Company Party that has occurred or is anticipated to occur.

The Company Parties shall timely inform the Investor in writing of the following matters and discuss the impact of the following matters on the Group Companies with the Investor, thereby ensuring the stable operation of the Group Companies in a reasonable manner:

- (a) Any change that has or may have a Material Adverse Effect on the equity structure, financial condition, assets, liabilities, business, prospects or operations of the Group Companies;
- (b) The execution of agreements containing non-standard terms (including, without limitation, exclusivity terms, restrictive terms, long-term, onerous terms) and any agreements or proposals, intentions regarding the foregoing; and
- (c) The progress of government approval/registration (if applicable).

- 5.1.3 Third Party Transactions. The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, officers and representatives to (a) work exclusively with the Investor and its Affiliates on matters relating to the Debt-to-Equity Conversion; (b) not carry out any other transaction similar to the Debt-to-Equity Conversion or inconsistent with the transactions contemplated by the Transaction Documents (any such transaction referred to as a “**Third Party Transaction**”); (c) immediately terminate any discussion or negotiation with any person regarding a Third Party Transaction and thereafter not conduct or carry out any discussion or negotiation with any person regarding a Third Party Transaction, nor provide any information to any person regarding a Third Party Transaction; and (d) not encourage any inquiry or proposal regarding a possible Third Party Transaction or take any other action to facilitate such inquiry or proposal. If the Company Parties receive any inquiry from any other party regarding a possible Third Party Transaction, they shall promptly notify the Investor.
- 5.1.4 Restrictions on Actions. Without limiting the generality of Section 5.1.1 of this Agreement, unless with the prior written consent of the Investor, the Company Parties other than the Group Companies shall, within their respective powers, cause the Group Companies not to take, and the Group Companies shall not take, any of the following actions (except for those actions required by the Debt-to-Equity Conversion):
- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge or redeem any registered capital or equity;
 - (b) Take any action that may result in the dilution of the Company equity interest held by the Investor after the Closing, by amending its constitutional documents or through reorganization, merger, sale of equity, consolidation or sale of assets or otherwise;
 - (c) Sell, lease, transfer, license or dispose of any assets, except in the ordinary course of business consistent with past practice;
 - (d) Incur or create any liabilities, responsibilities, obligations or expenses in an aggregate amount exceeding RMB 100,000 (or equivalent in other currencies), except those incurred in the ordinary course of business;
 - (e) Make any capital expenditure exceeding RMB 100,000 (or equivalent in other currencies), except those made in the ordinary course of business;
 - (f) Create any Encumbrance on any asset;
 - (g) License any intellectual property of the Group Companies to Third Parties, allow any intellectual property of the Group Companies to expire, be abandoned, dedicated or waived, or disclose any material trade secrets, formulas, processes, know-how or other intellectual property of the Group Companies that were not publicly known prior to such disclosure, except as required by law or disclosed under a confidentiality agreement;

- (h) Enter into any material contract outside the ordinary course of business, amend or adjust any material term of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay and make any dividend distribution or allocation;
- (j) Enter into any transaction with an Affiliate;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interest in any other entity;
- (m) Adopt or pass any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;
- (n) Take any other actions that may have actual or potential adverse effects on the transactions under this Agreement or that may have any actual or potential adverse effects on the operation and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including, without limitation, signing investment intention letters, commitment letters, or consent letters.

5.2 Post-Closing Undertakings

After the Closing Date, the Company Parties jointly and severally undertake to the Investor as follows (the Founder's liability for compensation or indemnification to the Investor for breach of such post-closing undertakings shall be limited to the aggregate fair market value of all Company equity interests then directly and/or indirectly held by the Founder (for the avoidance of doubt, the Founder shall then actively liquidate his equity interests at fair market value, and the Investor has the right to require the Founder to sell his equity interests to a bona fide purchaser identified by the Investor), and shall not involve any personal or family property other than the Company equity interests):

- 5.2.1 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all respects with all Applicable Laws, and that any and all necessary permits and licenses of the Group Companies are legal, valid and fully effective. If, according to relevant Applicable Laws or the requirements of government authorities, any matter or activity involved in the principal business requires obtaining relevant business permits, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.

- 5.2.2 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, usage rights, and relevant government registrations for all intellectual property (including, without limitation, patents, trademarks, copyrights, know-how, domain names, and trade secrets) required for their principal business, take adequate measures to protect such intellectual property, and shall ensure not to infringe or unlawfully use any intellectual property in which any Third Party has any right, title, or interest. If the intellectual property involves co-development with a Third Party, the Company shall ensure that it has independent or co-ownership or exclusive usage rights to such intellectual property. If the Company Parties fail to timely obtain the intellectual property related to their principal business or the license to use such intellectual property, or their business operations infringe upon the intellectual property of a Third Party as the rights holder, then (i) the Company Parties shall resolve the issue as soon as possible, and (ii) if any direct or indirect damage is caused to the Investor's investment interests under this Debt-to-Equity Conversion due to the foregoing circumstances, the Company Parties shall be jointly and severally liable for compensation.
- 5.2.3 Employment Contracts, Confidentiality Agreements, IP Assignment Agreements and Non-Competition Agreements. After the Debt-to-Equity Conversion, the Group Companies shall enter into employment contracts, confidentiality agreements, intellectual property assignment agreements and non-competition agreements with key employees and other employees requested by the Investor, in form and substance reasonably satisfactory to the Investor, and such contracts shall include confidentiality, non-competition and intellectual property assignment terms satisfactory to the Investor.
- 5.2.4 Labor, Social Security and Housing Fund. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, continuously make full and timely contributions for all employees to the social insurance and housing provident fund in accordance with the standards prescribed by Applicable Law, and to withhold and pay individual income tax in full and on time in accordance with the law. Whether disclosed or not, if any Group Company is subject to administrative penalties due to illegal or non-compliant practices in labor employment or social security/housing fund contributions, or if any adverse impact on the Company's future listing arises as a result thereof, the Company Parties shall be responsible for resolving the issue and bearing corresponding compensation liability. If any direct or indirect damage is caused to the Investor's investment interests under this Debt-to-Equity Conversion as a result thereof, the Company Parties shall provide compensation.

5.2.5 Full-Time Dedication and Non-Competition. The Founder and key employees shall devote their full working time and efforts exclusively to the operation of the Group Companies, and the Founder and key employees shall use their best efforts to promote the development of the Group Companies and seek benefits for the Group Companies. Without the prior written consent of the Investor, the Founder and key employees shall not hold positions, hold concurrent posts in, or provide advisory or similar services to other enterprises. Furthermore, during the period when the Founder and key employees directly or indirectly hold equity in the Company or are employees of the Group Companies, and for a period of two (2) years after they cease to directly or indirectly hold equity in the Company or cease to be employed by the Group Companies (whichever is later), they shall not, directly or indirectly, engage in any business that competes with the principal business of the Group Companies, directly or indirectly hold any interest in any entity that competes with the Group Companies, nor engage in any other activities detrimental to the interests of the Group Companies, including but not limited to:

- (a) Holding a controlling stake, participating as a shareholder, or indirectly controlling any company or other organization engaged in competitive activities (excluding the purchase and holding of no more than 1% of the outstanding shares or other securities of such companies through public stock trading markets);
- (b) Serving as management personnel, employees, or advisors of any company or organization engaged in competitive activities;
- (c) Providing loans to any company or organization engaged in competitive activities;
- (d) Deriving benefits, directly or indirectly, from competitive activities or from companies or other organizations engaged in competitive activities;
- (e) Soliciting, in any form, the customers of the Group Companies, or conducting or attempting to conduct transactions with customers related to the production and sales business of the Group Companies, regardless of whether such customers were customers of the Group Companies before or after the Closing Date;
- (f) Employing, in any form and through any individual or organization directly or indirectly controlled by them or in which they have an interest, any person who has left the Group Companies after the Closing Date (except for individuals who have left for more than two (2) years at that time); and
- (g) Soliciting for employment, in any form, any employee employed by the Group Companies at that time.

Except as otherwise provided by Applicable Law, the Group Companies shall not, and the Company Parties and key employees shall use their best efforts to prevent the Group Companies from, releasing any employee or advisor bound by non-competition, non-solicitation, intellectual property protection or similar restrictive covenants from such obligations, or failing to enforce any such non-competition, non-solicitation, intellectual property protection or similar restrictive covenants against any such employee or advisor.

- 5.2.6 Employee Incentive Plan. The Company shall formulate an employee incentive plan by July 12, 2025. Such employee incentive plan shall be approved by the Company's board of directors after the Debt-to-Equity Conversion (which approval shall include the consent of the Investor Directors) before it can be implemented, and such employee incentive plan shall take into account the situation of an offshore restructuring as required by the Investor. The Company Parties shall ensure that the future grant of employee options shall adhere to the principle of not affecting the Company's future listing. If the Company's future listing is affected due to the actions of a grantee employee, the Company Parties shall be responsible for resolving the issue. If any direct or indirect damage is caused to the Investor's investment interests under this Debt-to-Equity Conversion as a result thereof, the Company Parties shall provide compensation.
- 5.2.7 Corporate Restructuring. If the Company is reorganized into an offshore company holding domestic entities in the future, the rights of the Investor in the offshore company shall include all rights enjoyed by the Investor under this Agreement and all rights customarily enjoyed by the Investor as a shareholder of the offshore company. The Company Parties shall ensure that the rights and interests of the Investor are substantially respected and satisfied during and after the implementation of the offshore restructuring. If such restructuring causes the Investor to incur additional costs or suffer tax basis losses, the Company Parties agree to bear such costs or tax basis losses.
- 5.2.8 Tax Benefits. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all applicable tax laws, and that corresponding Taxes are paid in full and on time in accordance with the law. Furthermore, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all preferential tax treatments to which they are entitled in relation to their business.
- 5.2.9 Capital Contribution. The Company Parties shall cause the shareholders of the Group Companies to complete the payment of the registered capital of the Group Companies in accordance with laws, regulations and the constitutional documents of the Group Companies.
- 5.2.10 Real Property. The Group Companies shall enter into legal and valid lease contracts for all leased properties used by them, and shall complete the relevant lease registration and filing procedures in accordance with laws and regulations.

ARTICLE 6 TRANSACTION EXPENSES

- 6.1 Payment of Taxes and Fees. Each Party shall bear all Taxes and fees related to the execution, delivery and performance of this Agreement in accordance with relevant Chinese Laws, and shall pay such Taxes and fees in full and on time as stipulated by Applicable Law.

ARTICLE 7 INDEMNIFICATION

- 7.1 Indemnification. If any Party (the “Breaching Party”) causes any other Party (the “Non-Breaching Party”) to suffer losses (including direct liabilities, damages, claims, costs and expenses (including reasonable attorney’s fees) arising therefrom, etc.) due to any of the following events, it shall indemnify the Non-Breaching Party for all such losses:
- (a) Any representation, statement or warranty made by the Breaching Party under Section 3.1, 3.2 or 3.3 of this Agreement is untrue or contains a material omission, or the Breaching Party breaches any representation, statement or warranty made by it under such section; or
 - (b) The Breaching Party fails to perform or improperly performs any of its obligations under this Agreement (including, without limitation, its relevant obligations and undertakings under Article 5) or fails to comply with any other provisions of this Agreement.
- 7.2 If any Company Party breaches any warranty, undertaking, covenant or any other provision under the Transaction Documents, or any representation made by it under the Transaction Documents is untrue, thereby causing the Investor to incur any reasonably incurred costs, liabilities or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for compensation for the above losses (including, without limitation, loss of expected profits by the Investor, Taxes, interest paid or lost by the Investor due to the breach by the Company Parties, and fees for accountants and lawyers hired for this transaction).
- 7.3 If any event that occurred prior to the Closing Date (including, but not limited to, the following events) or the following events that occur after the Closing Date cause or result in any loss, liability, responsibility, obligation or debt (whether contractual or otherwise) of the Group Companies, any Taxes (including fines and late payment surcharges due to unpaid taxes) or any claim raised by any other party against the Group Companies, thereby causing any Investor to incur any reasonably incurred costs, liabilities or suffer any losses, then the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for compensation for the above losses: (a) the Founder and/or key employees of the Group Companies breach their full-time employment obligations, non-competition obligations, intellectual property assignment commitments, non-solicitation obligations or other obligations to their former or current employers or work units, or have any disputes or controversies with their former or current employers or work units; (b) defects in the capital contribution of the Group Companies’ registered capital or disputes over the ownership of equity; (c) illegal or non-compliant activities (including, but not limited to, violations related to taxation, social insurance, housing provident fund contributions, government subsidies, etc.), breaches of contract or tortious acts by the Company Parties prior to the Closing Date; or (d) the Group Companies’ failure to obtain the intellectual property necessary for their principal business or the occurrence of intellectual property-related disputes.

ARTICLE 8 EFFECTIVENESS AND TERMINATION

8.1 Effectiveness. This Agreement shall become effective upon its formal execution by the Parties and their authorized representatives.

8.2 Termination. This Agreement may be terminated under the following circumstances:

- (a) The Parties unanimously agree in writing to terminate this Agreement;
- (b) If any Party materially breaches its obligations under this Agreement, the Non-Breaching Party shall have the right to terminate this Agreement by notifying the other Parties in writing, and may require the Breaching Party to compensate for its losses or damages in accordance with the provisions of this Agreement; or
- (c) If the closing conditions set forth in Section 4.1 of this Agreement cannot be fulfilled within ninety (90) days after the execution of this Agreement or another date agreed upon by the Parties through consultation, the Transferee shall have the right to terminate this Agreement by notifying the other Parties in writing, specifying the effective date of termination in the notice.

If this Agreement is terminated pursuant to this Section 8.2, no new rights or obligations shall arise for any Party, provided that the rights and obligations of each Party that have accrued up to the date of termination of this Agreement (including compensation liabilities arising from breach of this Agreement) shall not be affected by such termination.

8.3 If this Agreement is terminated by any Party pursuant to Section 8.2 hereof, the Transferor shall repay the loan and any interest thereon (if any) to the Transferee in accordance with the terms of the Convertible Debt Agreement.

ARTICLE 9 CONFIDENTIALITY AND NON-DISCLOSURE

9.1 Confidentiality. The terms and conditions of this Agreement and all appendices hereto, as well as all subsequent amendments and restatements hereof (including the existence of this Agreement, its appendices and such amendments and restatements), shall be deemed confidential information, and except as provided in Sections 9.2 and 9.3, no Party shall disclose such confidential information to any Third Party without the prior written consent of the other Parties.

- 9.2 Statutory Mandatory Disclosure Obligations. If any Party or its Affiliate has a mandatory obligation under the law (including, without limitation, pursuant to relevant securities laws and regulations) or is required by a competent Governmental Authority to disclose any confidential information regarding the Debt-to-Equity Conversion, or the existence or any term or condition of this Agreement, the Party so required to disclose shall (i) immediately provide the other Parties with written notice stating such fact, and shall use its best efforts to obtain confidential treatment for such information to be disclosed as requested by the other Parties; (ii) make disclosure only to the extent required; and (iii) provide the other Parties with accurate details of any such disclosure.
- 9.3 Exclusions. The provisions of this Article 9 shall not apply to the following circumstances:
- (a) Disclosure of confidential information to a Party's Affiliates or its professional advisors for purposes reasonably related to this Agreement or the Debt-to-Equity Conversion;
 - (b) Information independently developed by the receiving Party without use of the confidential information, or such confidential information obtained by the receiving Party from a Third Party having the right to disclose it;
 - (c) Confidential information that becomes publicly known through no breach of this Agreement by the receiving Party; or
 - (d) Mandatory disclosure required by law as set forth in Section 9.2.
- 9.4 Term of Confidentiality Obligations. The confidentiality obligations of the Parties under this Article 9 shall remain in effect permanently from the effective date of this Agreement and shall survive the termination, suspension, rescission of this Agreement or any Party ceasing to be a party to this Agreement.
- ARTICLE 10 GOVERNING LAW AND DISPUTE RESOLUTION**
- 10.1 Governing Law. The formation, validity, interpretation, performance of this Agreement and the resolution of disputes hereunder shall be governed by and construed in accordance with the laws of China.
- 10.2 Dispute Resolution. Any dispute arising from or in connection with the performance of this Agreement shall be resolved by the Parties through friendly consultations. Any Party shall have the right to submit such dispute to the Shenzhen Court of International Arbitration for arbitration which shall be conducted in accordance with the arbitration rules of such commission in effect at the time of applying for arbitration. The arbitral award is final and binding upon all Parties. The place of arbitration shall be Shenzhen.
- 10.3 Continued Performance. During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations hereunder.

ARTICLE 11 MISCELLANEOUS

- 11.1 Use of Name. Unless with the prior written consent of Beijing Liangzizhige, no Party (other than Beijing Liangzizhige) may use, disclose or copy any of the following names for any marketing, advertising or promotional purposes: (i) the name of Beijing Liangzizhige or any of its Affiliates, including but not limited to Beijing Liangzizhige, QuantaSing, QSG, etc.; (ii) the name or likeness of any partner, director or supervisor of Beijing Liangzizhige or its Affiliates; and/or (iii) any name, trademark or logo similar to the foregoing.
- 11.2 Binding Effect and Non-Assignability. This Agreement shall be binding upon the successors of the Parties, and such successors shall enjoy the relevant rights and assume the relevant obligations. No Party shall have the right to assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties.
- 11.3 Waiver. The failure or delay of any Party to exercise any right, power or privilege under this Agreement shall not operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.
- 11.4 Amendment. Any supplement or amendment to this Agreement shall be made in writing and shall become effective only upon execution by the Parties.
- 11.5 Severability. If any provision of this Agreement is invalid or unenforceable for any reason (including, without limitation, due to conflict with mandatory provisions of Applicable Law), the validity of the other provisions shall not be affected. After good faith consultation among the Parties, such invalid or unenforceable provision may be replaced by a provision that is valid and enforceable and comes closest to the original intention of the Parties.
- 11.6 Notices. All notices, requests and other communications required under this Agreement shall be in writing. A notice delivered in person shall be deemed effectively given upon receipt by the recipient; a notice sent by mail shall be sent by registered airmail or express delivery, and a notice sent by registered airmail shall be deemed effectively given on the seventh (7th) day after posting, and a notice sent by express delivery shall be deemed effectively given upon receipt by the recipient; a notice sent by email shall be deemed effectively given when the email system shows actual receipt by the recipient:

[***] (*List of notice addresses*)

Any Party may change its above notice address by notifying the other Parties in writing in accordance with this Section 11.6.

- 11.7 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire understanding of the Parties with respect to the subject matter hereof and supersede all letters of intent, agreements, commitments, arrangements, communications, statements and/or warranties, etc., previously made by the Parties or any of their responsible persons, employees or representatives in writing or orally with respect to the same subject matter. The Parties agree that, for the purpose of handling the relevant industrial and commercial change registration, the Transferor and the Transferee may separately execute an equity transfer agreement for the Company, provided that if there is any inconsistency between such agreement and this Agreement, the terms of this Agreement shall prevail.
- 11.8 Language and Counterparts. This Agreement is written in Chinese. The original counterparts of this Agreement are in three (3) copies, with the Company and the Founding Shareholders holding two (2) copies in total and the Investor holding one (1) copy. This Agreement may be executed by the Parties in separate counterparts, and each such separately executed counterpart, regardless of how delivered, shall be deemed an original, not a copy. All such counterparts of this Agreement executed by the Parties shall together constitute one and the same instrument.
- 11.9 For the purpose of submitting the relevant agreement documents for this Debt-to-Equity Conversion to the market supervision administration, tax authorities or other relevant government authorities in accordance with relevant laws and regulations to complete the corresponding government administrative procedures, the Parties agree that the relevant parties shall execute the government document version set forth in Appendix II hereto (for the avoidance of doubt, if the government document version shown in Appendix II needs to be modified at the request of the market supervision administration, the relevant Transferor and Transferee shall separately negotiate and confirm the modifications). The provisions of this Agreement shall be deemed as supplements and/or amendments to the government documents and shall have the same legal effect as the government documents. The government documents and this Agreement together constitute the entire agreement among the Parties with respect to the subject matter hereof; provided, however, that if there is any conflict between the government documents and this Agreement, the provisions of this Agreement shall prevail.
- 11.10 Appendices. All appendices to this Agreement shall form an integral part hereof.

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(This page is intentionally left blank, it is the signature page of the Debt-to-Equity Conversion Agreement for Shenzhen Yiqi Culture Co., Ltd.)

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Shenzhen Chaowan World Information Technology Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Xie Dong _____

Name: Xie Dong

Title: Authorized Representative

(This page is intentionally left blank, it is the signature page of the Debt-to-Equity Conversion Agreement for Shenzhen Yiqi Culture Co., Ltd.)

WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Legal Representative

Huiyu Zhan

Signature : /s/ Huiyu Zhan _____

(This page is intentionally left blank, it is the signature page of the Debt-to-Equity Conversion Agreement for Shenzhen Yiqi Culture Co., Ltd.)

WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Shenzhen Zhongqingwenli Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name: Huiyu Zhan
Title: Legal Representative

Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name: Huiyu Zhan
Title: Representative Designated by the Executive Partner

Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature : /s/ Huiyu Zhan
Name: Huiyu Zhan
Title: Representative Designated by the Executive Partner

APPENDIX I
EQUITY STRUCTURE OF THE COMPANY

APPENDIX II
GOVERNMENT DOCUMENT VERSION

Equity Transfer Agreement

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Equity Transfer Agreement

This Equity Transfer Agreement (this “Agreement”) is entered into by and among the following parties on 31 July 2025 (the “Execution Date”):

- (1) **QuantaSing Group Limited**, a company limited by shares duly organized and validly existing under the laws of the Cayman Islands, with its registered address at Ugland House, PO Box 309, Grand Cayman KY1-1104, Cayman Islands (“**QSG**” or “**Investor**”);
- (2) **Shenzhen Yiqi Culture Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Company**” or “**Shenzhen Letsvan**”);
- (3) **Huiyu Zhan**, a citizen of China with Chinese ID No. [***] (“**Founder**” or “**Transferor**”);
- (4) **Shenzhen Zhongqingwenli Culture Industry Co., Ltd.**, a limited liability company duly organized and validly existing under the laws of China, with its registered address at Unit 02, Semi-underground 1st Floor, Building B-1, Yiye Plaza, No. 3076 Qiaoxiang Road, Xiang'an Community, Xiangmihu Street, Futian District, Shenzhen (“**Shenzhen Zhongqingwenli**”);
- (5) **Shenzhen Haoduo Xiaohuoban Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly organized and validly existing under the laws of China, with its registered address at Unit 1401, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Haoduo Xiaohuoban**”); and
- (6) **Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)**, a limited partnership duly organized and validly existing under the laws of China, with its registered address at Unit 1407, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (“**Shenzhen Heguangtongchen**”, collectively with Huiyu Zhan, Shenzhen Zhongqingwenli, and Shenzhen Haoduo Xiaohuoban, the “**Founding Shareholders**”, and the Founding Shareholders together with the Group Companies (as defined below) are referred to as the “**Company Parties**”).

Each of the above parties is referred to individually as a “Party” and collectively as the “Parties”.

Whereas:

1. As of the Execution Date, the registered capital of Shenzhen Letsvan is RMB 14,669,486.31. Shenzhen Zhongqingwenli holds 5.39326% of the equity in Shenzhen Letsvan (corresponding to registered capital of RMB 791,162.77), Shenzhen Haoduo Xiaohuoban holds 12.49632% of the equity in Shenzhen Letsvan (corresponding to registered capital of RMB 1,833,146.27), and Shenzhen Heguangtongchen holds 5.79434% of the equity in Shenzhen Letsvan (corresponding to registered capital of RMB 850,000.00). The aforementioned equity interests in Shenzhen Letsvan held by Shenzhen Zhongqingwenli, Shenzhen Haoduo Xiaohuoban, and Shenzhen Heguangtongchen are collectively referred to as the **“Target Equity”**.
2. The Founder intends to establish a series of offshore Shareholding Platforms acceptable to QSG, including but not limited to a company to be established in the British Virgin Islands and wholly-owned by the Founder or an entity wholly owned or controlled by the Founder (the **“BVI Company”**), a company to be established in the Cayman Islands and wholly-owned by the BVI Company (the **“Cayman Company”**), a company to be established in Hong Kong and wholly-owned by the Cayman Company (the **“Hong Kong Company”**), and a wholly foreign-owned enterprise to be established in China and wholly-owned by the Hong Kong Company (the **“WFOE”**), collectively with the BVI Company, Cayman Company, Hong Kong Company, and other Shareholding Platforms directly or indirectly established by the Founder and acceptable to QSG, the **“Shareholding Platforms”**). Upon the establishment of the aforementioned Shareholding Platforms, the WFOE intends to acquire all of the Target Equity in Shenzhen Letsvan from Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen, and Shenzhen Haoduo Xiaohuoban (the **“Domestic Equity Transfer”**).
3. After the WFOE acquires the Target Equity, QSG intends to acquire 100% of the equity in the Cayman Company held by the BVI Company in consideration of newly issued shares or treasury shares of QSG, thereby indirectly acquiring all of the Target Equity in Shenzhen Letsvan held by the Founder through the WFOE (the **“Transaction”**).
4. On the Execution Date, the shareholders of Shenzhen Letsvan, namely Hainan Hongchuan Yuan Lanshan Venture Capital Investment Fund Partnership (Limited Partnership), Nanjing Shangdehehua Equity Investment Partnership (Limited Partnership), Peng Li, Dong Xie, Yu Cui, and Feng Xian, respectively entered into an Equity Transfer Agreement for Shenzhen Yiqi Culture Co., Ltd. with Shenzhen Chaowan World Information Technology Co., Ltd. (**“Shenzhen Chaowan”**), pursuant to which the aforementioned shareholders will transfer all of their equity interests in Shenzhen Letsvan to **Shenzhen Chaowan** (the **“Other Shareholder Transfers”**).

Now, therefore, the Parties, through friendly negotiation, have reached the following agreement:

ARTICLE I GENERAL PROVISIONS

1.1 **Definitions.** Unless otherwise provided in other terms of this Agreement, the following terms shall have the meanings set forth below:

“**Domestic Equity Transfer**” shall have the meaning set forth in the preamble of this Agreement.

“**Transaction**” shall have the meaning set forth in the preamble of this Agreement.

“**Industrial and Commercial Change Registration**” means the industrial and commercial registration or filing required to be completed by the Company, Shenzhen Heguangtongchen, or Shenzhen Haoduo Xiaohuoban with the relevant Chinese market supervision authorities for the completion of the Domestic Equity Transfer and the Partnership Interest Transfer (as defined below), including but not limited to the registration of the WFOE as a shareholder, the filing of the amended articles of association of the Company with the market supervision authorities, the completion of the industrial and commercial change registration procedures for the Partnership Interest Transfer, and the filing of the amended partnership agreements of Shenzhen Heguangtongchen and Shenzhen Haoduo Xiaohuoban with the market supervision authorities.

“**Affiliate**” or “**Affiliated Party**”, with respect to any natural person, means his/her immediate family members (i.e., parents, spouse, siblings and their spouses, children and their spouses), the trustee of any trust of which such natural person and/or his/her immediate family members are beneficiaries or discretionary objects, and any other entity directly or indirectly, solely or jointly, controlled by such natural person and/or his/her immediate family members; with respect to any entity other than a natural person, means any other entity that controls, is controlled by, or is under common control with such entity. “**Control**” in the preceding definition means the direct or indirect ownership of at least 50% of the voting power in the decision-making body of the other party.

“**Closing Date**” shall have the meaning set forth in Section 2.2 of this Agreement.

“**Transaction Documents**” means the relevant legal documents executed by the Parties hereto for the purpose of regulating the Transaction, including but not limited to this Agreement and the ancillary and supplementary documents related to the Transaction.

“**Encumbrance**” means any form of encumbrance that has been created and has a material adverse effect on the object or right encumbered, including but not limited to any mortgage, pledge, lien, or other restriction on rights.

“**Taxes and Fees**” means any national or local, foreign, and other types of corporate income tax, value-added tax, consumption tax, customs duty, stamp duty, or any other type of tax, levy, assessment, or charge imposed by any tax authority (whether payable directly or by withholding), and any interest, penalties, surcharges, or other expenses incurred in connection with such “**Taxes and Fees**”.

“**Government Authority**” means any nation or government, province, autonomous region, municipality, or other political subdivision thereof, and any entity exercising any administrative, legislative, judicial, regulatory, or similar functions of any government.

“**Group Companies**” means the Shareholding Platforms (including but not limited to the BVI Company, Cayman Company, Hong Kong Company, WFOE), Shenzhen Yiqi Culture Co., Ltd., Dongguan Yiqiwan Culture Industry Co., Ltd., Shenzhen Huiyu Design Culture Co., Ltd., Shenzhen Yiqiwan Culture Industry Co., Ltd., Beijing Yiqi Culture Co., Ltd., and any entities established or to be established or acquired in the future in which the aforementioned entities directly or indirectly (including but not limited to through third-party nominee arrangements) hold controlling interests (including but not limited to subsidiaries, branches, partnerships, offices, or other forms of organizations).

1.2 Interpretation. For purposes of this Agreement, unless the context otherwise requires:

- (i) “**Entity**” shall be construed to include any individual, firm, company, corporation, or other body corporate, government authority, state or state organ, any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).
- (ii) “**Law**”, unless otherwise specified, with respect to China, means all laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees, or other restrictive provisions of any Government Authority within its jurisdiction; “**Applicable Law**” means, with respect to any Entity, the publicly available, effective, and applicable laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, correspondence, orders, decrees, or other restrictive provisions of any Government Authority that are applicable to or binding upon such Entity or any of its properties.
- (iii) “**Third Party**” means any Entity other than the Parties to this Agreement.
- (iv) “**Business Day**” means any day on which banks are generally open for business in China, the United States, and the Cayman Islands, excluding Saturdays, Sundays, and statutory holidays in China, the United States, and the Cayman Islands.
- (v) “**Day**” means a calendar day. However, if any action is required to be taken or any obligation is to be performed on a non-Business Day (i.e., any Saturday, Sunday, or public holiday in China), such action or obligation may be postponed until the next Business Day.

- (vi) References to articles, sections, paragraphs, or annexes in this Agreement are, unless otherwise stated, references to the corresponding articles, sections, paragraphs, or annexes of this Agreement.
- (vii) The headings used in the table of contents and the articles and sections of this Agreement are for convenience of reference only and do not affect the actual meaning of the relevant provisions to which they refer.

ARTICLE II THE TRANSACTION

2.1 The Restructuring. After the execution of this Agreement, the Founding Shareholders and the Company shall complete the Restructuring (as defined below) in accordance with the provisions of Section 5.1 of this Agreement.

2.2 The Transaction. Upon completion of the Restructuring and subject to the terms and conditions set forth in this Agreement, QSG agrees to purchase from the BVI Company 100% of the equity it holds in the Cayman Company (the “Target Shares”), and the BVI Company agrees to transfer the Target Shares to QSG. Upon completion of the Transaction, the Cayman Company becomes a wholly-owned subsidiary of QSG.

On the basis of the completion of the Restructuring, as consideration for the Transaction, QSG and the BVI Company agree that QSG shall issue to the BVI Company, in three tranches as stipulated in this Agreement, a certain number of ordinary shares (the “**Consideration Shares**”), such that after the issuance of all Consideration Shares, the number of Consideration Shares held by the BVI Company shall represent 10% of the sum of (i) the total number of ordinary shares of QSG issued and outstanding excluding treasury shares as of June 30, 2025, and (ii) the number of Consideration Shares (the “**Consideration Share Calculation Base**”). For the avoidance of doubt, the Parties hereby confirm that the total number of ordinary shares of QSG issued and outstanding excluding treasury shares as of June 30, 2025 is 163,973,968 shares, and the total number of Consideration Shares to be issued by QSG to the BVI Company pursuant to this Agreement is 18,219,330 shares.

2.3 Closing and Issuance of Consideration Shares.

- (a) The transfer of the Target Shares (the “**Closing**”, and the date on which the Closing occurs is referred to as the “**Closing Date**”) shall take place remotely by exchange of documents and signatures within twelve (12) Business Days after the date on which all closing conditions set forth in Section 4.1 are satisfied or expressly waived in writing by QSG, or at such other time and date as mutually agreed by QSG and the Transferor. QSG shall acquire 100% of the equity in the Cayman Company and enjoy all shareholder rights from the Closing Date.

- (b) On the Closing Date, the BVI Company and the Cayman Company shall, and the Founder shall cause the BVI Company and the Cayman Company to, deliver the following documents to QSG: (i) an Instrument of Transfer in the form set out in Annex III, duly executed by the BVI Company; (ii) a copy of the share certificate of the Cayman Company reflecting QSG as the holder of the Target Shares (such copy shall be certified by a director of the Cayman Company as a true and correct copy of the original); (iii) a copy of the register of members of the Cayman Company (such copy shall be certified by the registered agent of the Cayman Company as a true and correct copy of the original), reflecting QSG as the holder of the Target Shares and as the shareholder of all issued shares of the Cayman Company; (iv) a copy of the register of directors of the Cayman Company (such copy shall be certified by the registered agent of the Cayman Company as a true and correct copy of the original), reflecting the director appointed by QSG as the sole director of the Cayman Company; (v) the original share certificate representing the Target Shares held by the BVI Company; (vi) all other documents and items required to be delivered by the Company Parties at Closing pursuant to Section 4.1. Within five (5) Business Days after the Closing, the Cayman Company shall, and the Founder and the BVI Company shall cause the Cayman Company to, deliver to QSG the original share certificate of the Cayman Company, duly executed, reflecting QSG as the holder of the Target Shares.
- (c) On the Closing Date, the Shareholding Platforms shall deliver to QSG: (i) documentary evidence that the person designated by QSG has been registered as the sole director of the Hong Kong Company; (ii) all their historical and current registration certificates/business licenses, registers of members, registers of directors, permits, articles of association, or other organizational documents; (iii) all company seals; (iv) the account numbers, passwords, U-Keys, and similar items (if any) for all bank accounts opened by them; (v) originals of all agreements executed by them (if any); and (vi) other corporate documents held by them or reasonably requested by QSG.
- (d) Within ten (10) Business Days after the Closing Date, QSG shall issue to the BVI Company shares representing 6% of the Consideration Share Calculation Base (amounting to 10,931,598 shares in total) (the “**First Tranche Consideration Shares**”, and the date of issuance thereof is the “**First Tranche Consideration Shares Issuance Date**”). The Founder acknowledges and agrees that, for a period of one year from the First Tranche Consideration Shares Issuance Date (the “**First Tranche Consideration Shares Lock-up Period**”), the First Tranche Consideration Shares obtained by the BVI Company shall not be transferred to any third party or otherwise disposed of in any manner, and the holding and disposal of the First Tranche Consideration Shares shall be subject to applicable laws, regulations, and exchange rules.

- (e) Within ten (10) Business Days after the Closing Date, QSG shall issue to the BVI Company shares representing 2% of the Consideration Share Calculation Base (amounting to 3,643,866 shares in total) (the “**Second Tranche Consideration Shares**”, and the date of issuance thereof is the “**Second Tranche Consideration Shares Issuance Date**”). The Founder acknowledges and agrees that, subject to the Founder’s employment with QSG or its controlled entities and overall responsibility for the product design of the pop toy business or work arranged by the QSG board of directors (the “**Continued Employment Requirement**”), the Second Tranche Consideration Shares shall vest evenly over a period of four (4) years from the Second Tranche Consideration Shares Issuance Date (the “**Second Tranche Consideration Shares Lock-up Period**”), with one-fourth (1/4) of the Second Tranche Consideration Shares vesting each year. During the Second Tranche Consideration Shares Lock-up Period, the unvested Second Tranche Consideration Shares obtained by the BVI Company shall not be transferred to any third party or otherwise disposed of in any manner, and the holding and disposal of the Second Tranche Consideration Shares shall be subject to applicable laws, regulations, and exchange rules. If the Founder ceases to meet the Continued Employment Requirement during the Second Tranche Consideration Shares Lock-up Period, QSG shall have the right to repurchase the unvested Second Tranche Consideration Shares held by the BVI Company for no consideration, and the BVI Company shall, and the Founder shall cause the BVI Company to, unconditionally cooperate with such repurchase as required by QSG.
- (f) Within ten (10) Business Days after the date on which all Second Tranche Consideration Shares have vested, QSG shall issue to the BVI Company shares representing 2% of the Consideration Share Calculation Base (amounting to 3,643,866 shares in total) (the “**Third Tranche Consideration Shares**”, and the date of issuance thereof is the “**Third Tranche Consideration Shares Issuance Date**”). The Founder acknowledges and agrees that the Third Tranche Consideration Shares shall vest evenly over a period of four (4) years from the Third Tranche Consideration Shares Issuance Date (the “**Third Tranche Consideration Shares Lock-up Period**”), with one-fourth (1/4) of the Third Tranche Consideration Shares vesting each year. During the Third Tranche Consideration Shares Lock-up Period, the unvested Third Tranche Consideration Shares obtained by the BVI Company shall not be transferred to any third party or otherwise disposed of in any manner, and the holding and disposal of the Third Tranche Consideration Shares shall be subject to applicable laws, regulations, and exchange rules.
- (g) The Founder acknowledges and agrees that he shall enter into a restricted share agreement or similar agreement consistent with QSG’s customary practices with respect to the acquisition of the aforementioned Consideration Shares.

2.4 Funding Source for Partnership Interest Transfer.

For the purpose of enabling the Founder to pay the transfer consideration for the Partnership Interest Transfer, the Parties agree that an entity designated by QSG shall provide a loan of not less than RMB 17,289,688.05 to the Founder or another entity approved by QSG, and the Founder shall use such loan to pay the transfer consideration for the Partnership Interest Transfer. The specific arrangements for such loan shall be governed by a separate loan agreement to be entered into by the Parties.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Founder and the BVI Company.

The Founder and the BVI Company hereby jointly and severally represent and warrant to QSG that the following representations and warranties are true, accurate, complete, and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The BVI Company is an entity duly organized and validly existing under the laws and regulations of its place of incorporation, and has full and independent legal status and civil capacity to execute, deliver, and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the BVI Company has taken all necessary actions (including, without limitation, obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon its formal execution by the Parties or their authorized representatives, a valid, binding and legally enforceable instrument against the BVI Company;
- (d) Non-Contravention. The execution, delivery and performance by the BVI Company of this Agreement and the other Transaction Documents to which it is a party will not violate any law or any order of any governmental authority, will not violate its constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding upon or applicable to it, and will not violate any document, contract or agreement to which it is a party or by which it or its assets are bound;
- (e) Title to Target Shares. With respect to the Target Shares held by the BVI Company and proposed to be transferred to QSG, the BVI Company has full ownership interest therein and is the sole legal owner thereof, with the legal right to transfer the Target Shares in accordance with law; there are no trust, agency or nominee arrangements on the Target Shares held by the BVI Company, and such shares are not subject to any pledge, mortgage, guarantee or other Encumbrance, and there are no pending, threatened or reasonably foreseeable disputes, claims, lawsuits, arbitrations, enforcement actions, administrative proceedings or other legal proceedings in any respect concerning the Target Shares held by it.

3.2 Representations and Warranties of QSG

QSG represents and warrants to the BVI Company that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. QSG is an entity duly established and validly existing under the laws of its jurisdiction of incorporation, with full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, QSG has taken all necessary actions (including, without limitation, obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and the other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement constitutes, upon its formal execution by the Parties or their authorized representatives, a valid, binding and legally enforceable instrument against QSG;
- (d) Non-Contravention. The execution, delivery and performance by QSG of this Agreement and the other Transaction Documents to which it is a party will not violate any law or any order of any governmental authority, will not violate its constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding upon or applicable to it, and will not violate any document, contract or agreement to which it is a party or by which it or its assets are bound.

3.3 Representations and Warranties of the Company Parties

The Company Parties hereby jointly and severally represent and warrant to QSG that the following representations and warranties are true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status. The Founding Shareholders are Chinese citizens or limited partnerships or limited liability companies established under the laws of China, with full civil rights capacity and civil capacity for conduct, and are capable of independently bearing legal liability; the Group Companies are all enterprise legal persons duly organized and validly existing under the laws of their respective jurisdictions of incorporation, capable of independently bearing legal liability.
- (b) Due Authorization and Binding Effect. The execution and performance of this Agreement by the Group Companies and the Founding Shareholders constitute their true intention, and all necessary legal authorizations have been obtained. They are bound by all terms and conditions of this Agreement.

- (c) Non-Conflict. The execution and performance of this Agreement by the Group Companies and the Founding Shareholders will not violate their articles of association, internal regulations, contracts with third parties, laws, regulations, approvals or permits from relevant competent authorities, court judgments, rulings or orders, or conflict with the same; the Company Parties have obtained all necessary third-party consents or authorizations (if any) required for the transactions under the Transaction Documents. The material contracts between the Company Parties and any other entity will not be terminated or materially affected by the execution or performance of the Transaction Documents.
- (d) Business Licenses and Compliance with Laws. All governmental authorizations, permits and third-party consents required for the Group Companies to conduct their current business operations have been obtained and are in full force and effect, and from the Execution Date to the Closing Date, there is no circumstance indicating that such authorizations or permits are likely to be revoked. The business scope detailed in the constitutional documents of the Group Companies complies with the requirements of Chinese law, and the Group Companies strictly carry out their business activities within the business scope specified in their constitutional documents and in accordance with applicable laws. The Company Parties have complied with and performed all obligations stipulated by applicable laws, and have complied with all authorizations and permits applicable to them. The Company Parties have not violated any laws or regulations.
- (e) Third-Party Investment Arrangements. The Company Parties have not reached or entered into any agreement or arrangement with any institution or individual that is related to this Agreement or may have any impact on the transaction under this Agreement.
- (f) Capital Structure. The equity structure of the Shareholding Platforms immediately prior to the Closing and after the Closing shall be as set forth in Annex IV hereto. Except as disclosed in writing, the capital structure of the Group Companies as recorded in the filings with the competent registration authorities and in the articles of association and amendments thereof of the Group Companies (if they are domestic companies) provided by the Company to the Investor is fully consistent with the information disclosed by the Company to the Investor. Except as disclosed in writing, the shareholders of the Group Companies have paid in full and on time the registered capital/shares of the Group Companies beneficially held by them in accordance with the constitutional documents of the Group Companies and/or applicable laws. There are no pledges, claims, encumbrances, other restrictive conditions or assertions of rights on the equity of the Group Companies, and there are no undisclosed agreements or arrangements regarding the interests in the Group Companies that have not been disclosed to the Investor. All previous capital increases and equity transfers of the Group Companies have complied with laws and regulations, the corresponding capital increase payments and equity transfer payments have been fully paid by the relevant parties, and all taxes and fees involved in previous equity transfers have been paid in accordance with the law. Except as disclosed in writing, the Group Companies have not granted any restricted equity, options or similar rights to any employee of the Group Companies or any other person.

- (g) No Operations. The Cayman Company has no other business or operations besides holding the shares of the Hong Kong Company; the Hong Kong Company has no other business or operations besides holding the entire registered capital of the WFOE; and the WFOE has no other business or operations besides purchasing and holding the registered capital of Shenzhen Letsvan.
- (h) No Indebtedness. Except as disclosed in writing to QSG, the Shareholding Platforms have not incurred any debts or contingent debts, nor have they entered into any agreements other than the Transaction Documents, or reached any oral agreements or made any oral commitments.
- (i) Intellectual Property. The Group Companies legally own the ownership, license rights, interests and rights to the intellectual property necessary for conducting their principal business. Except as disclosed in writing, the Group Companies do not need to use any intellectual property in which any third party has any rights, ownership or interests to carry out their principal business, and the continued operation of such products by the Group Companies does not violate any authorization agreements signed by the Group Companies or infringe any rights of any third party. The Group Companies have not infringed or illegally used any intellectual property in which any third party has any rights, ownership or interests, nor have they licensed or permitted any third party to use any intellectual property of the Group Companies. The Group Companies have not infringed upon the intellectual property rights, trade secrets, proprietary information or other similar rights of others. There are no pending or reasonably foreseeable claims, disputes, litigation or arbitration proceedings demanding that the Group Companies compensate for infringement of any third party's intellectual property rights, trade secrets, proprietary information or other similar rights. There are no known circumstances of any third party infringing the intellectual property legally owned by the Group Companies. The Founding Shareholders, key employees and relevant employees engaged in research and development of the Group Companies, in accepting employment with the Group Companies and engaging in the business activities of the Group Companies, have not violated any contracts they have signed or any binding commitments (including but not limited to confidentiality obligations, intellectual property ownership commitments and non-competition obligations), and will not constitute an infringement of the legal rights of their former employers, current employers or other intellectual property holders of the Founding Shareholders, key employees and employees engaged in research and development work of the Group Companies, and there are no pending or potential disputes or controversies with their former employers and/or current employers.

- (j) Financial Statements. The financial statements or bank statements provided by the Group Companies to the Investor, prepared in accordance with Chinese Accounting Standards for Business Enterprises (or financial data and information provided in other means acceptable to the Investor), completely, accurately and fairly reflect the financial position of each Group Company as of June 30, 2025 (the “Financial Statement Date”), and are consistent with the books, vouchers and financial records of the Group Companies. All payments made by or on behalf of the Group Companies have been properly recorded in accordance with the law. All accounts receivable and accounts payable of the Group Companies are genuine and valid. The Group Companies do not have any accumulated liabilities and contingent liabilities exceeding RMB 100,000 (the “Material Liabilities and Contingent Liabilities”) that should be disclosed but have not been disclosed in their financial statements (or notes thereto) according to the accounting standards applicable to them, nor do they have any material liabilities and contingent liabilities that are not required to be disclosed according to the accounting standards applicable to them but have or may have a material adverse effect on the financial condition or production and operation of the Group Companies.
- (k) Employees. Except as disclosed in writing, the employment of employees by the Group Companies complies with the laws applicable to them and their commitments to local government authorities. The Group Companies have paid and/or withheld and paid various social insurance, housing provident fund and other employee benefits payable as required by law and agreement in full and on time in accordance with applicable laws. There are no pending labor disputes or controversies between the Group Companies and their current or former employees. The Founder and key employees do not directly or indirectly hold any percentage or quantity of equity or shares in any other entity besides the Group Companies, nor do they hold any position in any entity other than the Group Companies or actually provide any advisory services or similar services.
- (l) Taxation. The Group Companies have completed all tax registrations required by applicable laws. The Group Companies have paid all taxes levied on them or their assets in full and on time in accordance with the law within the time limits permitted by applicable laws, and there are no penalties, fines or late payment fees. The issuance and management of invoices by the Group Companies comply with the provisions of applicable laws. All preferential tax treatments and financial subsidy treatments obtained by the Group Companies have been legally obtained and have not been withdrawn or revoked by the competent government authorities.
- (m) Information Disclosure. All information disclosed by the Company Parties in connection with this Agreement is true, complete and accurate, and there is no false information or misleading information, nor are there any material matters that should have been disclosed but were omitted to be disclosed.

The Company Parties further jointly and severally undertake that the above statements and warranties shall remain true, accurate, complete and not misleading as of the Closing Date under this Agreement. If any circumstance arises after the Execution Date that causes any statement or warranty of any Company Party to become untrue, inaccurate, incomplete or misleading in any aspect, the Company Parties shall immediately notify QSG in writing and take all necessary measures as reasonably required by QSG.

ARTICLE IV CLOSING CONDITIONS

4.1 Conditions Precedent to QSG's Obligations to Close and Issue Consideration Shares to the BVI Company. QSG's obligation to effect the Closing and issue the Consideration Shares as set forth in Article II of this Agreement is subject to the satisfaction or express waiver in writing by QSG of the following conditions (the "**Closing Conditions**"):

- (a) All Transaction Documents relating to the Transaction have been executed by the relevant parties, and this Agreement and the other Transaction Documents have become effective accordingly;
- (b) The Shareholding Platforms, Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen, Shenzhen Haoduo Xiaohuoban and the Company shall have obtained all approvals, consents and waivers required to complete the Transaction, including but not limited to the shareholders/shareholders' meetings and directors/boards of directors, partner meetings of the Shareholding Platforms, Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen, Shenzhen Haoduo Xiaohuoban and the Company having formally passed resolutions/decisions approving the Transaction (the "**Company Resolutions**") and provided copies of such resolutions to QSG. The Company Resolutions shall include the following:
 - (i) Approval of the Restructuring and the Transaction;
 - (ii) Approval of the appointment of the person(s) designated by QSG as the sole director(s) of the Cayman Company and the Hong Kong Company from the Closing Date; and
 - (iii) Approval of the terms of the Transaction Documents and their execution and performance.
- (c) The representations and warranties of the Founder and the BVI Company set forth in Section 3.1 and the representations and warranties of the Shareholding Platforms, the Company and the Founding Shareholders set forth in Section 3.3 of this Agreement are true, accurate and complete and not misleading as of the Execution Date and the Closing Date;

- (d) The Company Parties have completed the entire restructuring (the “**Restructuring**”) in accordance with the restructuring plan set forth in Annex I of this Agreement or another restructuring plan approved in writing by QSG, including but not limited to the completion of the Partnership Interest Transfer, the establishment of the Shareholding Platforms, the completion of the 37 Notice foreign exchange registration procedures and this equity transfer;
- (e) The Founder has completed the establishment of the Shareholding Platforms in a manner acceptable to QSG and the Shareholding Platforms have executed the accession agreement in the form set out in Annex II hereto to accede to the Transaction Documents;
- (f) The Cayman Company has delivered to QSG a certificate of good standing (i.e., Certificate of Good Standing) issued by the competent authority;
- (g) QSG has completed legal, financial and business due diligence investigations on the Company with results satisfactory to QSG;
- (h) QSG shall have obtained its internal approvals for the Transaction;
- (i) QSG has obtained all approvals required under all applicable laws and regulations of the United States and relevant United States government agencies (including, without limitation, the Nasdaq Stock Market listing rules) for the Transaction, including but not limited to the Nasdaq Stock Market having approved the issuance of the Consideration Shares and such approval not having been revoked;
- (j) The Company Parties have fully performed their obligations and responsibilities under this Agreement that are required to be performed prior to the Closing Date;
- (k) There exists no circumstance that has a Material Adverse Effect on the business operations, financial condition or assets of any Group Company;
- (l) There is no applicable law, judgment, ruling, order or injunction of any court, arbitral institution or relevant government department that restricts, prohibits or cancels the Transaction, nor is there any pending or potential litigation, arbitration, judgment, ruling, order or injunction that has or will have a Material Adverse Effect on the Transaction;
- (m) The Founder, the Shareholding Platforms and the Company have delivered to QSG a closing certificate in form and substance satisfactory to QSG certifying that the Closing Conditions under Section 4.1 of this Agreement have been satisfied and have provided corresponding supporting documents.

- 4.2 Best Efforts. From the Execution Date until the Closing Date, the Company Parties shall use their best efforts to cause the various Closing Conditions set forth in this Article IV to be satisfied as early as possible.

ARTICLE V UNDERTAKINGS

5.1 Undertakings Relating to the Restructuring

The Company Parties hereby jointly and severally covenant to the Investor as follows:

- 5.3.1 Establishment of Shareholding Platforms. The Founder shall complete the establishment of all Shareholding Platforms in accordance with the plan approved by QSG within 120 days after the Execution Date. The equity structure of such Shareholding Platforms shall be as set forth in Annex IV hereto.
- 5.3.2 SAFE Registration Procedures. The Founder shall complete the foreign exchange registration procedures under Circular 37 within 180 days after the Execution Date and prior to the WFOE's acquisition of the Target Equity in the Company held by Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen and Shenzhen Haoduoxiaohuoban.
- 5.3.3 Partnership Interest Transfer. The Founder Huiyu Zhan and Liu Jing, Xian Feng shall complete the Partnership Interest Transfer within 20 days after the Execution Date (including, without limitation, obtaining the approval for the Partnership Interest Transfer, having executed the Partnership Interest Transfer Agreement which has become effective, the Founder Huiyu Zhan having paid the full transfer consideration under the Partnership Interest Transfer Agreement, and having completed the industrial and commercial change registration procedures and tax procedures for the Partnership Interest Transfer).
- 5.3.4 Domestic Equity Transfer. The WFOE, Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen and Shenzhen Haoduoxiaohuoban shall complete the Domestic Equity Transfer within 30 days after the Execution Date (including, without limitation, obtaining the approval for the Domestic Equity Transfer, having executed the equity transfer agreement which has become effective, the WFOE having paid the full transfer consideration under the equity transfer agreement, and having completed the industrial and commercial change registration procedures for the equity transfer). The WFOE shall have become the registered and beneficial holder of 23.68392% equity interest in the Company (corresponding to the Company's registered capital of RMB 3,474,309.04).
- 5.3.5 Tax Procedures for Domestic Equity Transfer. Shenzhen Zhongqingwenli, Shenzhen Heguangtongchen, Shenzhen Haoduoxiaohuoban and their respective partners shall pay in full and on time all taxes and fees involved in the Domestic Equity Transfer in accordance with applicable laws and regulations, and shall provide the Investor with corresponding proof of payment after completion.

5.2 Interim Undertakings

From the Execution Date until the Closing Date, the Company Parties hereby jointly and severally covenant to the Investor as follows:

- 5.2.1 Conduct of Business in Ordinary Course. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, conduct their business in the ordinary course of business, use their best efforts to preserve the business organization intact, maintain relationships with third parties and retain present management and employees, and preserve the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).
- 5.2.2 Provision of Information. During normal business hours of the Group Companies, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, provide the Investor and its representatives with information concerning the Group Companies as reasonably requested by them, including but not limited to providing full access to all accounts, records, contracts, technical data, personnel data, management information and other documents of the Group Companies to the lawyers and other representatives designated by the Investor. The Company Parties agree that the Investor has the right to conduct prudent investigations into the financial, asset and operational conditions of the Group Companies at any time prior to the Closing Date. Furthermore, the Company Parties shall promptly notify the Investor in writing of any breach of this Agreement by any Company Party that has occurred or is anticipated to occur.

The Company Parties shall promptly inform the Investor in writing of the following matters and discuss with the Investor the impact of the following matters on the Group Companies, thereby ensuring that the Group Companies will operate stably in a reasonable manner:

- (a) Any changes in the equity structure, financial condition, assets, liabilities, business, prospects or operations of the Group Companies that have or may have a Material Adverse Effect on the Group Companies;
- (b) The execution of agreements containing unusual terms (including, without limitation, exclusivity terms, restrictive terms, long-term, onerous terms) and any agreements or proposals, intentions regarding the foregoing matters; and
- (c) The progress of government department approvals/registrations (if applicable).

- 5.2.3 Third Party Transactions. The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, officers and representatives to (a) deal exclusively with the Investor and its Affiliates on matters relating to the Transaction on an exclusive basis; (b) not conduct any other transaction similar to the Transaction or contradictory to the transactions contemplated by the Transaction Documents (any such transaction referred to as a “**Third Party Transaction**”); (c) immediately terminate any discussions or negotiations with any person regarding a Third Party Transaction and thereafter not conduct or engage in any discussions or negotiations with any person regarding a Third Party Transaction, nor provide any information to any person regarding a Third Party Transaction; and (d) not encourage any inquiries or proposals regarding a possible Third Party Transaction, or take any other action to facilitate such inquiries or proposals. If the Company Parties receive any inquiries from any other party regarding a possible Third Party Transaction, they shall promptly notify the Investor.
- 5.2.4 Restrictions on Actions. Without limiting the generality of Section 5.2.1, unless with the prior written consent of the Investor, the Company Parties other than the Group Companies shall, within their respective rights and capacities, cause the Group Companies not to take, and the Group Companies shall not take, any of the following actions (except for actions required by the Transaction):
- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge or redeem any registered capital or equity interests;
 - (b) Take any action that may result in the dilution of the Company equity interests held by the Investor after the Closing, whether by amending their constitutional documents or through reorganization, merger, sale of equity, consolidation or sale of assets or otherwise;
 - (c) Sell, lease, transfer, license or dispose of any assets, except in the ordinary course of business consistent with past practice;
 - (d) Incur or create any liabilities, responsibilities, obligations or expenses totaling more than RMB 100,000 (or equivalent in other currencies), except those incurred in the ordinary course of business;
 - (e) Make any capital expenditure exceeding RMB 100,000 (or equivalent in other currencies), except those made in the ordinary course of business;
 - (f) Create any Encumbrance on any assets;
 - (g) License any intellectual property of the Group Companies to third parties, allow any intellectual property of the Group Companies to expire, be abandoned, dedicated or waived, or disclose any material trade secrets, formulas, processes, know-how or other intellectual property of the Group Companies that is not publicly known prior to disclosure, except as required by law or pursuant to confidentiality agreements;

- (h) Enter into any material contract outside the ordinary course of business, amend or adjust any material terms of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay and make any dividend distribution or distribution;
- (j) Enter into any transaction with Affiliates;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interests in any other entity;
- (m) Adopt or pass any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;
- (n) Take any other actions that may bring actual or potential adverse effects to the transactions under this Agreement or that may bring any actual or potential adverse effects to the operations and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including but not limited to signing investment intention letters, commitment letters, consent letters.

5.3 Undertakings Relating to the Transaction

- 5.3.1 CSRC Filing Procedures for the Transaction. The Founder, the Shareholding Platforms and the Company covenant to cooperate in handling the CSRC filing procedures involved in the Transaction in accordance with the provisions of laws and regulations and the requirements of QSG (including, without limitation, signing and/or providing relevant documents required for the CSRC filing procedures).
- 5.3.2 Restrictions on Consideration Shares. The Founder and the BVI Company covenant that the Consideration Shares obtained by them shall be subject to the provisions of this Agreement and applicable laws, regulations and exchange rules.

5.4 Post-Closing Undertakings

After the Closing Date, the Company Parties hereby jointly and severally covenant to the Investor as follows (the Founder's liability for compensation or indemnification to the Investor for breach of such Post-Closing Covenants shall be limited to the market fair value of all equity interests in the Company then directly and/or indirectly held by the Founder (for the avoidance of doubt, the Founder shall then actively realize the value of the equity interests held by him at market fair value, and the Investor has the right to require the Founder to sell his equity interests to a bona fide purchaser identified by the Investor), and shall not involve other personal or family property besides the equity interests in the Company):

- 5.4.1 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all respects with all Applicable Laws, and any and all necessary permits and licenses of the Group Companies are legal, valid and fully effective. If any matter or activity involved in the principal business requires relevant business permits according to relevant Applicable Laws or government department requirements, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.
- 5.4.2 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, usage rights and relevant government registrations for all intellectual property necessary for the principal business (including, without limitation, patents, trademarks, copyrights, know-how, domain names and trade secrets, etc.), take adequate measures to protect such intellectual property, and shall ensure not to infringe or illegally use any intellectual property in which any third party has any rights, ownership or interests. If the intellectual property involves co-development with third parties, the Company shall ensure that it has independent or co-ownership or exclusive usage rights to such intellectual property. If the Company Parties fail to timely obtain the intellectual property related to their principal business or the authorization to use such intellectual property, or their business operations infringe the intellectual property of a third party as the rights holder, then (i) the Company Parties shall resolve the matter as soon as possible, and (ii) if any direct or indirect damage is caused to the Investor's investment interests under this Transaction due to the aforementioned circumstances, the Company Parties shall be jointly and severally liable for compensation.
- 5.4.3 Labor Contracts, Confidentiality Agreements, IP Assignment Agreements and Non-Competition Agreements. After the completion of the Transaction, the Group Companies shall enter into labor contracts, confidentiality agreements, intellectual property assignment agreements and non-competition agreements with key employees and other employees requested by the Investor, in form and substance reasonably satisfactory to the Investor, and such contracts shall include terms relating to confidentiality, non-competition and intellectual property ownership satisfactory to the Investor.

- 5.4.4 Labor and Social Security and Housing Fund. The Group Companies shall, and the other Company Parties shall cause the Group Companies to, continuously pay social insurance premiums and housing provident fund for all employees in full and on time in accordance with the standards prescribed by Applicable Laws, and withhold and pay individual income tax in full and on time in accordance with the law. Regardless of whether disclosed or not, if the Group Companies are subject to administrative penalties due to violations of laws or regulations in labor employment or social security and housing fund matters, or if any adverse impact is caused to the Company's future listing as a result thereof, the Company Parties shall be responsible for resolving the matter and bearing corresponding compensation liability. If any direct or indirect damage is caused to the Investor's investment interests under this Transaction as a result thereof, the Company Parties shall compensate for such damage.
- 5.4.5 Full-Time Devotion and Non-Competition. The Founder and key employees shall devote their full working time and energy exclusively to the operation of the Group Companies, and the Founder and key employees shall use their best efforts to promote the development of the Group Companies and seek benefits for the Group Companies. Without the prior written consent of the Investor, the Founder and key employees shall not hold positions in, serve as part-time employees for, or provide advisory or similar services to other enterprises. Furthermore, during the period when the Founder and key employees directly or indirectly hold equity in the Company or serve as employees of the Group Companies and for a period of two (2) years after they cease to directly or indirectly hold equity in the Company or cease to be employed by the Group Companies (whichever is later), they shall not, directly or indirectly, engage in any business that competes with the principal business, directly or indirectly hold any interests in any entity that competes with the Group Companies, nor engage in any other actions detrimental to the interests of the Group Companies, including but not limited to:
- (a) Controlling, holding equity in, or indirectly controlling companies or other organizations engaged in competitive activities (excluding the purchase and holding of no more than 1% of the outstanding shares or other securities of such companies from public stock trading markets);
 - (b) Serving as management personnel, employees or advisors of companies or organizations engaged in competitive activities;
 - (c) Providing loans to companies or organizations engaged in competitive activities;
 - (d) Directly or indirectly deriving benefits from competitive activities or companies or other organizations engaged in competitive activities;
 - (e) Soliciting customers of the Group Companies in any form, or conducting or attempting to conduct transactions with customers related to the production and sales business of the Group Companies, regardless of whether such customers are customers of the Group Companies before or after the Closing Date;

- (f) Employing, in any form and through any individual or organization directly or indirectly controlled by them or in which they have an interest, any person who has left the Group Companies since the Closing Date (except for individuals who have left for more than two (2) years by then); and
- (g) Soliciting for employment any employees employed by the Group Companies at that time.

Except as otherwise provided by Applicable Law, the Group Companies shall not, and the Company Parties and key employees shall use their best efforts to prevent the Group Companies from releasing any employee or advisor from their obligations under any non-competition, non-solicitation, intellectual property protection or similar restrictive commitments, or fail to enforce any such non-competition, non-solicitation, intellectual property protection or similar restrictive commitments against any such employee or advisor.

- 5.4.6 Tax Benefits. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all relevant laws applicable to taxation, and pay corresponding taxes and fees in full and on time in accordance with the law. Furthermore, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all tax preferential treatments to which they are entitled in relation to the business of the Group Companies.
- 5.4.7 Payment of Registered Capital. The Company Parties shall cause the shareholders of the Group Companies to complete the payment of the registered capital of the Group Companies in accordance with laws and regulations and the constitutional documents of the Group Companies.
- 5.4.8 Real Estate. The Group Companies shall enter into legal and valid lease contracts for all leased properties used by them, and complete relevant lease registration and filing procedures in accordance with laws and regulations.
- 5.4.9 Change of WFOE Directors. The Company Parties shall complete the change of director registration procedures for the WFOE within the time period required by QSG after the Closing Date. After the completion of the change registration, the person(s) designated by QSG shall become the sole director(s) of the WFOE.

ARTICLE VI TRANSACTION EXPENSES

- 6.1 Payment of Taxes and Fees. Each Party shall bear all taxes and fees related to the execution, delivery and performance of this Agreement in accordance with relevant Applicable Laws and regulations, and shall pay such taxes and fees in full and on time as stipulated by Applicable Laws and regulations.

The Parties hereby acknowledge, undertake and agree that: (i) QSG has no obligation to pay any taxes and fees of any nature arising from the Transaction that should be borne by the Transferor, the BVI Company or their direct or indirect partners, members and shareholders in accordance with Applicable Laws and regulations; (ii) the Transferor agrees to bear and pay all taxes and fees of any nature arising from the Transaction that should be borne by him in accordance with Applicable Laws and regulations.

The Transferor shall bear all taxes and fees involved in the Transaction by himself, and shall submit tax returns and/or disclosure documents related to the Transaction to the competent tax authority (the “**Competent Tax Authority**”) in a timely and proper manner in accordance with the time limits and requirements of Applicable Laws and regulations (and the submission method shall comply with Applicable Laws and regulations). For the avoidance of doubt, QSG shall not be liable for such tax returns or disclosure documents under any circumstances. In particular, the Transferor shall submit tax filing documents related to the Transaction in accordance with the “Announcement on Several Issues Concerning Enterprise Income Tax on Indirect Transfer of Properties by Non-Resident Enterprises” (including its amendments from time to time, collectively referred to as “**Circular 7**”) and other relevant regulations, and shall provide such tax filing documents to QSG.

If the Competent Tax Authority determines that the Transferor needs to pay taxes and fees for the Transaction in accordance with Applicable Laws and regulations, the Transferor shall pay such taxes and fees in full and on time in accordance with the provisions of laws and regulations and the requirements of the Competent Tax Authority, and shall provide QSG with the tax payment certificates issued by the Competent Tax Authority.

- 6.2 Indemnification for Tax Losses. The Transferor shall indemnify and hold harmless QSG or its Affiliates, directors, partners, shareholders, employees, agents and representatives (the “Indemnified Persons”) from and against any losses, claims, actions, payment demands, judgments, settlements, taxes, interest, costs and expenses (including, without limitation, reasonable attorneys’ fees) (collectively referred to as “Losses”) arising from or in connection with the following, and agrees to provide full compensation to the Indemnified Persons: (i) any Losses incurred by or assessed against any Indemnified Person due to taxes and fees of the Transaction (including, without limitation, taxes and fees arising under Circular 7 and/or other Applicable Laws and regulations); (ii) any Losses related to the Transaction suffered by any Indemnified Person due to the Transferor’s failure to submit tax returns or other tax materials on time, or failure to pay taxes and fees in full and on time in accordance with Applicable Laws and regulations or the requirements of the Competent Tax Authority.

ARTICLE VII INDEMNIFICATION

- 7.1 Indemnification. If any party (the “**Defaulting Party**”) causes any other party (the “**Non-Defaulting Party**”) to suffer losses (including direct liabilities, damages, claims, costs and expenses (including reasonable attorneys’ fees) arising therefrom, etc.) due to any of the following events, it shall indemnify the Non-Defaulting Party for all such losses:
- (a) Any representation, statement or warranty made by the Defaulting Party under Section 3.1, 3.2 or 3.3 of this Agreement is untrue or contains a material omission, or it breaches any representation, statement or warranty made under such section; or
 - (b) The Defaulting Party fails to perform or improperly performs any of its obligations under this Agreement (including, without limitation, its relevant obligations and commitments under Article V) or fails to comply with any other provisions of this Agreement.
- 7.2 If any Company Party breaches any warranty, commitment, covenant or any other provision under the Transaction Documents, or any representation made by it under the Transaction Documents is untrue, thereby causing the Investor to bear any reasonably incurred expenses, liabilities or suffer any losses, the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for such losses (including, without limitation, loss of the Investor’s expected benefits, taxes and fees, interest paid or lost by the Investor due to the Company Parties’ breach, and fees for accountants and lawyers engaged for this Transaction).
- 7.3 If any event that occurred prior to the Closing Date (including, but not limited to, the following events) or the following events that occur after the Closing Date cause or result in any losses, liabilities, responsibilities, obligations or debts (whether contractual or otherwise) of the Group Companies, any taxes and fees (including fines and late payment fees due to unpaid taxes) or any claims asserted by any other party against the Group Companies, thereby causing any Investor to bear any reasonably incurred expenses, liabilities or suffer any losses, the Group Companies and the Founding Shareholders shall be jointly and severally liable to the Investor for such losses: (a) the founder and/or key employees of the Group Companies breach their full-time employment obligations, non-competition obligations, intellectual property ownership commitments, non-solicitation obligations or other obligations to their former or current employers or work units, or have any disputes or controversies with their former or current employers or work units; (b) defects in the capital contribution of the Group Companies’ registered capital or disputes over equity ownership; (c) illegal or non-compliant activities (including, but not limited to, violations related to taxation, social insurance and housing fund contributions, government subsidies, etc.), breaches of contract or infringements by the Company Parties prior to the Closing Date; or (d) the Group Companies’ failure to obtain the intellectual property necessary for their principal business or the occurrence of intellectual property-related disputes.

ARTICLE VIII EFFECTIVENESS AND TERMINATION

8.1 Effectiveness. This Agreement shall become effective upon its formal execution by the Parties and their authorized representatives.

8.2 Termination. This Agreement may be terminated under the following circumstances:

- (a) All Parties unanimously agree in writing to terminate this Agreement;
- (b) If any party materially breaches its obligations under this Agreement, the Non-Defaulting Party shall have the right to terminate this Agreement by written notice to the other parties and require the Defaulting Party to compensate for its losses or damages in accordance with the provisions of this Agreement; or
- (c) If the closing conditions set forth in Section 4.1 of this Agreement are not satisfied within one hundred and eighty (180) days after the execution of this Agreement or another date agreed upon by the Parties, QSG shall have the right to terminate this Agreement by written notice to the other parties, specifying the effective date of termination in the notice.

If this Agreement is terminated pursuant to this Section 8.2, no new rights or obligations shall arise for any party, provided that the rights and obligations of each party that have accrued as of the date of termination of this Agreement (including compensation liabilities arising from breach of this Agreement) shall not be affected by such termination.

8.3 If any party terminates this Agreement pursuant to Section 8.2 hereof, and if QSG has issued any Consideration Shares to the BVI Company by that time, QSG shall have the right to repurchase such Consideration Shares for no consideration. The BVI Company shall, within five (5) business days (the “**Exit Period**”) after receiving QSG’s written termination notice, sign and provide all documents required for the BVI Company’s exit from QSG in accordance with QSG’s requirements. After the BVI Company exits QSG, it shall no longer hold any shares of QSG.

8.4 For the avoidance of doubt, if the closing conditions set forth in Section 4.1 of this Agreement are not satisfied within one hundred and eighty (180) days after the execution of this Agreement or another date agreed upon by the Parties, and QSG does not choose to terminate the Agreement, QSG shall have the right to require the Founder to transfer the Target Shares or the Company equity corresponding to the Target Shares to QSG at the price specified in this Agreement and in another manner acceptable to QSG. The Company Parties are obligated to fully cooperate in this regard. Unless QSG otherwise agrees in writing, the Founder shall not directly or indirectly transfer, sell or dispose of the Target Shares or the Company equity corresponding to the Target Shares to any other third party in any manner.

ARTICLE IX CONFIDENTIALITY AND NON-DISCLOSURE

- 9.1 Confidentiality. The terms and conditions of this Agreement and all annexes, as well as all subsequent amendments and restatements hereof (including the existence of this Agreement, its annexes and such amendments and restatements) shall be deemed confidential information. Except as provided in Sections 9.2 and 9.3, no party shall disclose such confidential information to any third party without the prior written consent of the other parties.
- 9.2 Statutory Mandatory Disclosure Obligations. If any party or its Affiliates has a statutory mandatory obligation (including, without limitation, under relevant securities laws and regulations) or is required by a competent government authority to disclose any confidential information regarding the Transaction, or the existence or any terms or conditions of this Agreement, the party required to disclose shall (i) immediately provide the other parties with written notice indicating such fact, and shall use its best efforts to obtain confidential treatment for such information to be disclosed as requested by the other parties; (ii) make disclosure only to the extent required; and (iii) provide the other parties with accurate details of any such disclosure.
- 9.3 Exceptions. The provisions of this Article IX shall not apply to the following circumstances:
- (a) Disclosure of confidential information to a party's Affiliates or its professional advisors for purposes reasonably related to this Agreement or the Transaction;
 - (b) Information independently developed by the receiving party without use of the confidential information, or such confidential information obtained by the receiving party from a third party with the right to disclose it;
 - (c) Confidential information that becomes publicly known through no breach of this Agreement by the receiving party; or
 - (d) Statutory mandatory disclosure obligations as set forth in Section 9.2 of this Agreement.
- 9.4 Duration of Confidentiality Obligations. The confidentiality obligations of the Parties under this Article IX shall remain in full force and effect permanently from the effective date of this Agreement, and shall not be affected by the termination, suspension, rescission of this Agreement or any party ceasing to be a party to this Agreement.

ARTICLE X GOVERNING LAW AND DISPUTE RESOLUTION

- 10.1 Governing Law. The formation, validity, interpretation, performance and dispute resolution of this Agreement shall be governed by and construed in accordance with the laws of China.

- 10.2 Dispute Resolution. Any dispute arising from or in connection with the execution of this Agreement shall be resolved through friendly negotiations between the Parties. Any party shall have the right to submit the dispute to the Shenzhen Court of International Arbitration for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be binding upon all parties. The place of arbitration shall be Shenzhen.
- 10.3 Continued Performance. During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations hereunder.

ARTICLE XI MISCELLANEOUS

- 11.1 Use of Name. Unless with the prior written consent of QuantaSing, no party (other than Beijing Liangzizhige) may use, disclose or reproduce any of the following names for any marketing, advertising or promotional purposes: (i) the name of Beijing Liangzizhige or any of its Affiliates, including but not limited to Beijing Liangzizhige , QuantaSing, QSG, etc.; (ii) the name, likeness of any partner or director, supervisor of Beijing Liangzizhige or its Affiliates; and/or (iii) any names, trademarks, logos similar to the foregoing.
- 11.2 Binding Effect and Non-Assignability. This Agreement shall be binding upon the successors of the Parties, and such successors shall enjoy relevant rights and assume relevant obligations. No party shall have the right to assign any of its rights or obligations under this Agreement without the prior written consent of the other parties.
- 11.3 Waiver. The failure or delay of any party to exercise any right, power or privilege under this Agreement shall not be deemed a waiver thereof; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.
- 11.4 Efforts to Complete Transaction. The Parties agree to use their best efforts to promote the completion of the Restructuring and the Transaction. The Parties further agree that, in order to achieve the ultimate purpose of the Restructuring and the Transaction, if during the process of the Restructuring and the Transaction, any matter requires further clarification or adjustment regarding the Restructuring or other related matters as stipulated in this Agreement, the Parties shall negotiate in good faith and enter into supplementary agreements or other legal documents to supplement the provisions on such matters, so as to facilitate the smooth completion of the Restructuring and the Transaction.
- 11.5 Amendments. Any supplement or amendment to this Agreement shall be effective only if made in writing and signed by all Parties.
- 11.6 Severability. If any provision of this Agreement is invalid or unenforceable for any reason (including, without limitation, due to conflict with mandatory provisions of Applicable Law), it shall not affect the validity of the other provisions. After good faith negotiation by the Parties, such invalid or unenforceable provision may be replaced by a provision that is valid and enforceable and comes closest to the original intent of the Parties.

- 11.7 Notices. All notices, requests and other communications required under this Agreement shall be in writing. Notices delivered in person shall be deemed served upon the recipient's signed receipt; notices sent by mail shall be sent by registered mail or express delivery, with registered mail deemed served on the seventh (7th) day after posting, and express delivery deemed served upon the recipient's signed receipt; notices sent by email shall be deemed served when the email system shows actual receipt by the recipient:

[***] *(List of Notice Addresses)*

Any party may change its above notice address by providing written notice to the other party in accordance with this Section 11.6.

- 11.8 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire understanding of the Parties with respect to the subject matter hereof and supersede all prior letters of intent, agreements, commitments, arrangements, communications, statements and/or warranties, whether written or oral, between the Parties or any of their responsible persons, employees or representatives regarding the same subject matter.
- 11.9 Language and Copies. This Agreement is written in Chinese. The original is in five (5) copies, with the Company Parties holding three (3) copies collectively and each of the other parties holding one (1) copy. This Agreement may be executed by the Parties in separate counterparts, and each such counterpart delivered by any means shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.
- 11.10 Annexes. All annexes to this Agreement shall form an integral part hereof.

(The remainder of this page is intentionally left blank. The signature page follows.)

(This page is intentionally left blank. It is the signature page to the Equity Transfer Agreement.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on the date first written above.

QuantaSing Group Limited

_____/s/ Seal _____

Signature: /s/ Peng Li

Name: Peng Li

Title: Authorized Representative

(This page is intentionally left blank. It is the signature page to the Equity Transfer Agreement.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on the date first written above.

Shenzhen Yiqi Culture Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Legal Representative

Huiyu Zhan

Signature: /s/ Huiyu Zhan _____

Shenzhen Zhongqingwenli Culture Industry Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Legal Representative

Shenzhen Heguangtongchen Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Representative Designated by the Executive
Partner

Shenzhen Haoduoxiaohuoban Venture Capital Services Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Huiyu Zhan _____

Name: Huiyu Zhan

Title: Representative Designated by the Executive
Partner

ANNEX I
RESTRUCTURING PLAN

ANNEX II
ACCESSION AGREEMENT

ANNEX III
INSTRUMENT OF TRANSFER

ANNEX IV
EQUITY STRUCTURE OF THE SHAREHOLDING PLATFORMS

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

TERMINATION AGREEMENT

This Termination Agreement (this “**Agreement**”) is entered into by and among the following parties in Beijing on September 30, 2025.

- A. **Beijing Liangzizhige Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1003, 10th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (the “**Party A**”);
- B. **Shenzhen Erwan Education Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Unit 2802, Phase II, Qianhai Shimao Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Party B**”);
- C. **Feierlai (Beijing) Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1103, 11th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (“**Beijing Feierlai**”);
- D. **Beijing Chuangyuqizhi Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1101, 11th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (“**Beijing Chuangyuqizhi**”, and together with Beijing Feierlai, the “**Party C**”).

In this Agreement, Party A, Party B and Party C shall be referred to individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS:

- (1) Party A and Party B entered into the Exclusive Option Agreement, Exclusive consultancy and service agreement, Voting rights proxy agreement, and Equity pledge agreement (collectively, the “**Contractual Arrangements**”) with Beijing Feierlai on May 20, 2021, and with Beijing Chuangyuqizhi on April 2, 2025, respectively;
-

- (2) For the purpose of the group's business development, Party A intends to exercise the exclusive option under the Contractual Arrangements, requiring Party B to sell the entire equity interests in Party C to a third party, and therefore the Parties agree to terminate the Contractual Arrangements;
- (3) With respect to the sale of the entire equity interests in Party C, the Parties hereto and Nanjing Shangdexinyuan Equity Investment Partnership (Limited Partnership) entered into a Domestic Equity Transfer Agreement (the "**Equity Transfer Agreement**") on September 30, 2025.

NOW, THEREFORE, the Parties agree as follows through consultation:

1. Termination of Contractual Arrangements

- 1.1 The Parties hereby irrevocably agree and confirm that the Contractual Arrangements shall terminate and cease to have any effect from the Closing Date (as defined in the Equity Transfer Agreement) under the Equity Transfer Agreement.
- 1.2 The Parties agree that from the termination date of the Contractual Arrangements, the Parties shall no longer enjoy the rights under the Contractual Arrangements and shall no longer be required to perform the obligations under the Contractual Arrangements.
- 1.3 Each Party hereto hereby irrevocably and unconditionally releases and discharges the other Parties from any and all disputes, claims, demands, rights, obligations, liabilities, actions, contracts or causes of action of any kind or nature, whether known or unknown, which such Party ever had, now has or may have in the future, directly or indirectly, in connection with or arising from the Contractual Arrangements.

2. Representations and Warranties

Each Party hereby represents and warrants to the other Parties, jointly and severally, as of the date of execution of this Agreement, as follows:

- 2.1 It has obtained the necessary authorization to execute this Agreement; its execution and performance of this Agreement does not conflict with, restrict or violate any laws, regulations, corporate governance documents or agreements binding upon or affecting it.
- 2.2 This Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms upon execution.
- 2.3 There is no litigation, arbitration, or legal, administrative or other proceeding or governmental investigation pending relating to the subject matter of this Agreement.

3. Undertakings

- 3.1 The Parties undertake that the execution and effectiveness of this Agreement and the termination of the Contractual Arrangements shall not affect Party A's right to receive the Equity Transfer Price in accordance with the Equity Transfer Agreement, and Party B undertakes to continue to comply with the Equity Transfer Agreement and pay the Equity Transfer Price it receives to Party A on schedule, or cooperate with other payment arrangements reached by the relevant parties under the Equity Transfer Agreement.
- 3.2 In order to smoothly terminate the rights and obligations under the Contractual Arrangements, the Parties shall execute all necessary or appropriate documents and take all necessary or appropriate actions, and actively cooperate with the other Parties in obtaining relevant government approvals and/or registration documents (if applicable) and completing relevant termination procedures.

4. Liability for Breach of Agreement

If any Party breaches the provisions of this Agreement, rendering this Agreement wholly or partially unperformable, it shall bear the liability for breach and compensate the other Parties for any losses suffered as a result thereof.

5. Confidentiality Obligations

The Parties acknowledge and agree that any oral or written information exchanged between them in connection with this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information and shall not disclose any relevant information to any third party without the prior written consent of the other Parties to this Agreement, except under the following circumstances:

- (1) Such information is or will be known by the public (provided that it is not disclosed to the public by the receiving Party without authorization);
- (2) Disclosure is required by applicable laws and regulations or the rules or regulations of the stock exchange; or
- (3) Information disclosed by any Party to its legal or financial advisors in connection with the transaction contemplated herein, and such legal or financial advisors are also bound by confidentiality obligations similar to those under this clause.

6. Governing Law and Dispute Resolution

- 6.1 The formation, validity, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 6.2 Any dispute arising from the interpretation and performance of this Agreement shall be first resolved through friendly negotiations between the Parties hereto. If the dispute cannot be resolved within thirty (30) days after one Party issues a written notice to the other Party requesting resolution through negotiation, either Party may submit the dispute to the China International Economic and Trade Arbitration Commission (CIETAC) for arbitration in accordance with its arbitration rules then in effect. The place of arbitration shall be Beijing. The arbitral award shall be final and binding upon the Parties.

6.3 If any dispute arises concerning the interpretation and performance of this Agreement or any dispute is under arbitration, the Parties shall continue to exercise their other rights and perform their other obligations under this Agreement, except for the matters in dispute.

7. Miscellaneous

7.1 This Agreement shall become effective upon being affixed with the seals of the Parties on the date first written above.

7.2 This Agreement is executed in four (4) originals, with each Party holding one (1) original, all of which shall have the same legal effect.

7.3 The Parties may amend and supplement this Agreement by written agreement. Any amendment and/or supplement agreement to this Agreement executed by the Parties shall be an integral part of this Agreement and shall have the same legal effect as this Agreement.

7.4 With respect to matters related to the Contractual Arrangements, if there is any inconsistency between this Agreement and any other agreement separately executed by the Parties or the version submitted to the market supervision administration department, this Agreement shall prevail.

7.5 The invalidity of any provision under this Agreement shall not affect the legal validity of the other provisions of this Agreement.

[No text below]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

Beijing Liangzizhige Technology Co., Ltd.

_____/s/ Seal _____

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

Shenzhen Erwan Education Technology Co., Ltd.

_____/s/ Seal _____

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

Feierlai (Beijing) Technology Co., Ltd.

_____/s/ Seal _____

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

Beijing Chuangyuqizhi Technology Co., Ltd. (Seal)

_____/s/ Seal _____

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

DOMESTIC EQUITY TRANSFER AGREEMENT

This DOMESTIC EQUITY TRANSFER AGREEMENT (this “**Agreement**”) is entered into by and among the following parties on September 30, 2025 (the “**Execution Date**”):

- (1) **Nanjing Shangdexinyuan Equity Investment Partnership (Limited Partnership)**, a limited partnership duly established and validly existing under the laws of China, with its registered address at Room 401-322, 4th Floor, North Building, B2 Block, No. 9 Bailongjiang East Street, Jianye District, Nanjing City (the “**Investor**” or “**Transferee**”);
 - (2) **Beijing Liangzizhige Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1003, 10th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (the “**Beijing Liangzizhige**” or “**QSG**” or “**Transferor**”);
 - (3) **Feierlai (Beijing) Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1103, 11th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (the “**Beijing Feierlai**”);
 - (4) **Beijing Chuangyuqizhi Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Room 1101, 11th Floor, Building 7, No. 34 Chuanyuan Road, Chaoyang District, Beijing (the “**Beijing Chuangyuqizhi**”, and together with Beijing Feierlai, individually or collectively, the “**Companies**” or “**Company Parties**”);
 - (5) **Shenzhen Erwan Education Technology Co., Ltd.**, a limited liability company duly established and validly existing under the laws of China, with its registered address at Unit 2802, Phase II, Qianhai Shima Financial Center, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the “**Shenzhen Erwan**” or “**Registered Shareholder**”, being the shareholder of the Companies registered with the market supervision administration department).
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Each of the above parties shall be referred to individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS:

1. As of the Execution Date, Shenzhen Erwan is the sole shareholder of Beijing Feierlai and Beijing Chuangyuqizhi registered with the market supervision administration department, and holds 100% of the entire equity interests of Beijing Feierlai and Beijing Chuangyuqizhi;
2. Pursuant to the Exclusive Option Agreement, Exclusive Consultancy and Service Agreement, Voting Rights Proxy Agreement, and Equity Pledge Agreement (collectively, the “**Contractual Arrangements**”) entered into by and among the Company Parties, Shenzhen Erwan and Beijing Liangzizhige on May 20, 2021 and April 2, 2025, respectively, Beijing Liangzizhige is able to control the business operations of Beijing Feierlai and Beijing Chuangyuqizhi and substantially enjoys all shareholder rights and interests of Beijing Feierlai and Beijing Chuangyuqizhi, while Shenzhen Erwan is merely the nominee shareholder registered with the market supervision administration department;
3. For the purpose of performing the Contractual Arrangements, Shenzhen Erwan has pledged all of its equity interests in the Companies to Beijing Liangzizhige and has completed the pledge registration with the relevant market supervision administration department;
4. Based on commercial negotiations, the Investor intends to acquire the entire equity interests in Beijing Feierlai and Beijing Chuangyuqizhi (the “**Target Equity**”), and through the acquisition of the Target Equity, thereby enjoy the shareholder rights and interests in the Group Companies (the “**Transaction**”).

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

ARTICLE 1 GENERAL PROVISIONS

- 1.1 Definitions. Unless otherwise specified in other provisions of this Agreement, the following terms shall have the meanings set forth below:

“**Transaction**” shall have the meaning set forth in the preamble of this Agreement.

“**Administration for Market Regulation (AMR) Change Registration**” means the industrial and commercial registration or filing required to be completed by the Companies with the relevant Chinese market supervision administration department for the purpose of completing the Transaction (including, but not limited to, the registration of the Transferee as the shareholder of the Target Equity and the filing of the amended articles of association of the Companies with the market supervision administration department).

“**Affiliate**” or “**Affiliated Party**”, with respect to any natural person, means his/her lineal relatives (i.e., the natural person’s parents, spouse, siblings and their spouses, children and their spouses), the trustee of any trust for the benefit of such natural person and/or his/her lineal relatives, and any other entity directly or indirectly, solely or jointly, controlled by such natural person and/or his/her lineal relatives; with respect to any entity other than a natural person, means any other entity that controls, is controlled by, or is under common control with such entity. “Control” as used in the preceding definition means one party directly or indirectly holding at least fifty percent (50%) of the voting rights in the decision-making body of the other party.

“**Closing Date**” shall have the meaning set forth in Article 2.2 of this Agreement, i.e., September 30, 2025.

“**Transaction Documents**” means the relevant legal documents executed by the Parties hereto for the purpose of regulating the Transaction, including but not limited to this Agreement and the ancillary and supplementary documents related to the Transaction.

“**Encumbrance**” means any form of encumbrance that has been created and has a material adverse effect on the object or right encumbered, including but not limited to any mortgage, pledge, lien or other restriction on rights.

“**Taxes and Levies**” means any national or local, foreign or other type of enterprise income tax, value-added tax, consumption tax, customs duty, stamp duty or any other type of tax, levy, assessment or charge (whether they are payable directly or by withholding) imposed by any tax authority, and any interest, penalties, surcharges or other costs incurred in respect of “Taxes and Levies” or related thereto.

“**Governmental Authority**” means any nation or government, province, autonomous region, municipality or other political subdivision thereof, and any entity exercising any administrative, legislative, judicial, regulatory or similar functions of or pertaining to government.

“**Group Companies**” means Beijing Feierlai, Beijing Chuangyuqizhi, their domestic subsidiaries listed in **Annex I**, and any entities established or to be established or acquired in the future in which the aforementioned entities directly or indirectly (including but not limited to through arrangements with third parties) hold controlling interests (including, but not limited to, subsidiaries, branches, partnerships, representative offices, or other forms of entities).

1.2 Interpretation. For purposes of this Agreement, unless the context otherwise requires:

- (i) “**Entity**” shall be construed as including any natural person, firm, company, corporation, other body corporate, government agency, state or state organ, any joint venture, association, partnership or employee representative body (whether or not having separate legal personality).
- (ii) “**Law**”, unless otherwise specified, with respect to China, means all laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, letters, orders, decrees or other restrictive provisions of any Governmental Authority within its jurisdiction; “**Applicable Law**”, with respect to any Entity, means the publicly available, effective and applicable laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, letters, orders, decrees or other restrictive provisions of any Governmental Authority applicable to such Entity or binding on such Entity or any of its properties.

- (iii) “**Third Party**” means any Entity other than the Parties to this Agreement.
- (iv) “**Business Day**” means any day on which banks in China are generally open for business, excluding Saturdays, Sundays and statutory holidays in China.
- (v) “**Day**” means a calendar day. However, if any action is required to be taken or any obligation is to be performed on any non-Business Day (i.e., any Saturday, Sunday or public holiday in China), such action or obligation may be postponed until the next Business Day.
- (vi) References to articles, clauses, paragraphs or annexes in this Agreement shall, unless otherwise stated, refer to the corresponding articles, clauses, paragraphs or annexes of this Agreement.
- (vii) The headings contained in the table of contents and the articles and clauses of this Agreement are for convenience of reference only and shall not affect the actual meaning of the relevant provisions.

ARTICLE 2 THE TRANSACTION

- 2.1 The Transaction. Subject to the terms and conditions set forth herein, and specifically subject to the Investor’s compliance with the arrangements for assuming the debt obligations corresponding to the Group Companies’ Net Liabilities under Article 2.2(e), QSG agrees to transfer all of the Target Equity held through the Registered Shareholder, Shenzhen Erwan, to the Investor for a cash consideration of RMB 162,000,000 (the “**Equity Transfer Price**”), and shall cause the Registered Shareholder Shenzhen Erwan to cooperate in completing the Transaction, and the Investor agrees to acquire such Target Equity.

Upon completion of the Transaction, Beijing Feierlai and Beijing Chuangyuqizhi shall become wholly-owned subsidiaries of the Investor, and the Investor shall, through holding the Target Equity, enjoy the shareholder rights and interests in the Group Companies.

2.2 Closing and Payment of Equity Transfer Consideration.

(a) With respect to the equity transfer described in Article 2.1 hereof, the Transferee shall pay the Equity Transfer Price to the following bank account designated by the Registered Shareholder or to the bank account of the entity designated by the Transferor on the date when all the closing conditions set forth in Article 4.1 are satisfied or explicitly waived in writing by the Transferee, in accordance with the following schedule. The Registered Shareholder agrees to and shall cooperate with the payment arrangements under this Agreement. The specific payment schedule is as follows:

(i) Within fifteen (15) Business Days after the execution and effectiveness of this Agreement, the Investor shall pay the first installment of the Equity Transfer Price in the amount of RMB 30,000,000;

(ii) After the execution and effectiveness of this Agreement, the Investor or its wholly-owned Group Companies shall pay RMB 5,000,000 per month on or before the last Business Day of each calendar month from October 2025 to September 2027, for a total of 24 consecutive months, amounting to a total price of RMB 120,000,000, in a lawful manner agreed upon with the Transferor;

(iii) After the execution and effectiveness of this Agreement, the Investor or its wholly-owned Group Companies shall pay RMB 2,000,000 per month on or before the last Business Day of each calendar month starting from October 2027, for a total of 6 consecutive months, amounting to a total price of RMB 12,000,000, in a lawful manner agreed upon with the Transferor.

The receiving account information for Shenzhen Erwan is as follows:

[***]

Shenzhen Erwan shall, on the next day after receiving the Equity Transfer Price, pay the entire Equity Transfer Price to the following bank account designated by Beijing Liangzizhige, in accordance with the agreements reached under the Contractual Arrangements or this Agreement.

The receiving account information for Beijing Liangzizhige is as follows:

[***]

(b) The Transferor shall provide written confirmation to the Transferee on the day it receives the Equity Transfer Price. With respect to the equity transfer listed in Article 2.1, September 30, 2025 shall be the “**Closing Date**” for the Transaction. The Transferee shall obtain all shareholder rights to the Target Equity from the Closing Date and assume all shareholder obligations and responsibilities. For the avoidance of doubt, the payment of the Equity Transfer Price shall not affect the closing of the Transaction, and the Transferor has the right to require the Transferee to pay the Equity Transfer Price on schedule on or after the Closing Date in accordance with the provisions of this Agreement, and the Transferee shall perform the obligation to pay the Equity Transfer Price.

- (c) On the Closing Date or at another time acceptable to the Investor, the Companies shall issue and/or deliver the following documents to the Transferee: (A) one capital contribution certificate corresponding to the Target Equity, which shall state the following: company name, establishment date, registered capital, shareholder name, subscribed capital contribution amount, equity ratio, actual capital contribution amount, date of capital contribution payment, serial number of the capital contribution certificate, and date of issuance; the capital contribution certificate shall be signed by the legal representative of the Company and affixed with the company seal; (B) a register of shareholders signed by the legal representative of the Company and affixed with the company seal, indicating that the Transferee has complete ownership, rights and interests in the Target Equity purchased under this Agreement.
- (d) On the Closing Date, the Group Companies shall deliver to the Investor in a manner required by the Investor: (i) all their historical or current registration certificates/business licenses, registers of shareholders, registers of directors, permits, articles of association or other organizational documents; (ii) all company seals; (iii) the account numbers, passwords, U-Keys and similar objects (if any) for all bank accounts opened by them; (iv) originals of all agreements executed by them (if any); and (v) other company documents held by them or reasonably requested by the Investor.
- (e) The Transferor and the Transferee confirm that, from the Closing Date, the Transferee shall assume the debt obligations corresponding to all the adjusted net liabilities at the consolidated level as of the Financial Statement Date (June 30, 2025) as shown in the books of the Group Companies and recognized by both the Transferor and the Transferee, as well as the changes in new net assets/liabilities arising between June 30, 2025 and the Closing Date and recognized by both the Transferor and the Transferee (hereinafter referred to as the **"Group Companies Net Liabilities"**). The specific amount and content shall be separately confirmed in writing by the Transferor and the Transferee on the Closing Date. From the Closing Date, the Transferee shall bear all responsibilities and obligations corresponding to the Group Companies Net Liabilities, and the Transferor shall no longer bear any responsibilities or obligations.
- (f) The Transferor and the Transferee confirm that the beneficial ownership of the Target Equity and the corresponding responsibilities, obligations and risks shall all transfer to the Transferee from the Closing Date; and the pricing and other arrangements for the Transaction are determined based on the overall financial condition of the Group Companies as of the Financial Statement Date (June 30, 2025). All operating results, asset appreciation or depreciation, and liability changes from the Financial Statement Date to the Closing Date shall not affect the pricing of the Transaction and shall be enjoyed or borne by the Transferee; the delivery requirements stipulated in Article 2.2(c) and (d) and other closing matters stipulated under this Agreement, including but not limited to the AMR Change Registration, shall not affect the effectiveness of the transfer of beneficial ownership and corresponding responsibilities, obligations and risks of the Target Equity to the Transferee from the Closing Date.

- 2.3 AMR Change Registration. Within ten (10) Business Days after the execution and effectiveness of this Agreement, or within another time period agreed by the Investor, the Companies shall complete the AMR Change Registration procedures for the Target Equity and provide supporting documents to the Investor, including but not limited to the registration of the Transferee as the shareholder of the Target Equity, the registration and filing of the person designated by the Investor as the legal representative, director, and manager of the Companies, and the completion of the filing of the amended articles of association with the market supervision administration department.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Transferor's Representations and Warranties.

The Transferor represents and warrants to the Investor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Transferor is an entity duly established and validly existing under the laws and regulations of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Transferor has taken all necessary actions (including but not limited to obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement shall constitute a valid, binding and legally enforceable document against the Transferor upon its formal execution by the Parties or their authorized representatives;
- (d) Non-Contravention. The execution, delivery and performance of this Agreement and other Transaction Documents to which it is a party by the Transferor will not violate any Law or any order of any other Governmental Authority, will not violate its internal constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, and will not violate any document, contract or agreement to which it is a contracting party, or any document, contract or agreement binding on it or its assets;

- (e) Ownership of Target Equity. With respect to the Target Equity to be transferred to the Investor, the Transferor has substantial ownership interests in the Target Equity and has the right to dispose of the Target Equity; except for the relevant restrictions such as pledge, proxy voting, exclusive purchase right, etc. established under the Contractual Arrangements, there are no other trust, agency or shareholding arrangements on the Target Equity, and the Target Equity is not subject to any other pledge, mortgage, guarantee or other Encumbrance, and there is no pending, threatened or potentially pending dispute, claim, lawsuit, arbitration, enforcement, administrative proceeding or other legal proceeding regarding any aspect of the Target Equity.

3.2 Investor's Representations and Warranties.

The Investor represents and warrants to the Transferor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Investor is an entity duly established and validly existing under the laws of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Investor has taken all necessary actions (including but not limited to obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement shall constitute a valid, binding and legally enforceable document against the Investor upon its formal execution by the Parties or their authorized representatives;
- (d) Non-Contravention. The execution, delivery and performance of this Agreement and other Transaction Documents to which it is a party by the Investor will not violate any Law or any order of any other Governmental Authority, will not violate its internal constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, and will not violate any document, contract or agreement to which it is a contracting party, or any document, contract or agreement binding on it or its assets.

3.3 Company Parties' Representations and Warranties.

The Company Parties hereby jointly and severally represent and warrant to the Investor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status. Each Group Company is an entity duly established and validly existing under the laws of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents.
- (b) Due Authorization and Binding Effect. The execution and performance of this Agreement by the Company Parties are their true intentions and they have obtained all necessary legal authorization, and are bound by all the terms and conditions of this Agreement.
- (c) No Conflict. The execution and performance of this Agreement by the Company Parties will not violate or conflict with their articles of association, internal regulations, contracts with third parties, laws, regulations, approvals or permits from relevant competent authorities, court judgments, rulings or orders; the Company Parties have obtained all necessary third-party consents or authorizations (if any) required for the transactions under the Transaction Documents. Except for the purpose of fulfilling the Transaction, material contracts between the Group Companies and any other entity will not be terminated or materially affected by the execution or performance of the Transaction Documents.
- (d) Business Permits and Compliance with Laws. Except as disclosed in the annual reports of the listed company within the QSG group or in separate written documents, all authorizations, permits and third-party consents required by the Group Companies for their current business operations have been obtained and are fully valid and effective, and from the Execution Date to the Closing Date, there is no circumstance indicating that such authorizations or permits are likely to be revoked. The business scope detailed in the articles of association of the Group Companies complies with the requirements of Chinese law, and the Group Companies carry out their business activities in all material respects in accordance with the business scope stipulated in their articles of association and the provisions of Applicable Laws.
- (e) Third-Party Investment Arrangements. The Company Parties have not reached or entered into any agreement or arrangement with any institution or individual that is related to this Agreement or may have any impact on the transaction under this Agreement.
- (f) Capital Structure. Except as disclosed in the Transaction Documents or in separate written documents, the capital structure of the Group Companies as recorded in the filings with the competent registration authorities and in the articles of association and amendments thereof of the Group Companies provided by the Companies to the Investor is fully consistent with the information disclosed by the Companies to the Investor. Except as disclosed in the Transaction Documents or in separate written documents, the shareholders of the Group Companies have contributed and paid in full and on time the registered capital/shares they beneficially hold in the Group Companies in accordance with the Group Companies' articles of association and/or Applicable Laws. There are no pledges, claims, encumbrances, other restrictions or assertions of rights on the equity of the Group Companies, and there are no undisclosed agreements or arrangements regarding the interests in the Group Companies.

- (g) Intellectual Property. The Group Companies legally own or have the licensed use rights, interests and rights to the intellectual property necessary for conducting their principal business. Except as disclosed in separate written documents, the Group Companies do not need to use any intellectual property in which any third party has any right, ownership or interest to carry out their principal business, and the continued operation of such products by the Group Companies does not violate any license agreement signed by the Group Companies or infringe any rights of any third party. The Group Companies have not infringed or illegally used any intellectual property in which any third party has any right, ownership or interest, nor have they licensed or permitted any third party to use any of the Group Companies' intellectual property; there are no pending claims, disputes, litigations or arbitrations requiring the Group Companies to compensate for infringement of any third party's intellectual property, trade secrets, proprietary information or other similar rights; and there are no known circumstances of any third party infringing the intellectual property legally owned by the Group Companies.
- (h) Financial Statements. The financial statements or bank statements (or financial data and information provided in other means acceptable to the Investor) prepared in accordance with their applicable standards and provided by the Group Companies to the Investor, in all material respects, completely, accurately and fairly reflect the financial position of each Group Company as of June 30, 2025 (the "**Financial Statement Date**"), and are consistent with the books, vouchers and financial records of the Group Companies. All payments made by or on behalf of the Group Companies have been properly recorded in accordance with the law. All receivables and payables of the Group Companies are genuine and valid. The Group Companies do not have any liabilities and contingent liabilities exceeding RMB 100,000 in aggregate that should be disclosed but have not been disclosed in their financial statements (or notes thereto) according to the accounting standards applicable to them ("**Material Liabilities and Contingent Liabilities**"), nor do they have any Material Liabilities and Contingent Liabilities that are not required to be disclosed under the accounting standards applicable to them but have or may have a material adverse effect on the financial condition or production and operation of the Group Companies.
- (i) Employees. Except as disclosed in separate written documents, the employment of employees by the Group Companies has in all material aspects complied with the laws applicable to them and their commitments to local government authorities, and the Group Companies have in all material aspects complied with the laws and agreement requirements regarding social insurance and housing provident fund to pay due employee benefits. There are no material pending labor disputes or conflicts between the Group Companies and their current or former employees.

- (j) Taxation. The Group Companies have completed all necessary tax registrations required by Applicable Law in accordance with Applicable Law. The Group Companies have, in all material respects, paid all taxes levied on them or their assets in full and on time in accordance with the requirements of Applicable Law, and there are no material fines, penalties or late payment surcharges.
- (k) Information Disclosure. All information disclosed by the Company Parties in relation to this Agreement is true, complete and accurate, contains no false or misleading information, and there are no material matters that should have been disclosed but were omitted to be disclosed.

3.4 Registered Shareholder's Representations and Warranties

Shenzhen Erwan, as the registered shareholder of the Target Equity, represents and warrants to the Investor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Registered Shareholder is an entity duly established and validly existing under the laws and regulations of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Registered Shareholder has taken all necessary actions (including but not limited to obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement shall constitute a valid, binding and legally enforceable document against the Registered Shareholder upon its formal execution by the Parties or their authorized representatives;
- (d) Non-Contravention. The execution, delivery and performance of this Agreement and other Transaction Documents to which it is a party by the Registered Shareholder will not violate any Law or any order of any other Governmental Authority, will not violate its internal constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, and will not violate any document, contract or agreement to which it is a contracting party, or any document, contract or agreement binding on it or its assets;
- (e) Ownership of Target Equity. With respect to the Target Equity to be transferred to the Investor, the Registered Shareholder is only the shareholder of record with the market supervision administration department and is not the beneficial shareholder and does not substantially enjoy the ownership rights and interests of the Target Equity; the Transferor is the beneficial shareholder of the target companies, has substantial ownership rights and interests in the Target Equity, and has the right to dispose of the Target Equity.

ARTICLE 4 CONDITIONS TO CLOSING

4.1 Conditions Precedent to Investor's Closing. The Investor's obligation to effect the closing and pay the Equity Transfer Price as stipulated in Article 2 of this Agreement is subject to the satisfaction or written waiver by the Investor of each of the following conditions (the "**Closing Conditions**"). For the purpose of achieving the closing, the Parties agree that if the Closing Conditions set forth in this Article are not satisfied by September 30, 2025, they shall automatically be converted into post-closing obligations to be fulfilled by the relevant parties after the Closing, provided that the Investor has the right to waive the following conditions at any time:

- (a) All Transaction Documents related to the Transaction have been executed by the relevant parties, and this Agreement and other Transaction Documents have become effective accordingly;
- (b) The Transferor has obtained all approvals, consents and waivers required to complete the Transaction, including but not limited to the resolutions/decisions approving the Transaction;
- (c) The Company Parties shall have obtained all approvals, consents and waivers required to complete the Transaction, including but not limited to the resolutions/decisions approving the Transaction;
- (d) Beijing Liangzizhige and Shenzhen Erwan have executed the necessary legal documents for the release of the equity pledge on Beijing Feierlai and Beijing Chuangyuqizhi and have completed the deregistration procedures for the equity pledge release with the market supervision administration department;
- (e) The parties to the Contractual Arrangements have executed termination agreements in the form set out in Annex II for the rescission and termination of the Contractual Arrangements;
- (f) The representations and warranties of the Transferor set forth in Article 3.1, the representations and warranties of the Company Parties set forth in Article 3.3, and the representations and warranties of the Registered Shareholder set forth in Article 3.4 of this Agreement are true, accurate and complete and not misleading as of the Execution Date and the Closing Date;
- (g) The Investor has completed legal, financial and business due diligence on the Companies with results satisfactory to the Investor (the execution of this Agreement by the Investor shall be deemed as the satisfaction of this Closing Condition);

- (h) The Investor shall have obtained its internal approvals for the Transaction (the execution of this Agreement by the Investor shall be deemed as the satisfaction of this Closing Condition);
- (i) The Transferor has issued a payment notice in form and substance acceptable to the Transferee;
- (j) QSG has obtained all approvals required under all applicable laws, regulations and rules of the United States and relevant U.S. governmental agencies (including but not limited to the Nasdaq Stock Market listing rules) for the Transaction (if applicable);
- (k) The Company Parties have fully performed their obligations and responsibilities under this Agreement that are required to be performed prior to the Closing Date;
- (l) There is no circumstance that has a Material Adverse Effect on the business operations, financial condition or assets of the Group Companies;
- (m) There is no applicable law, judgment, ruling, order or injunction of any court, arbitration institution or relevant governmental authority that restricts, prohibits or cancels the Transaction, nor is there any pending or potential litigation, arbitration, judgment, ruling, order or injunction that has had or will have a Material Adverse Effect on the Transaction;
- (n) The Company Parties have issued a closing certificate to the Investor certifying that all Closing Conditions under Article 4.1 of this Agreement have been satisfied and have provided corresponding supporting documents.

4.2 Best Efforts. From the Execution Date until the Closing Date, the Transferor and the Company Parties shall use their reasonable best efforts to cause the various Closing Conditions stipulated in this Article 4 to be satisfied as early as possible.

ARTICLE 5 UNDERTAKINGS

5.1 Interim Undertakings

From the Execution Date to the Closing Date, the Transferor and the Company Parties respectively undertake to the Investor the following matters:

- 5.1.1 Operation in Ordinary Course of Business. The Group Companies shall, and the Transferor shall cause the Group Companies to, conduct their business in the ordinary course of business, and shall use their best efforts to preserve the business organization intact, maintain relationships with third parties, retain present management and employees, and maintain the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).

- 5.1.2 Provision of Information. During the normal business hours of the Group Companies, the Group Companies shall, and the Transferor shall cause the Group Companies to, provide the Investor and its representatives with materials concerning the Group Companies as reasonably requested by them, including but not limited to fully providing the Investor's appointed lawyers and other representatives with all accounts, records, contracts, technical materials, personnel materials, management information and other documents of the Group Companies. The Company Parties agree that the Investor has the right to conduct prudent review of the financial, asset and operational conditions of the Group Companies at any time prior to the Closing Date. In addition, for any breach of this Agreement by the Company Parties that has occurred, the Company Parties shall promptly notify the Investor in writing of such breach.

The Transferor and the Company Parties shall promptly notify the Investor in writing of the following matters and discuss the impact of the following matters on the Group Companies with the Investor, thereby ensuring that the Group Companies will operate stably in a reasonable manner:

- (a) Any changes in the equity structure, financial condition, assets, liabilities, business, prospects or operations of the Group Companies that have or may have a Material Adverse Effect on the Group Companies; and
- (b) The progress of government department approvals/registrations (if applicable).

- 5.1.3 Third Party Transactions. The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, officers and representatives to (a) deal exclusively with the Investor and its Affiliates on an exclusive basis in connection with the Transaction; (b) not carry out any other transaction similar to the Transaction or inconsistent with the transactions contemplated by the Transaction Documents (any such transaction referred to as a "**Third Party Transaction**"); (c) immediately terminate any discussions or negotiations with any person regarding a Third Party Transaction and thereafter not conduct or carry out discussions or negotiations with any person regarding a Third Party Transaction, nor provide any information to any person regarding a Third Party Transaction; and (d) not encourage any inquiry or proposal regarding a possible Third Party Transaction or take any other action to facilitate such inquiry or proposal. If the Company Parties receive any inquiry from any other party regarding a possible Third Party Transaction, they shall promptly notify the Investor.

5.1.4 Restrictions on Actions. Without limiting the generality of Article 5.1.1 hereof, unless with the prior written consent of the Investor, the Transferor shall, within its capacity, cause the Group Companies not to take, and the Group Companies shall not take, the following actions (except for actions required by the Transaction):

- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge or redeem any registered capital or equity;
- (b) Take any action that may result in the dilution of the Company equity held by the Investor after the Closing, by amending its articles of association or through reorganization, merger, sale of equity, consolidation or sale of assets or otherwise;
- (c) Sell, lease, transfer, license or dispose of any assets, except in the ordinary course of business consistent with past practices;
- (d) Incur or create any liabilities, responsibilities, obligations or expenses exceeding RMB 100,000 in aggregate (or equivalent in other currencies), except those incurred in the ordinary course of business;
- (e) Make any capital expenditure exceeding RMB 100,000 (or equivalent in other currencies), except those made in the ordinary course of business;
- (f) Create any Encumbrance on any asset;
- (g) License any intellectual property of the Group Companies to external parties, allow any intellectual property of the Group Companies to expire, be abandoned, dedicated or waived, or disclose any material trade secrets, formulas, processes, proprietary know-how or other intellectual property of the Group Companies that were not publicly known prior to such disclosure, except as required by law or disclosed under a confidentiality agreement;
- (h) Enter into any material contract outside the ordinary course of business, amend or adjust any material terms of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay and make any dividend distribution or allocation;
- (j) Enter into any transaction with an Affiliate;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interest in any other entity;
- (m) Adopt or pass any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;

- (n) Take any other actions that may have actual or potential adverse effects on the transaction under this Agreement or that may have any actual or potential adverse effects on the operation and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including but not limited to signing investment intention letters, commitment letters, or consent letters.

5.2 Undertakings Related to the Transaction

QSG undertakes to fulfill the necessary disclosure, filing or registration requirements for the Transaction in accordance with all applicable laws, regulations and rules of the United States and relevant U.S. governmental agencies (including but not limited to the Nasdaq Stock Market listing rules), and the Investor undertakes to provide necessary cooperation for the foregoing matters.

5.3 Post-Closing Undertakings

After the Closing Date, the Company Parties jointly and severally undertake to the Investor the following matters:

- 5.4.1 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all material respects with all Applicable Laws, and that any and all necessary permits and licenses of the Group Companies are legal, valid and fully effective. If any matter or activity involved in the principal business requires relevant business permits according to relevant Applicable Laws or government department requirements, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.
- 5.4.2 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, use rights and relevant government registrations for all intellectual property (including but not limited to patents, trademarks, copyrights, proprietary know-how, domain names and trade secrets, etc.) required for their principal business, take sufficient measures to protect such intellectual property, and shall ensure not to infringe or illegally use any intellectual property in which any third party has any right, ownership or interest. If it involves intellectual property jointly developed by the Company and a third party, the Company shall ensure that it has independent or co-ownership or exclusive use rights to such intellectual property. If the Company Parties fail to timely obtain the intellectual property related to their principal business or the use authorization for such intellectual property, or their business operations infringe the intellectual property of a third party as the rights holder, the Company Parties shall resolve the issue as soon as possible to avoid or reduce material damage to the Investor's investment interests under this Transaction caused by such matters.

- 5.4.3 Labor, Social Insurance and Housing Fund. The Group Companies listed in Annex I shall, in all material respects, contribute social insurance premiums and housing provident fund for all employees who have signed labor contracts in accordance with the requirements of Applicable Laws, and withhold and remit individual income tax in full and on time in accordance with the law.

Unless otherwise provided by Applicable Law, the Group Companies shall not release any employee or consultant bound by non-competition, non-solicitation, intellectual property protection or similar restrictive obligations from such obligations, or be negligent in enforcing any such non-competition, non-solicitation, intellectual property protection or similar restrictive commitments against any such employee or consultant.

- 5.4.4 Taxation. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all relevant laws applicable to taxation, and that corresponding taxes and levies are paid in full and on time in accordance with the law. In addition, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all tax preferential treatments (if any) that they should enjoy in relation to the business of the Group Companies.
- 5.4.5 Capital Contribution. The Company Parties shall cause the shareholders of the Group Companies to complete the payment of the registered capital of the Group Companies in accordance with laws, regulations and the articles of association of the Group Companies.
- 5.4.6 Change of Directors and Management. Except for Beijing Feierlai and Beijing Chuangyuqizhi which shall perform in accordance with Article 2.3, the Company Parties shall, after the Closing Date, within the time period required by the Investor, register the legal representative, directors and manager of the Group Companies listed in Annex I as persons designated by the Investor and provide supporting documents to the Investor.

5.4 **Post-Closing Operational Support Arrangements**

Beijing Liangzizhige, the Company Parties and the Investor hereby confirm that for the purpose of the stable operation of the Group Companies after the Closing, (1) with respect to the premises currently used by the Group Companies that are leased or owned by QSG, Beijing Liangzizhige agrees to continue to provide such premises to the Group Companies for their AMR registration and daily operations, (2) Beijing Liangzizhige agrees to provide financial and tax record keeping, filing and other daily support services for finance and taxation to the Group Companies as requested by them, (3) other operational support services agreed upon through consultation between Beijing Liangzizhige and the Group Companies (collectively referred to as the “**Post-Closing Operational Support Services**”); the term of the aforementioned Post-Closing Operational Support Services shall be 6 months, commencing from the Closing Date. Upon expiry of the service term, the service term may be extended upon mutual agreement by the relevant parties, and if no agreement is reached, the relevant Post-Closing Operational Support Services shall terminate; the service fees for the aforementioned Post-Closing Operational Support Services shall be determined through consultation between Beijing Liangzizhige, the relevant Group Companies and the Investor.

ARTICLE 6 TRANSACTION EXPENSES

- 6.1 Payment of Taxes and Levies. Each Party shall, in accordance with the relevant Applicable Laws and regulations, bear all taxes and levies related to the execution, delivery and performance of this Agreement, and shall pay such taxes and levies in full and on time as stipulated by the Applicable Laws and regulations.

ARTICLE 7 INDEMNIFICATION

- 7.1 Indemnification. If any Party (the “**Breaching Party**”) causes any other Party (the “**Non-Breaching Party**”) to suffer losses (including direct liabilities, damages, claims, costs and expenses (including reasonable attorney’s fees) arising from such matters) due to any of the following events, it shall indemnify the Non-Breaching Party for all such losses:
- (a) Any representation, statement or warranty made by the Breaching Party under Article 3.1, 3.2, 3.3 or 3.4 of this Agreement is untrue or contains a material omission, or the Breaching Party breaches any representation, statement or warranty made by it thereunder; or
 - (b) The Breaching Party fails to perform or improperly performs any of its obligations under this Agreement (including but not limited to its relevant obligations and undertakings under Article 5) or fails to comply with any other provisions of this Agreement.

ARTICLE 8 EFFECTIVENESS AND TERMINATION

- 8.1 Effectiveness. This Agreement shall become effective upon its formal execution by the Parties and their authorized representatives.
- 8.2 Termination. Prior to the Closing Date, this Agreement may be terminated under the following circumstances:
- (a) The Parties unanimously agree in writing to terminate this Agreement;
 - (b) If any Party materially breaches its obligations under this Agreement, the Non-Breaching Party shall have the right to terminate this Agreement by notifying the other Parties in writing, and may require the Breaching Party to compensate for its losses or damages in accordance with the provisions of this Agreement; or

- (c) If the Closing Conditions stipulated in Article 4.1 of this Agreement cannot be fulfilled within one hundred and eighty (180) days after the execution of this Agreement or by another date agreed upon by the Parties through consultation, any Party shall have the right to terminate this Agreement by notifying the other Parties in writing, specifying the effective date of termination in the notice.

If this Agreement is terminated pursuant to this Article 8.2, no new rights or obligations shall arise for any Party, provided that the rights and obligations of each Party that have already arisen as of the date of termination of this Agreement (including indemnification obligations arising from breach of this Agreement) shall not be affected by the termination of this Agreement.

- 8.3 If this Agreement is terminated by any Party in accordance with Article 8.2 hereof, and if the Transferee has paid any part of the Equity Transfer Price by then, the relevant receiving party shall refund to the Transferee the entire Equity Transfer Price paid by the Transferee within ten (10) business days (the “**Refund Period**”) from the date of receipt of the written termination notice.

ARTICLE 9 CONFIDENTIALITY AND NON-DISCLOSURE

- 9.1 Confidentiality. The terms and conditions of this Agreement and all annexes, as well as all subsequent amendments and restatements hereof (including the existence of this Agreement, its annexes and such amendments and restatements) shall be deemed confidential information. Except as provided in Article 9.2 and Article 9.3, no Party shall disclose such confidential information to any third party without the prior written consent of the other Parties.

- 9.2 Statutory Compulsory Disclosure Obligations. If any Party or its Affiliate has a statutory compulsory obligation (including but not limited to under relevant securities laws and regulations) or is required by a competent Governmental Authority to disclose any confidential information regarding the Transaction, or the existence or any terms or conditions of this Agreement, the Party required to disclose shall (i) promptly provide the other Parties with written notice indicating such fact, and shall use its best efforts to obtain confidential treatment for such information to be disclosed as requested by the other Parties; (ii) make disclosure only to the extent required; and (iii) provide the other Parties with accurate details of any such disclosure.

- 9.3 Non-Applicable Circumstances. The provisions of this Article 9 shall not apply to the following circumstances:

- (a) Disclosure of confidential information to a Party’s Affiliate or its professional advisors for purposes reasonably related to this Agreement or the Transaction;
- (b) Information independently developed by the receiving Party without use of the confidential information, or such confidential information obtained by the receiving Party from a third party entitled to disclose it;

- (c) Confidential information that becomes publicly known through no breach of this Agreement by the receiving Party; or
- (d) The statutory compulsory disclosure obligations stipulated in Article 9.2 of this Agreement.

9.4 Term of Confidentiality Obligations. The confidentiality obligations of the Parties under this Article 9 shall remain in full force and effect permanently from the effective date of this Agreement, and shall not be affected by the termination, suspension, rescission of this Agreement or any Party ceasing to be a party to this Agreement.

ARTICLE 10 GOVERNING LAW AND DISPUTE RESOLUTION

- 10.1 Governing Law. The formation, validity, interpretation, performance and dispute resolution of this Agreement shall be governed by the laws of China, and shall be interpreted in accordance therewith.
- 10.2 Dispute Resolution. Any dispute arising from or in connection with the performance of this Agreement shall be resolved by the Parties through friendly consultations. If the dispute cannot be resolved through consultations, any Party shall have the right to submit the dispute to, then any Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission (CIETAC) for arbitration in accordance with its arbitration rules then in effect. The place of arbitration shall be Beijing. The arbitral award shall be final and binding upon the Parties.
- 10.3 Continued Performance. During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations hereunder.

ARTICLE 11 MISCELLANEOUS

- 11.1 Use of Name. Unless with the prior written consent of Beijing Liangzizhige, no Party (other than Beijing Liangzizhige) under this Agreement shall use, publicize or copy any of the following names for any marketing, advertising or promotional purposes: (i) the name of Beijing Liangzizhige or any of its Affiliates, including but not limited to Beijing Liangzizhige, QuantaSing, QSG, etc.; (ii) the name or portrait of any partner, director or supervisor of Beijing Liangzizhige or its Affiliates; and/or (iii) any name, trademark or logo similar to the foregoing.
- 11.2 Binding Effect and Non-Transferability. This Agreement shall be binding on the successors of the Parties, and such successors shall enjoy the relevant rights and assume the relevant obligations. Without the prior written consent of the other Parties, no Party shall have the right to assign any of its rights and obligations under this Agreement.

- 11.3 Waiver. The failure or delay of any Party to exercise any right, power or privilege under this Agreement shall not be deemed as a waiver thereof; nor shall any single or partial waiver of the exercise of any right, power or privilege preclude any other or further exercise thereof.
- 11.4 Facilitation of Transaction. The Parties agree to use their best efforts to facilitate the completion of the Transaction. The Parties further agree that, in order to achieve the ultimate purpose of the Transaction, if any matter requires further clarification or adjustment of the relevant matters stipulated in this Agreement during the course of the Transaction, the Parties shall negotiate in good faith and enter into supplementary agreements or other forms of legal documents to supplement the provisions on such matters, so as to promote the smooth completion of the Transaction.
- 11.5 Amendment. Any supplement or amendment to this Agreement shall be effective only upon execution of a written document by the Parties.
- 11.6 Severability. If any provision of this Agreement is invalid or unenforceable for any reason (including but not limited to conflict with mandatory provisions of Applicable Law), it shall not affect the validity of the other provisions. After good faith negotiation by the Parties, such invalid or unenforceable provision may be replaced by a valid and enforceable provision that most closely approximates the original intent of the Parties.
- 11.7 Notices. All notices, requests and other communications required under this Agreement shall be in writing. A notice delivered in person shall be deemed served upon the recipient's signed receipt; any notice sent by mail shall be sent by registered mail or express delivery, registered mail shall be deemed served on the seventh (7th) day after posting, and express delivery shall be deemed served upon the recipient's signed receipt; a notice sent by email shall be deemed served when the email system shows that the recipient has actually received it:
- [***] (*List of notice addresses*)
- Any Party may change its above notice address by notifying the other Party in writing in accordance with the provisions of this Article 11.7.
- 11.8 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire understanding of the Parties with respect to the subject matter of this Agreement, and supersede all prior letters of intent, agreements, commitments, arrangements, communications, statements and/or warranties, whether written or oral, between the Parties or any of their responsible persons, employees or representatives with respect to the same subject matter.
- 11.9 Language and Copies. This Agreement is written in Chinese and executed in five (5) originals, with the Company Parties holding two (2) originals collectively, and each of the other Parties holding one (1) original. This Agreement may be executed by the Parties in separate counterparts, and regardless of how such separately executed counterparts are delivered, they shall be deemed originals and not copies. Each set of counterparts executed by the Parties shall together constitute one and the same agreement.

- 11.10 For the purpose of submitting the relevant agreement documents for this equity transfer to the market supervision administration department, tax department or other relevant government departments in accordance with relevant laws and regulations to complete the corresponding government administrative procedures, the Parties agree that the relevant parties shall execute the government document version in Annex III of this Agreement (for the avoidance of doubt, if the government document version shown in Annex III needs to be modified at the request of the market supervision administration department, the Transferor and the Transferee shall separately negotiate and confirm the modification content). The provisions of this Agreement shall be deemed as supplements and/or amendments to the government documents, and shall have the same legal effect as the government documents. The government documents and this Agreement together constitute the entire agreement between the Parties regarding the subject matter of this Agreement; provided, however, that if there is any conflict between the government documents and this Agreement, the provisions of this Agreement shall prevail.
- 11.11 Annexes. All annexes to this Agreement shall form an integral part hereof.

(No text below on this page, signature pages follow)

(No text on this page, this is the signature page of the “Domestic Equity Transfer Agreement”)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Investor: Nanjing Shangdexinyuan Equity Investment Partnership (Limited Partnership)

_____/s/ Seal _____

Signature: /s/ Xiangjing Tang
Name: Xiangjing Tang
Title: Authorized Representative

(No text on this page, this is the signature page of the “Domestic Equity Transfer Agreement”)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Transferor: Beijing Liangzizhige Technology Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Peng Li
Name: Peng Li
Title: Authorized Representative

Company Party: Feierlai (Beijing) Technology Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Peng Li
Name: Peng Li
Title: Authorized Representative

Company Party: Beijing Chuangyuqizhi Technology Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Peng Li
Name: Peng Li
Title: Authorized Representative

(No text on this page, this is the signature page of the “Domestic Equity Transfer Agreement”)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Registered Shareholder: Shenzhen Erwan Education Technology Co., Ltd.

_____/s/ Seal _____

Signature: /s/ Peng Li
Name: Peng Li
Title: Authorized Representative

ANNEX I
LIST OF GROUP COMPANIES

ANNEX II
TERMINATION AGREEMENT

ANNEX III
GOVERNMENT DOCUMENT VERSION

IN ACCORDANCE WITH ITEM 601(B)(10)(IV) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

OVERSEAS EQUITY TRANSFER AGREEMENT

This OVERSEAS EQUITY TRANSFER AGREEMENT (this “**Agreement**”) is entered into by and among the following parties on September 30, 2025 (the “**Execution Date**”):

- (1) **China Top Alliance Investment Limited**, a company duly incorporated and validly existing under the laws of the British Virgin Islands, with its registered address at Vistra Corporate Services Centre, Wickham’s Cay II, Road Town, Tortola, British Virgin Islands (the “**Investor**” or “**Transferee**”);
- (2) **QuantaSing Group Limited**, a company duly incorporated and validly existing under the laws of the Cayman Islands, with its registered address at Ugland House, PO Box 309, Grand Cayman KY1-1104, Cayman Islands (the “**QSG**” or “**Transferor**”);
- (3) **QuantaSing International Limited**, a company duly incorporated and validly existing under the laws of the Cayman Islands, with its registered address at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands (the “**QS International**”);
- (4) **Rare River Group Limited**, a company duly incorporated and validly existing under the laws of the Cayman Islands, with its registered address at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands (the “**Rare River**”, and together with **QS International**, the “**Companies**” or “**Company Parties**”).

Each of the above parties shall be referred to individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS:

1. As of the Execution Date, QS International and Rare River are wholly-owned subsidiaries of QSG, and therefore QSG holds the entire equity interests in the Companies (collectively referred to as the “**Target Equity**”).
 2. The Investor intends to acquire the entire Target Equity from QSG, and through the acquisition of the Target Equity, thereby enjoy the shareholder rights and interests in the Group Companies (the “**Transaction**”).
-

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

ARTICLE 1 GENERAL PROVISIONS

1.1 Definitions. Unless otherwise specified in other provisions of this Agreement, the following terms shall have the meanings set forth below:

“**Transaction**” shall have the meaning set forth in the preamble of this Agreement.

“**Affiliate**” or “**Affiliated Party**”, with respect to any natural person, means his/her lineal relatives (i.e., the natural person’s parents, spouse, siblings and their spouses, children and their spouses), the trustee of any trust for the benefit of such natural person and/or his/her lineal relatives, and any other entity directly or indirectly, solely or jointly, controlled by such natural person and/or his/her lineal relatives; with respect to any entity other than a natural person, means any other entity that controls, is controlled by, or is under common control with such entity. “Control” as used in the preceding definition means one party directly or indirectly holding at least fifty percent (50%) of the voting rights in the decision-making body of the other party.

“**Closing Date**” shall have the meaning set forth in Article 2.2 of this Agreement, i.e., September 30, 2025.

“**Transaction Documents**” means the relevant legal documents executed by the Parties hereto for the purpose of regulating the Transaction, including but not limited to this Agreement and the ancillary and supplementary documents related to the Transaction.

“**Encumbrance**” means any form of encumbrance that has been created and has a material adverse effect on the object or right encumbered, including but not limited to any mortgage, pledge, lien or other restriction on rights.

“**Taxes and Levies**” means any national or local, foreign or other type of enterprise income tax, value-added tax, consumption tax, customs duty, stamp duty or any other type of tax, levy, assessment or charge (whether they are payable directly or by withholding) imposed by any tax authority, and any interest, penalties, surcharges or other costs incurred in respect of “Taxes and Levies” or related thereto.

“**Governmental Authority**” means any nation or government, province, autonomous region, municipality or other political subdivision thereof, and any entity exercising any administrative, legislative, judicial, regulatory or similar functions of or pertaining to government.

“**Group Companies**” means Rare River, QS International, their overseas and domestic subsidiaries listed in Annex I, and any entities established or to be established or acquired in the future in which the aforementioned entities directly or indirectly (including but not limited to through arrangements with third parties) hold controlling interests (including, but not limited to, subsidiaries, branches, partnerships, representative offices, or other forms of entities).

1.2 Interpretation. For purposes of this Agreement, unless the context otherwise requires:

- (i) “Entity” shall be construed as including any natural person, firm, company, corporation, other body corporate, government agency, state or state organ, any joint venture, association, partnership or employee representative body (whether or not having separate legal personality).
- (ii) “Law”, unless otherwise specified, with respect to China, means all laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, letters, orders, decrees or other restrictive provisions of any Governmental Authority within its jurisdiction; “Applicable Law”, with respect to any Entity, means the publicly available, effective and applicable laws, regulations, rules, decrees, judicial interpretations, and legally binding guidelines, written opinions, written notices, letters, orders, decrees or other restrictive provisions of any Governmental Authority applicable to such Entity or binding on such Entity or any of its properties.
- (iii) “Third Party” means any Entity other than the Parties to this Agreement.
- (iv) “Business Day” means any day on which banks in China, the United States, and the Cayman Islands are generally open for business, excluding Saturdays, Sundays and statutory holidays in China, the United States, and the Cayman Islands.
- (v) “Day” means a calendar day. However, if any action is required to be taken or any obligation is to be performed on any non-Business Day (i.e., any Saturday, Sunday or public holiday in China), such action or obligation may be postponed until the next Business Day.
- (vi) References to articles, clauses, paragraphs or annexes in this Agreement shall, unless otherwise stated, refer to the corresponding articles, clauses, paragraphs or annexes of this Agreement.
- (vii) The headings contained in the table of contents and the articles and clauses of this Agreement are for convenience of reference only and shall not affect the actual meaning of the relevant provisions.

ARTICLE 2 THE TRANSACTION

2.1 The Transaction. Subject to the terms and conditions set forth herein, and specifically subject to the Investor’s compliance with the arrangements for assuming the debt obligations corresponding to the Group Companies’ Net Liabilities under Article 2.2(e), QSG agrees to transfer all of the Target Equity it holds to the Investor for an equity transfer price of US\$2,500,000 (the “**Equity Transfer Price**”), and the Investor agrees to acquire such Target Equity.

Upon completion of the Transaction, Rare River and QS International shall become wholly-owned subsidiaries of the Investor, and the Investor shall, through holding the Target Equity, enjoy the shareholder rights and interests in the Group Companies.

2.2 Closing and Payment of Equity Transfer Consideration.

- (a) With respect to the equity transfer described in Article 2.1 hereof, the Transferee shall pay the entire Equity Transfer Price payable by it to the following bank account designated by the Transferor (the “**Transferor’s Account**”) within twelve (12) Business Days after the date when all the closing conditions set forth in Article 4.1 are satisfied or explicitly waived in writing by the Transferee, or within another period agreed upon by the Transferor and the Transferee.

The receiving account information for QSG is as follows:

[***]

- (b) The Transferor shall provide written confirmation to the Transferee on the day it receives the Equity Transfer Price paid by the Transferee. With respect to the equity transfer listed in Article 2.1, September 30, 2025 shall be the “**Closing Date**” for the Transaction. The Transferee shall obtain all shareholder rights to the Target Equity from the Closing Date and assume all shareholder obligations and responsibilities. For the avoidance of doubt, the payment of the Equity Transfer Price shall not affect the closing of the Transaction, and the Transferor has the right to require the Transferee to pay the entire Equity Transfer Price in full on or after the Closing Date in accordance with the provisions of this Agreement, and the Transferee shall perform the obligation to pay the Equity Transfer Price.
- (c) On the Closing Date or at another time acceptable to the Investor, Rare River and QS International shall, and the Transferor shall cause Rare River and QS International to, deliver the following documents: (i) deliver to the Investor an Instrument of Transfer in the form set out in **Annex II** duly executed by QSG, (ii) deliver to the Investor a copy of the share certificate(s) of the Companies reflecting the Investor’s holding of the Target Equity (such copy shall be certified by a director of the relevant Company in writing as conforming to the original); (iii) deliver to the Investor a copy of the register of members of the Companies corresponding to the Target Equity (such copy shall be certified by the registered agent of the relevant Company in writing as conforming to the original), to reflect the Investor as the holder of the Target Equity and the shareholder of all issued shares of the Companies; (iv) deliver to the Investor a copy of the register of directors of Rare River and QS International (such copy shall be certified by the registered agent of the relevant Company in writing as conforming to the original), to reflect the director appointed by the Investor as the sole director of the Companies; (v) deliver to the Investor the original share certificate(s) representing the Target Equity held by QSG; (vi) deliver all other documents and items required to be delivered by the Company Parties at closing under Article 4.1. Within fifteen (15) Business Days after the Closing, the Companies shall deliver to the Investor the original share certificate(s) of the Companies reflecting the Investor’s holding of the Target Equity, duly executed.

- (d) On the Closing Date, the Group Companies shall deliver to the Investor in a manner required by the Investor: (i) all their historical or current registration certificates/business licenses, registers of shareholders, registers of directors, permits, articles of association or other organizational documents; (ii) all company seals; (iii) the account numbers, passwords, U-Keys and similar objects (if any) for all bank accounts opened by them; (iv) originals of all agreements executed by them (if any); and (v) other company documents held by them or reasonably requested by the Investor.
- (e) The Transferor and the Transferee confirm that, from the Closing Date, the Transferee shall assume the debt obligations corresponding to all the adjusted net liabilities at the consolidated level as of the Financial Statement Date (June 30, 2025) as shown in the books of the Group Companies and recognized by both the Transferor and the Transferee, as well as the changes in new net assets/liabilities arising between June 30, 2025 and the Closing Date and recognized by both the Transferor and the Transferee (hereinafter referred to as the “**Group Companies Net Liabilities**”). The specific amount and content shall be separately confirmed in writing by the Transferor and the Transferee on the Closing Date. From the Closing Date, the Transferee shall bear all responsibilities and obligations corresponding to the Group Companies Net Liabilities, and the Transferor shall no longer bear any responsibilities or obligations.
- (f) The Transferor and the Transferee confirm that the beneficial ownership of the Target Equity and the corresponding responsibilities, obligations and risks shall all transfer to the Transferee from the Closing Date; and the pricing and other arrangements for the Transaction are determined based on the overall financial condition of the Group Companies as of the Financial Statement Date (June 30, 2025). All operating results, asset appreciation or depreciation, and liability changes from the Financial Statement Date to the Closing Date shall not affect the pricing of the Transaction and shall be enjoyed or borne by the Transferee; the delivery requirements stipulated in Article 2.2(c) and (d) and other closing matters stipulated under this Agreement shall not affect the effectiveness of the transfer of beneficial ownership and corresponding responsibilities, obligations and risks of the Target Equity to the Transferee from the Closing Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Transferor's Representations and Warranties.

The Transferor represents and warrants to the Investor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Transferor is an entity duly established and validly existing under the laws and regulations of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;
- (b) Authorization. As of the Closing Date, the Transferor has taken all necessary actions (including but not limited to obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement shall constitute a valid, binding and legally enforceable document against the Transferor upon its formal execution by the Parties or their authorized representatives;
- (d) Non-Contravention. The execution, delivery and performance of this Agreement and other Transaction Documents to which it is a party by the Transferor will not violate any Law or any order of any other Governmental Authority, will not violate its internal constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, and will not violate any document, contract or agreement to which it is a contracting party, or any document, contract or agreement binding on it or its assets;
- (e) Ownership of Target Equity. With respect to the Target Equity held by the Transferor and to be transferred to the Investor, it has complete ownership interests in the Target Equity, is the sole legal owner of the Target Equity, and has the right to transfer the Target Equity in accordance with the law; there are no trust, agency or shareholding arrangements on the Target Equity it holds, and the Target Equity is not subject to any pledge, mortgage, guarantee or other Encumbrance, and there is no pending, threatened or potentially pending dispute, claim, lawsuit, arbitration, enforcement, administrative proceeding or other legal proceeding regarding any aspect of the Target Equity it holds.

3.2 Investor's Representations and Warranties.

The Investor represents and warrants to the Transferor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status and Capacity. The Investor is an entity duly established and validly existing under the laws of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents;

- (b) Authorization. As of the Closing Date, the Investor has taken all necessary actions (including but not limited to obtaining all required internal approvals and third-party consents) and has been duly authorized to execute, deliver and perform this Agreement and other Transaction Documents (if applicable);
- (c) Binding Effect. This Agreement shall constitute a valid, binding and legally enforceable document against the Investor upon its formal execution by the Parties or their authorized representatives;
- (d) Non-Contravention. The execution, delivery and performance of this Agreement and other Transaction Documents to which it is a party by the Investor will not violate any Law or any order of any other Governmental Authority, will not violate its internal constitutional documents, will not violate any court judgment, ruling, arbitral award, administrative decision or order that is binding on or applicable to it, and will not violate any document, contract or agreement to which it is a contracting party, or any document, contract or agreement binding on it or its assets.

3.3 Company Parties' Representations and Warranties.

The Company Parties hereby jointly and severally represent and warrant to the Investor that each of the following representations and warranties is true, accurate, complete and not misleading as of the Execution Date and the Closing Date:

- (a) Legal Status. Each Group Company is an entity duly established and validly existing under the laws of its place of establishment, and has full and independent legal status and civil capacity to execute, deliver and perform the Transaction Documents.
- (b) Due Authorization and Binding Effect. The execution and performance of this Agreement by the Company Parties are their true intentions and they have obtained all necessary legal authorization, and are bound by all the terms and conditions of this Agreement.
- (c) No Conflict. The execution and performance of this Agreement by the Company Parties will not violate or conflict with their articles of association, internal regulations, contracts with third parties, laws, regulations, approvals or permits from relevant competent authorities, court judgments, rulings or orders; the Company Parties have obtained all necessary third-party consents or authorizations (if any) required for the transactions under the Transaction Documents. Material contracts between the Group Companies and any other entity will not be terminated or materially affected by the execution or performance of the Transaction Documents.

- (d) Business Permits and Compliance with Laws. All authorizations, permits and third-party consents required by the Group Companies for their current business operations have been obtained and are fully valid and effective, and from the Execution Date to the Closing Date, there is no circumstance indicating that such authorizations or permits are likely to be revoked. The business scope detailed in the articles of association of the Group Companies complies with the requirements of Chinese law, and the Group Companies carry out their business activities in all material respects in accordance with the business scope stipulated in their articles of association and the provisions of Applicable Laws.
- (e) Third-Party Investment Arrangements. The Company Parties have not reached or entered into any agreement or arrangement with any institution or individual that is related to this Agreement or may have any impact on the transaction under this Agreement.
- (f) Capital Structure. Except as disclosed in separate written documents, the capital structure of the Group Companies as recorded in the filings with the competent registration authorities and in the articles of association and amendments thereof of the Group Companies (if they are domestic companies) provided by the Companies to the Investor is fully consistent with the information disclosed by the Companies to the Investor. Except as disclosed in separate written documents, the shareholders of the Group Companies have contributed and paid in full and on time the registered capital/shares they beneficially hold in the Group Companies in accordance with the Group Companies' articles of association and/or Applicable Laws. There are no pledges, claims, encumbrances, other restrictions or assertions of rights on the equity of the Group Companies, and there are no undisclosed agreements or arrangements regarding the interests in the Group Companies.
- (g) Intellectual Property. The Group Companies legally own or have the licensed use rights, interests and rights to the intellectual property necessary for conducting their principal business. Except as disclosed in separate written documents, the Group Companies do not need to use any intellectual property in which any third party has any right, ownership or interest to carry out their principal business, and the continued operation of such products by the Group Companies does not violate any license agreement signed by the Group Companies or infringe any rights of any third party. The Group Companies have not infringed or illegally used any intellectual property in which any third party has any right, ownership or interest, nor have they licensed or permitted any third party to use any of the Group Companies' intellectual property; there are no pending claims, disputes, litigations or arbitrations requiring the Group Companies to compensate for infringement of any third party's intellectual property, trade secrets, proprietary information or other similar rights; and there are no known circumstances of any third party infringing the intellectual property legally owned by the Group Companies.

- (h) Financial Statements. The financial statements or bank statements (or financial data and information provided in other means acceptable to the Investor) prepared in accordance with their applicable standards and provided by the Group Companies to the Investor, in all material respects, completely, accurately and fairly reflect the financial position of each Group Company as of June 30, 2025 (the “**Financial Statement Date**”), and are consistent with the books, vouchers and financial records of the Group Companies. All payments made by or on behalf of the Group Companies have been properly recorded in accordance with the law. All receivables and payables of the Group Companies are genuine and valid. The Group Companies do not have any liabilities and contingent liabilities exceeding RMB 100,000 in aggregate that should be disclosed but have not been disclosed in their financial statements (or notes thereto) according to the accounting standards applicable to them (“**Material Liabilities and Contingent Liabilities**”), nor do they have any Material Liabilities and Contingent Liabilities that are not required to be disclosed under the accounting standards applicable to them but have or may have a material adverse effect on the financial condition or production and operation of the Group Companies.
- (i) Employees. Except as disclosed in separate written documents, the employment of employees by the Group Companies has in all material aspects complied with the laws applicable to them and their commitments to local government authorities, and the Group Companies have in all material aspects complied with the laws and agreement requirements regarding social insurance and housing provident fund to pay due employee benefits. There are no material pending labor disputes or conflicts between the Group Companies and their current or former employees.
- (j) Taxation. The Group Companies have completed all necessary tax registrations required by Applicable Law in accordance with Applicable Law. The Group Companies have, in all material respects, paid all taxes levied on them or their assets in full and on time in accordance with the requirements of Applicable Law, and there are no material fines, penalties or late payment surcharges.
- (k) Information Disclosure. All information disclosed by the Company Parties in relation to this Agreement is true, complete and accurate, contains no false or misleading information, and there are no material matters that should have been disclosed but were omitted to be disclosed.

ARTICLE 4 CONDITIONS TO CLOSING

4.1 Conditions Precedent to Investor's Closing. The Investor's obligation to effect the closing and pay the Equity Transfer Price as stipulated in Article 2 of this Agreement is subject to the satisfaction or written waiver by the Investor of each of the following conditions (the "**Closing Conditions**"). For the purpose of achieving the closing, the Parties agree that if the Closing Conditions set forth in this Article are not satisfied by September 30, 2025, they shall automatically be converted into post-closing obligations to be fulfilled by the relevant parties after the Closing, provided that the Investor has the right to waive the following conditions at any time:

- (a) All Transaction Documents related to the Transaction have been executed by the relevant parties, and this Agreement and other Transaction Documents have become effective accordingly;
- (b) The Transferor shall have obtained all approvals, consents and waivers required to complete the Transaction, including but not limited to the resolutions/decisions approving the Transaction;
- (c) The Company Parties shall have obtained all approvals, consents and waivers required to complete the Transaction, including but not limited to the resolutions/decisions approving the Transaction;
- (d) The representations and warranties of the Transferor set forth in Article 3.1 and the representations and warranties of the Company Parties set forth in Article 3.3 of this Agreement are true, accurate and complete and not misleading as of the Execution Date and the Closing Date;
- (e) The Investor has completed legal, financial and business due diligence on the Companies with results satisfactory to the Investor (the execution of this Agreement by the Investor shall be deemed as the satisfaction of this Closing Condition);
- (f) The Investor shall have obtained its internal approvals for the Transaction (the execution of this Agreement by the Investor shall be deemed as the satisfaction of this Closing Condition);
- (g) The Transferor has issued a payment notice in form and substance acceptable to the Transferee;
- (h) QSG has obtained all approvals required under all applicable laws, regulations and rules of the United States and relevant U.S. governmental agencies (including but not limited to the Nasdaq Stock Market listing rules) for the Transaction (if applicable);
- (i) The Company Parties have fully performed their obligations and responsibilities under this Agreement that are required to be performed prior to the Closing Date;
- (j) There is no circumstance that has a Material Adverse Effect on the business operations, financial condition or assets of the Group Companies;
- (k) There is no applicable law, judgment, ruling, order or injunction of any court, arbitration institution or relevant governmental authority that restricts, prohibits or cancels the Transaction, nor is there any pending or potential litigation, arbitration, judgment, ruling, order or injunction that has had or will have a Material Adverse Effect on the Transaction;
- (l) The Company Parties have issued a closing certificate to the Investor certifying that all Closing Conditions under Article 4.1 of this Agreement have been satisfied and have provided corresponding supporting documents.

- 4.2 Best Efforts. From the Execution Date until the Closing Date, the Transferor and the Company Parties shall use their reasonable best efforts to cause the various Closing Conditions stipulated in this Article 4 to be satisfied as early as possible.

ARTICLE 5 UNDERTAKINGS

5.1 Interim Undertakings

From the Execution Date to the Closing Date, the Transferor and the Company Parties respectively undertake to the Investor the following matters:

- 5.1.1 Operation in Ordinary Course of Business. The Group Companies shall, and the Transferor shall cause the Group Companies to, conduct their business in the ordinary course of business, and shall use their best efforts to preserve the business organization intact, maintain relationships with third parties, retain present management and employees, and maintain the status quo of all assets and properties owned or used by the Group Companies (ordinary wear and tear excepted).
- 5.1.2 Provision of Information. During the normal business hours of the Group Companies, the Group Companies shall, and the Transferor shall cause the Group Companies to, provide the Investor and its representatives with materials concerning the Group Companies as reasonably requested by them, including but not limited to fully providing the Investor's appointed lawyers and other representatives with all accounts, records, contracts, technical materials, personnel materials, management information and other documents of the Group Companies. The Company Parties agree that the Investor has the right to conduct prudent review of the financial, asset and operational conditions of the Group Companies at any time prior to the Closing Date. In addition, for any breach of this Agreement by the Company Parties that has occurred, the Company Parties shall promptly notify the Investor in writing of such breach.

The Transferor and the Company Parties shall promptly notify the Investor in writing of the following matters and discuss the impact of the following matters on the Group Companies with the Investor, thereby ensuring that the Group Companies will operate stably in a reasonable manner:

- (a) Any changes in the equity structure, financial condition, assets, liabilities, business, prospects or operations of the Group Companies that have or may have a Material Adverse Effect on the Group Companies; and
- (b) The progress of government department approvals/registrations (if applicable).

- 5.1.3 Third Party Transactions. The Company Parties shall, and shall cause their Affiliates and advisors and their respective directors, officers and representatives to (a) deal exclusively with the Investor and its Affiliates on an exclusive basis in connection with the Transaction; (b) not carry out any other transaction similar to the Transaction or inconsistent with the transactions contemplated by the Transaction Documents (any such transaction referred to as a “**Third Party Transaction**”); (c) immediately terminate any discussions or negotiations with any person regarding a Third Party Transaction and thereafter not conduct or carry out discussions or negotiations with any person regarding a Third Party Transaction, nor provide any information to any person regarding a Third Party Transaction; and (d) not encourage any inquiry or proposal regarding a possible Third Party Transaction or take any other action to facilitate such inquiry or proposal. If the Company Parties receive any inquiry from any other party regarding a possible Third Party Transaction, they shall promptly notify the Investor.
- 5.1.4 Restrictions on Actions. Without limiting the generality of Article 5.1.1 hereof, unless with the prior written consent of the Investor, the Transferor shall, within its capacity, cause the Group Companies not to take, and the Group Companies shall not take, the following actions (except for actions required by the Transaction):
- (a) Increase, decrease, distribute, issue, acquire, repay, transfer, pledge or redeem any registered capital or equity;
 - (b) Take any action that may result in the dilution of the Company equity held by the Investor after the Closing, by amending its articles of association or through reorganization, merger, sale of equity, consolidation or sale of assets or otherwise;
 - (c) Sell, lease, transfer, license or dispose of any assets, except in the ordinary course of business consistent with past practices;
 - (d) Incur or create any liabilities, responsibilities, obligations or expenses exceeding RMB100,000 in aggregate (or equivalent in other currencies), except those incurred in the ordinary course of business;
 - (e) Make any capital expenditure exceeding RMB100,000 (or equivalent in other currencies), except those made in the ordinary course of business;
 - (f) Create any Encumbrance on any asset;
 - (g) License any intellectual property of the Group Companies to external parties, allow any intellectual property of the Group Companies to expire, be abandoned, dedicated or waived, or disclose any material trade secrets, formulas, processes, proprietary know-how or other intellectual property of the Group Companies that were not publicly known prior to such disclosure, except as required by law or disclosed under a confidentiality agreement;

- (h) Enter into any material contract outside the ordinary course of business, amend or adjust any material terms of any material contract, or agree to terminate any material contract, or amend any contract or agreement to make it a material contract;
- (i) Declare, pay and make any dividend distribution or allocation;
- (j) Enter into any transaction with an Affiliate;
- (k) Implement any acquisition or become a party to any acquisition;
- (l) Establish any subsidiary or acquire any equity or other interest in any other entity;
- (m) Adopt or pass any employee incentive plan of the Group Companies, or grant restricted equity/options to employees or make commitments to grant restricted equity/options;
- (n) Take any other actions that may have actual or potential adverse effects on the transaction under this Agreement or that may have any actual or potential adverse effects on the operation and business of the Group Companies; or
- (o) Agree or commit to take any of the above actions, including but not limited to signing investment intention letters, commitment letters, or consent letters.

5.2 Undertakings Related to the Transaction

QSG undertakes to fulfill the necessary disclosure, filing or registration requirements for the Transaction in accordance with all applicable laws, regulations and rules of the United States and relevant U.S. governmental agencies (including but not limited to the Nasdaq Stock Market listing rules), and the Investor undertakes to provide necessary cooperation for the foregoing matters.

5.3 Post-Closing Undertakings

After the Closing Date, the Company Parties jointly and severally undertake to the Investor the following matters:

- 5.4.1 Compliance. The Company Parties shall ensure that all actions of the Group Companies comply in all material respects with all Applicable Laws, and that any and all necessary permits and licenses of the Group Companies are legal, valid and fully effective. If any matter or activity involved in the principal business requires relevant business permits according to relevant Applicable Laws or government department requirements, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, take all necessary measures and actions to apply for such business permits in a timely manner.

5.4.2 Intellectual Property. The Group Companies shall ensure the timely acquisition of legal ownership, use rights and relevant government registrations for all intellectual property (including but not limited to patents, trademarks, copyrights, proprietary know-how, domain names and trade secrets, etc.) required for their principal business, take sufficient measures to protect such intellectual property, and shall ensure not to infringe or illegally use any intellectual property in which any third party has any right, ownership or interest. If it involves intellectual property jointly developed by the Company and a third party, the Company shall ensure that it has independent or co-ownership or exclusive use rights to such intellectual property. If the Company Parties fail to timely obtain the intellectual property related to their principal business or the use authorization for such intellectual property, or their business operations infringe the intellectual property of a third party as the rights holder, the Company Parties shall resolve the issue as soon as possible to avoid or reduce material damage to the Investor's investment interests under this Transaction caused by such matters.

5.4.3 Labor, Social Insurance and Housing Fund. The domestic entities among the Group Companies listed in Annex I shall, in all material respects, contribute social insurance premiums and housing provident fund for all employees who have signed labor contracts in accordance with the requirements of Applicable Laws, and withhold and remit individual income tax in full and on time in accordance with the law.

Unless otherwise provided by Applicable Law, the Group Companies shall not release any employee or consultant bound by non-competition, non-solicitation, intellectual property protection or similar restrictive obligations from such obligations, or be negligent in enforcing any such non-competition, non-solicitation, intellectual property protection or similar restrictive commitments against any such employee or consultant.

5.4.4 Taxation. The Company Parties shall use their best efforts to ensure that all actions of the Group Companies comply with all relevant laws applicable to taxation, and that corresponding taxes and levies are paid in full and on time in accordance with the law. In addition, the Group Companies shall, and the other Company Parties shall cause the Group Companies to, use their best commercial efforts to obtain and maintain all tax preferential treatments (if any) that they should enjoy in relation to the business of the Group Companies.

5.4.5 Capital Contribution. The Company Parties shall cause the shareholders of the Group Companies to complete the payment of the registered capital of the Group Companies in accordance with laws, regulations and the articles of association of the Group Companies.

5.4.6 Change of Directors and Management. The Company Parties shall, after the Closing Date, within the time period required by the Investor, complete the following matters and provide supporting documents to the Investor:

- (a) The sole director of all overseas entities among the Group Companies listed in Annex I has been registered as the person designated by the Investor;
- (b) The legal representative, directors and manager of all domestic entities among the Group Companies listed in Annex I have been registered as persons designated by the Investor.

ARTICLE 6 TRANSACTION EXPENSES

6.1 Payment of Taxes and Levies. Each Party shall, in accordance with the relevant Applicable Laws and regulations, bear all taxes and levies related to the execution, delivery and performance of this Agreement, and shall pay such taxes and levies in full and on time as stipulated by the Applicable Laws and regulations.

The Transferor shall bear all taxes and levies involved in the Transaction, and shall timely and properly submit tax declarations and/or disclosure documents related to the Transaction to the competent tax authority (the “**Competent Tax Authority**”) in accordance with the time limits and requirements of Applicable Laws (and the submission method shall comply with the provisions of Applicable Laws).

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification. If any Party (the “**Breaching Party**”) causes any other Party (the “**Non-Breaching Party**”) to suffer losses (including direct liabilities, damages, claims, costs and expenses (including reasonable attorney’s fees) arising from such matters) due to any of the following events, it shall indemnify the Non-Breaching Party for all such losses:

- (a) Any representation, statement or warranty made by the Breaching Party under Article 3.1, 3.2 or 3.3 of this Agreement is untrue or contains a material omission, or the Breaching Party breaches any representation, statement or warranty made by it thereunder; or
- (b) The Breaching Party fails to perform or improperly performs any of its obligations under this Agreement (including but not limited to its relevant obligations and undertakings under Article 5) or fails to comply with any other provisions of this Agreement.

ARTICLE 8 EFFECTIVENESS AND TERMINATION

8.1 Effectiveness. This Agreement shall become effective upon its formal execution by the Parties and their authorized representatives.

8.2 Termination. Prior to the Closing Date, this Agreement may be terminated under the following circumstances:

- (a) The Parties unanimously agree in writing to terminate this Agreement;
- (b) If any Party materially breaches its obligations under this Agreement, the Non-Breaching Party shall have the right to terminate this Agreement by notifying the other Parties in writing, and may require the Breaching Party to compensate for its losses or damages in accordance with the provisions of this Agreement; or
- (c) If the Closing Conditions stipulated in Article 4.1 of this Agreement cannot be fulfilled within one hundred and eighty (180) days after the execution of this Agreement or by another date agreed upon by the Parties through consultation, any Party shall have the right to terminate this Agreement by notifying the other Parties in writing, specifying the effective date of termination in the notice.

If this Agreement is terminated pursuant to this Article 8.2, no new rights or obligations shall arise for any Party, provided that the rights and obligations of each Party that have already arisen as of the date of termination of this Agreement (including indemnification obligations arising from breach of this Agreement) shall not be affected by the termination of this Agreement.

8.3 If this Agreement is terminated by any Party in accordance with Article 8.2 hereof, and if the Transferee has paid any part of the Equity Transfer Price to the Transferor by then, the Transferor shall refund to the Transferee the entire Equity Transfer Price paid by the Transferee within ten (10) business days (the “**Refund Period**”) from the date of receipt of the written termination notice.

ARTICLE 9 CONFIDENTIALITY AND NON-DISCLOSURE

9.1 Confidentiality. The terms and conditions of this Agreement and all annexes, as well as all subsequent amendments and restatements hereof (including the existence of this Agreement, its annexes and such amendments and restatements) shall be deemed confidential information. Except as provided in Article 9.2 and Article 9.3, no Party shall disclose such confidential information to any third party without the prior written consent of the other Parties.

9.2 Statutory Compulsory Disclosure Obligations. If any Party or its Affiliate has a statutory compulsory obligation (including but not limited to under relevant securities laws and regulations) or is required by a competent Governmental Authority to disclose any confidential information regarding the Transaction, or the existence or any terms or conditions of this Agreement, the Party required to disclose shall (i) promptly provide the other Parties with written notice indicating such fact, and shall use its best efforts to obtain confidential treatment for such information to be disclosed as requested by the other Parties; (ii) make disclosure only to the extent required; and (iii) provide the other Parties with accurate details of any such disclosure.

9.3 Non-Applicable Circumstances. The provisions of this Article 9 shall not apply to the following circumstances:

- (a) Disclosure of confidential information to a Party's Affiliate or its professional advisors for purposes reasonably related to this Agreement or the Transaction;
- (b) Information independently developed by the receiving Party without use of the confidential information, or such confidential information obtained by the receiving Party from a third party entitled to disclose it;
- (c) Confidential information that becomes publicly known through no breach of this Agreement by the receiving Party; or
- (d) The statutory compulsory disclosure obligations stipulated in Article 9.2 of this Agreement.

9.4 Term of Confidentiality Obligations. The confidentiality obligations of the Parties under this Article 9 shall remain in full force and effect permanently from the effective date of this Agreement, and shall not be affected by the termination, suspension, rescission of this Agreement or any Party ceasing to be a party to this Agreement.

ARTICLE 10 GOVERNING LAW AND DISPUTE RESOLUTION

10.1 Governing Law. The formation, validity, interpretation, performance and dispute resolution of this Agreement shall be governed by the laws of Hong Kong, and shall be interpreted in accordance therewith.

10.2 Dispute Resolution. Any dispute arising from or in connection with the performance of this Agreement shall be resolved by the Parties through friendly consultations. If the dispute cannot be resolved through consultations, any party to the dispute shall have the right to submit the dispute to the Hong Kong International Arbitration Centre ("HKIAC") for arbitration in accordance with the HKIAC Administered Arbitration Rules in effect at the time the notice of arbitration is submitted, and a final award shall be rendered. The seat of arbitration shall be Hong Kong. The arbitral tribunal shall consist of three arbitrators, one of whom shall be appointed by the claimant in the dispute, one by the respondent in the dispute, and the third arbitrator shall be appointed by the Chairman of the HKIAC. The arbitration proceedings shall be conducted in Chinese, and all written awards and correspondence shall be issued in Chinese. The prevailing party in the arbitration shall have the right to request compensation for its reasonable costs (including attorney's fees and translation costs) incurred in connection with the arbitration. Notwithstanding the foregoing, during the arbitration proceedings, any party to the arbitration shall have the right to initiate judicial proceedings at any time to seek interim injunctive relief; provided that such interim injunctive relief shall be subject to the final arbitral award.

- 10.3 Continued Performance. During the dispute resolution period, the Parties shall continue to enjoy their respective other rights under this Agreement and shall continue to perform their corresponding obligations hereunder.

ARTICLE 11 MISCELLANEOUS

- 11.1 Use of Name. Unless with the prior written consent of QSG, no Party (other than Beijing Liangzizhige) under this Agreement shall use, publicize or copy any of the following names for any marketing, advertising or promotional purposes: (i) the name of Beijing Liangzizhige or any of its Affiliates, including but not limited to Beijing Liangzizhige, QuantaSing, QSG, etc.; (ii) the name or portrait of any partner, director or supervisor of Beijing Liangzizhige or its Affiliates; and/or (iii) any name, trademark or logo similar to the foregoing.
- 11.2 Binding Effect and Non-Transferability. This Agreement shall be binding on the successors of the Parties, and such successors shall enjoy the relevant rights and assume the relevant obligations. Without the prior written consent of the other Parties, no Party shall have the right to assign any of its rights and obligations under this Agreement.
- 11.3 Waiver. The failure or delay of any Party to exercise any right, power or privilege under this Agreement shall not be deemed as a waiver thereof; nor shall any single or partial waiver of the exercise of any right, power or privilege preclude any other or further exercise thereof.
- 11.4 Facilitation of Transaction. The Parties agree to use their best efforts to facilitate the completion of the Transaction. The Parties further agree that, in order to achieve the ultimate purpose of the Transaction, if any matter requires further clarification or adjustment of the relevant matters stipulated in this Agreement during the course of the Transaction, the Parties shall negotiate in good faith and enter into supplementary agreements or other forms of legal documents to supplement the provisions on such matters, so as to promote the smooth completion of the Transaction.
- 11.5 Amendment. Any supplement or amendment to this Agreement shall be effective only upon execution of a written document by the Parties.
- 11.6 Severability. If any provision of this Agreement is invalid or unenforceable for any reason (including but not limited to conflict with mandatory provisions of Applicable Law), it shall not affect the validity of the other provisions. After good faith negotiation by the Parties, such invalid or unenforceable provision may be replaced by a valid and enforceable provision that most closely approximates the original intent of the Parties.
- 11.7 Notices. All notices, requests and other communications required under this Agreement shall be in writing. A notice delivered in person shall be deemed served upon the recipient's signed receipt; any notice sent by mail shall be sent by registered mail or express delivery, registered mail shall be deemed served on the seventh (7th) day after posting, and express delivery shall be deemed served upon the recipient's signed receipt; a notice sent by email shall be deemed served when the email system shows that the recipient has actually received it:

[***] (*List of notice addresses*)

Any Party may change its above notice address by notifying the other Party in writing in accordance with the provisions of this Article 11.7.

- 11.8 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire understanding of the Parties with respect to the subject matter of this Agreement, and supersede all prior letters of intent, agreements, commitments, arrangements, communications, statements and/or warranties, whether written or oral, between the Parties or any of their responsible persons, employees or representatives with respect to the same subject matter.
- 11.9 Language and Copies. This Agreement is written in Chinese and executed in four (4) originals, with the Company Parties holding two (2) originals collectively, and each of the other Parties holding one (1) original. This Agreement may be executed by the Parties in separate counterparts, and regardless of how such separately executed counterparts are delivered, they shall be deemed originals and not copies. Each set of counterparts executed by the Parties shall together constitute one and the same agreement.
- 11.10 Annexes. All annexes to this Agreement shall form an integral part hereof.

(No text below on this page, signature pages follow)

(No text on this page, this is the signature page of the “Overseas Equity Transfer Agreement”)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Investor: China Top Alliance Investment Limited

Signature: /s/ Weiwei Bi
Name: Weiwei Bi
Title: Authorized Representative

(No text on this page, this is the signature page of the “Overseas Equity Transfer Agreement”)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Transferor: QuantaSing Group Limited

Signature: /s/ Peng Li
Name: Peng Li
Title: Authorized Representative

Company Party: QuantaSing International Limited

Signature: /s/ Dong Xie
Name: Dong Xie
Title: Authorized Representative

Company Party:Rare River Group Limited

Signature: /s/ Dong Xie
Name: Dong Xie
Title: Authorized Representative

ANNEX I: LIST OF GROUP COMPANIES

ANNEX II INSTRUMENT OF TRANSFER

Instrument of Transfer

List of Principal Subsidiaries and Affiliated Entities

Subsidiaries	Place of Incorporation
CreaVerse Group Limited	Cayman Islands
CreaVerse Group (BVI) Limited	BVI
CreaVerse Technology (Singapore) Pte. Limited	Singapore
CreaVerse Technology (HK) Limited	Hong Kong
Shenzhen Chaowan World Information Technology Co., Ltd.	PRC
Shenzhen Yiqi Culture Co., Ltd.	PRC
Hundreds of Mountains Limited	BVI
Witty Digital Technology Limited	Hong Kong
Beijing Liangzizhige Technology Co., Ltd.	PRC
Affiliated Entities	Place of Incorporation
Feierlai (Beijing) Technology Co., Ltd.	PRC
Beijing Chuangyuqizhi Technology Co., Ltd.	PRC
Beijing Shijiwanhe Information Consultancy Co., Ltd.	PRC
Beijing Denggaoerge Network Technology Co., Ltd.	PRC
Mingde Jianyou (Beijing) Technology Co., Ltd.	PRC

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Peng Li, certify that:

1. I have reviewed this annual report on Form 20-F of QuantaSing Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

October 31, 2025

By: /s/ Peng Li
Name: Peng Li
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Dong Xie, certify that:

1. I have reviewed this annual report on Form 20-F of QuantaSing Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

October 31, 2025

By: /s/ Dong Xie
Name: Dong Xie
Title: Chief Financial Officer

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of QuantaSing Group Limited (the “Company”) on Form 20-F for the fiscal year ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peng Li, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 31, 2025

By: /s/ Peng Li
Name: Peng Li
Title: Chief Executive Officer

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of QuantaSing Group Limited (the “Company”) on Form 20-F for the fiscal year ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dong Xie, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 31, 2025

By: /s/ Dong Xie
Name: Dong Xie
Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-270986) of QuantaSing Group Limited of our report dated October 31, 2025 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
October 31, 2025



Our ref VSL/675748-000005/25911537v1

QuantaSing Group Limited
2/F, Building D, Ronsin Technology Center
Chaoyang District, Beijing 100102
People's Republic of China

31 October 2025

Dear Sirs

QuantaSing Group Limited

We have acted as legal advisers as to the laws of the Cayman Islands to QuantaSing Group Limited, an exempted company incorporated in the Cayman Islands with limited liability (the “**Company**”), in connection with the filing by the Company with the United States Securities and Exchange Commission (the “**SEC**”) of an annual report on Form 20-F for the year ended 30 June 2025 (the “**Annual Report**”).

We hereby consent to the reference to our firm under the heading “Item 10. Additional Information—E. Taxation—Cayman Islands Taxation” in the Annual Report.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP



澄明律師

CM Law
Firm021-52526819
www.cm-law.com.cn2805, Phase II, Plaza 66, 1366
West Nanjing Road, Shanghai

Date: October 31, 2025

QuantaSing Group Limited
2/F, Building D, Ronsin Technology Center
Chaoyang District, Beijing 100102
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference to our firm and the summary of our opinion under the headings, “Item 3. Key Information—Permissions and Licenses Required from the PRC Authorities for Our Operations and Overseas Securities Offerings”, “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations”, “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure” and “Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements” in QuantaSing Group Limited’s Annual Report on Form 20-F for the year ended June 30, 2025 (the “**Annual Report**”), which will be filed with the Securities and Exchange Commission (the “**SEC**”) in the month of October 2025. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

/s/ CM Law Firm

CM Law Firm