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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 4  
TO  
FORM F-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**Jianzhi Education Technology Group Company Limited**

(Exact name of Registrant as specified in its charter)

Not Applicable  
(Translation of Registrant's name into English)

Cayman Islands	8220	Not Applicable
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

27/F, Tower A, Yingdu Building, Zhichun Road  
Haidian District, Beijing 100086  
People's Republic of China  
+86 10 58732560

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Cogency Global Inc.  
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*Copies to:*

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**Approximate date of commencement of proposed sale to the public: as soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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<sup>†</sup> provided pursuant to Section 7(a)(2)(B) of the Securities Act.

<sup>†</sup> 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.

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**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Proposed maximum aggregate offering price<sup>(2)(3)</sup></b>	<b>Amount of registration fee</b>
Ordinary shares, par value US\$0.0001 per share <sup>(1)(2)</sup>	US\$ 50,000,000	US\$ 5,455

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- (1) American depositary shares issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-258293). Each American depositary share represents ordinary shares.
  - (2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public, and also includes ordinary shares that are issuable upon the exercise of the underwriters' option to purchase additional ADSs. These ordinary shares are not being registered for the purpose of sales outside the United States.
  - (3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting any offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

**PRELIMINARY PROSPECTUS (Subject to Completion)**

Dated \_\_\_\_\_, 2021

**American Depositary Shares**



**Jianzhi Education Technology Group Company Limited**

**Representing Ordinary Shares**

This is an initial public offering of American depositary shares, or ADSs, representing ordinary shares of Jianzhi Education Technology Group Company Limited. We are offering a total of \_\_\_\_\_ ADSs. Each ADS represents \_\_\_\_\_ of our ordinary shares, par value US\$0.0001 per share. The underwriters may also purchase up to \_\_\_\_\_ ADSs within 30 days from the date of this prospectus.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. We anticipate the initial public offering price per ADS will be between US\$ \_\_\_\_\_ and US\$ \_\_\_\_\_. We intend to apply for the listing of the ADSs representing our ordinary shares on the Nasdaq Global Select Market under the symbol "JZ."

**Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**We are an "emerging growth company" under the applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements. See "Risk Factors" beginning on page 21 for factors you should consider before investing in the ADSs.**

Jianzhi Education Technology Group Company Limited, or Jianzhi Education, is a Cayman Islands holding company primarily operating in China through its subsidiaries and contractual arrangements with variable interest entities (the "VIEs"), namely Beijing Sentu Technology Co., Ltd., a limited liability company established under PRC law ("Beijing Sentu"), and its subsidiaries. Jianzhi Education does not own any equity interest in the VIEs. PRC laws, regulations, and rules restrict and impose conditions on direct foreign investment in certain types of business, and we therefore operate these businesses in China through VIEs. For a summary of these contractual arrangements, see "Corporate History and Structure — Contractual Arrangements with Beijing Sentu and Its Shareholders." Investors in the ADSs thus are not purchasing, and may never directly hold, equity interests in the VIEs. As used in this prospectus, "we", "us", or "our" refers to Jianzhi Education and its subsidiaries.

Our corporate structure is subject to risks relating to our contractual arrangements with Beijing Sentu and its shareholders. If the PRC government finds these contractual arrangements non-compliant with the restrictions on direct foreign investment in the relevant industries, or if the relevant PRC laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs or forfeit our rights under the contractual arrangements. Jianzhi Education and investors in the ADSs face uncertainty about potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with Beijing Sentu and, consequently, significantly affect the financial condition and results of operations of Jianzhi Education. If we are unable to claim our right to control the assets of the VIEs, the ADSs may decline in value or become worthless. See "Risk Factors — Risks Related to Corporate Structure."

We face various legal and operational risks and uncertainties relating to doing business in China. We operate our business primarily in China, and are subject to complex and evolving PRC laws and regulations. For example, we face risks relating to regulatory approvals on overseas listings, oversight on cybersecurity and data privacy, and the lack of adequate PCAOB inspection on our auditors. Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protection available to you and us, hinder our ability to offer or continue to offer the ADSs, result in a material adverse effect on our business operations, and damage our reputation, which might further cause the ADSs to significantly decline in value or become worthless. See "Risk Factors — Risks Related to Doing Business in China."

**PRICE US\$ PER ADS**

	<b>Per ADS</b>	<b>Total</b>
Initial public offering price	US\$ _____	US\$ _____
Underwriting discounts and commissions <sup>(1)</sup>	US\$ _____	US\$ _____
Proceeds, before expenses, to us	US\$ _____	US\$ _____

(1) For a description of compensation payable to the underwriters, see "Underwriting."

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on \_\_\_\_\_, 2021.

**AMTD**

**Loop Capital Markets**

Prospectus dated \_\_\_\_\_, 2021



Lead the evolution of professional training in China  
through proprietary, localized digital education  
content



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You should rely only on the information contained in this prospectus or in any related free writing prospectus that we have filed with the Securities and Exchange Commission, or the SEC. We have not authorized anyone to provide you with information different from that contained in this prospectus or in any related free writing prospectus. We are offering to sell, and seeking offers to buy the ADSs offered hereby, but only under circumstances and in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

Neither we nor any of the underwriters has taken any action that would permit a public offering of the ADSs outside the United States or permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about, and observe any restrictions relating to, the offering of the ADSs and the distribution of this prospectus or any filed free writing prospectus outside the United States.

Until \_\_\_\_\_, 2021 (the 25<sup>th</sup> day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## Prospectus Summary

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, financial statements and related notes appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under “Risk Factors,” “Business,” and information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” before deciding whether to buy the ADSs.*

### Overview

Since being established, we, together with the VIEs, have been committed to developing educational content to fulfill the massive demand for high-quality, professional development training resources in China.

We, together with the VIEs, started operations by providing educational content products and IT services to higher education institutions. After the initial growth period, our and the VIEs’ products and brand have gained increasing recognition and acceptance by both higher education institutions and the general public. We, together with the VIEs, then initiated end-user business and started providing products to individual customers, and acquired companies in Shanghai and Guangzhou to facilitate further expansion in the end-user market. Today, we and the VIEs are a leading provider of digital educational content in China. According to the Frost & Sullivan Report, we and the VIEs were the seventh largest digital content provider for higher education in China in terms of the revenue derived from providing digital contents for higher education institutions in 2020, with revenues of RMB31.0 million representing a 1.1% market share. Leveraging our and the VIEs’ deep understanding into and rich experience in professional development training, as well as our and the VIEs’ strong curriculum development capabilities, we and the VIEs became the largest online career training services provider for higher education institutions in China in terms of revenue in 2020, with RMB31.0 million representing a market share of 65.5%, according to the Frost & Sullivan Report.

Since the beginning of 2019, the PRC Ministry of Education has issued a series of favorable policies to encourage talent development, aiming to consolidate high-quality online education resources, emphasize construction of innovative, comprehensive, and application-oriented curricula, and carry out extensive training in employability skills and employment and entrepreneurship training. At the same time, China’s online education market has maintained rapid growth in recent years. Moreover, with the impact of the COVID-19 pandemic in 2020, the Ministry of Education has promulgated policies to clearly encourage schools and educational institutions at various levels to conduct online teaching, which further promoted digital education and rapidly increased the penetration rate of online education. As such, the migration from offline education to online education has become a clear trend in China’s education industry. We and the VIEs have seized these market opportunities and established long-term and strategic business relationships with China’s leading telecommunications operators. We and the VIEs have leveraged the advantages of us and VIEs in vocational education and successfully established a synergistic and dynamic business system with educational content services as our and the VIEs’ backbone.

Leveraging our and the VIEs’ strong capabilities in developing proprietary professional development training content and success in consolidating educational content resources within the industry, we and the VIEs have successfully built up a comprehensive, multi-dimensional digital educational content database. As of June 30, 2021, our and the VIEs’ educational content library consisted of more than 29,700 online videos and video courses totaling approximately 5,500 hours, of which more than 71.5% were self-developed. Our and the VIEs’ educational content database offers a wide range of professional development products, including employability skills and entrepreneurship guidance courses, professional skills training courses, skill improvement courses and professional certification quiz banks. We and the VIEs embed proprietary digital education content into the self-developed online learning platforms, which are provided to a wide range of customers through our and the VIEs’ omni-channel sales system.

The VIEs offer products and services under two primary business models:

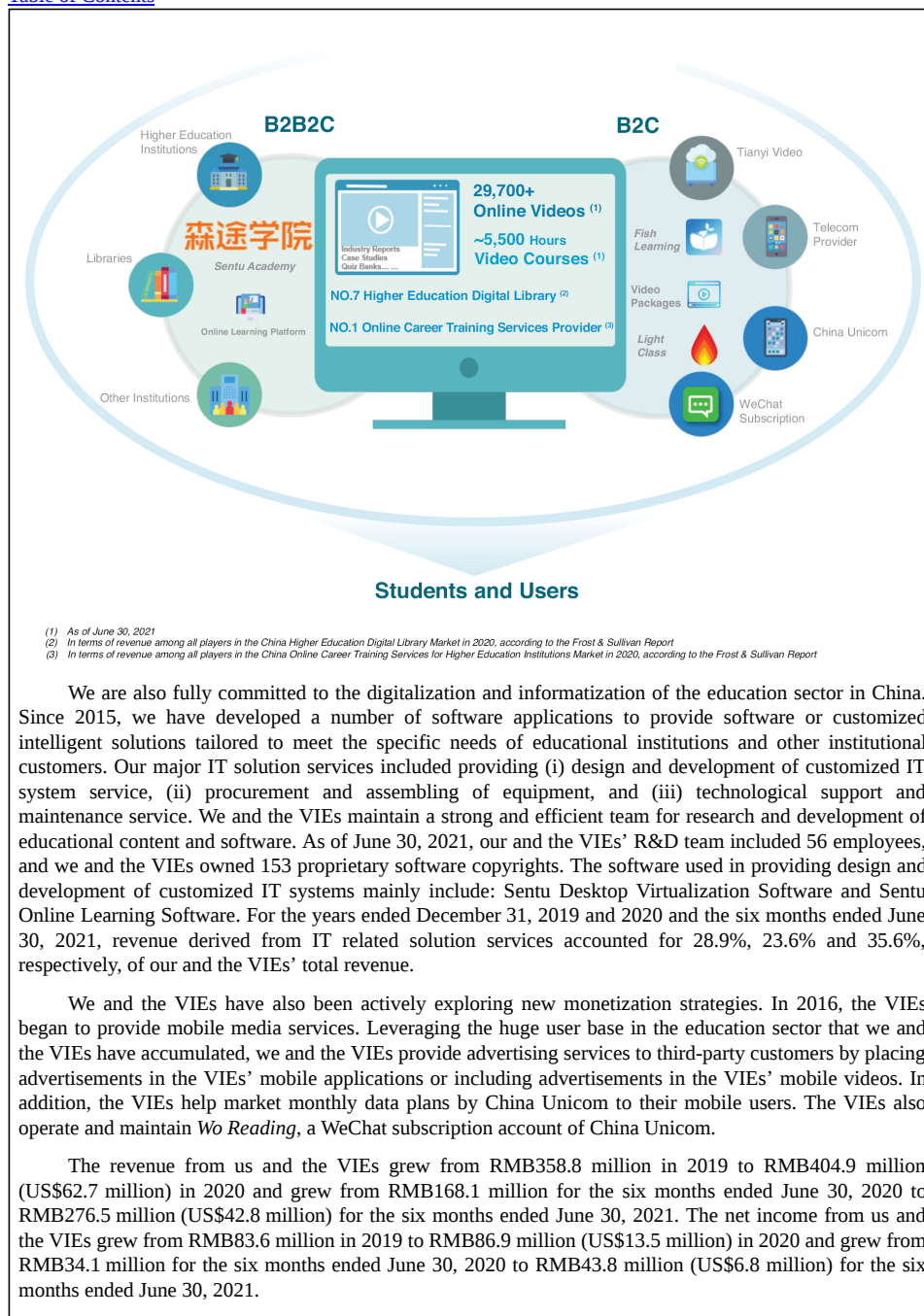
- **B2B2C Model**

- The VIEs sell subscriptions to proprietary online learning platforms, such as Sentu Academy, to higher education institutions and other academic institutions. The VIEs charge these institutional customers an upfront annual service fee. These subscriptions allow institutions to grant their students access to the VIEs’ digital educational content database through their respective local campus networks free of charge. As of June 30, 2021, the VIEs offered online learning platform services to approximately 2,000 higher education institutions in China.

- The VIEs also license to institutional customers, primarily public libraries and video websites, specific content from Sentu Academy chosen by them. These customers pay one-time licensing fees to access content without owning the copyrights, including downloading and storing such content locally. From January 1, 2019 to December 31, 2020, the VIEs provided products and services to 3 provincial libraries, 11 city libraries and 1 county library. For the six months ended June 30, 2021, the VIEs further developed 1 provincial library, 4 city libraries and 1 county library as new library customers.

- **B2C Model**

- The VIEs select employability skills and workplace etiquette related content from the educational content database of Sentu Academy, totaling 85.3 hours, and package them as the “Fish Learning” education database. The VIEs cooperate with Tianyi Video, a subsidiary of China Telecommunications Corporation, or China Telecom, and make the Fish Learning database available to individual customers through Tianyi Video’s platform. Individual customers can subscribe for monthly access to this content. The VIEs share revenue from this arrangement with Tianyi Video by being entitled to receive a percentage of the monthly subscription fee paid by mobile users pursuant to the cooperative agreements with Tianyi Video and based on the settlement bills issued by Tianyi Video.
- The VIEs cooperate with Telefen, a subsidiary of China Telecom, and provide a special mobile video package to China Telecom’s mobile users. The special mobile video package comprises six products related to artificial intelligence and big data, in total of approximately 22 hours as of June 30, 2021. China Telecom’s mobile users can redeem their reward points for permanent access to the video courses contained in the package.
- The VIEs compiled video content on entrepreneurship, workplace and IT training from Sentu Academy’s education content database into three Light Class products. The VIEs cooperate with China United Network Communications Group Company Limited, or China Unicom, to offer such Light Class products to their mobile users. The VIEs share revenue from this arrangement with China Unicom by being entitled to receive a percentage of the monthly subscription fee paid by mobile users pursuant to the cooperative agreements with China Unicom and based on the settlement bills issued by China Unicom.
- The VIEs also offer the Light Class products through WeChat. As of June 30, 2021, we have launched 10 products through WeChat, such as Light Class selected courses monthly subscriptions, Light Class workplace VIP monthly subscriptions and Light Class quarterly subscriptions.

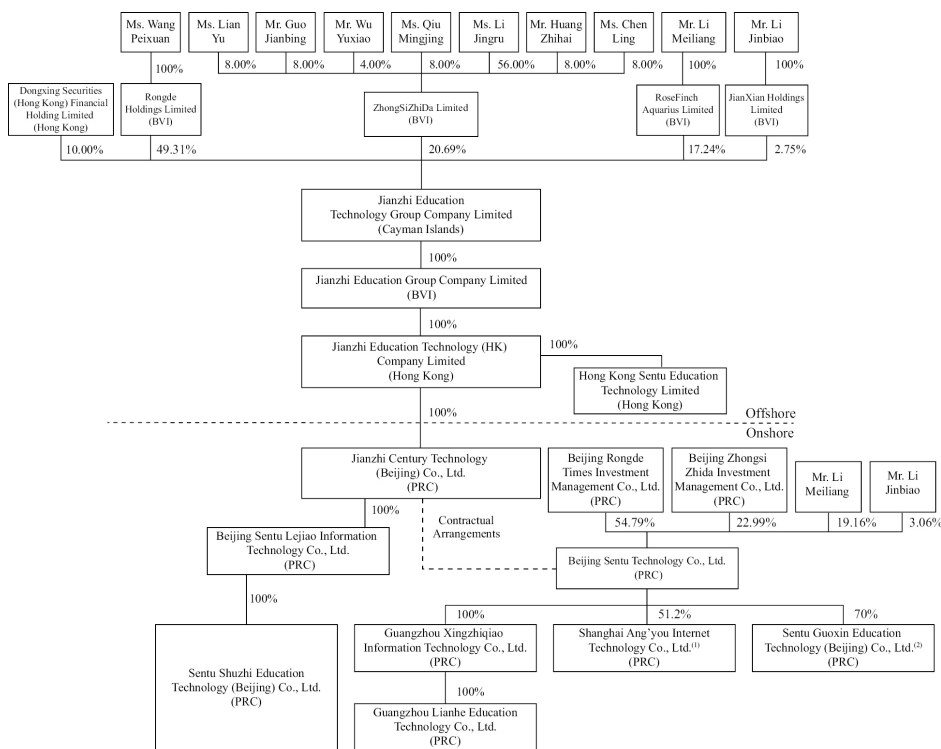




**The VIEs and China Operations**

Jianzhi Education is a Cayman Islands holding company primarily operating in China through (i) its PRC subsidiaries, including Jianzhi Beijing (the “WFOE”) and its subsidiaries, in which we hold equity ownership interests, and (ii) the VIEs, namely Beijing Sentu and its subsidiaries (collectively, the “VIEs”). We have control over Beijing Sentu through our WFOE. In June 2018, our WFOE entered into a series of contractual arrangements with Beijing Sentu and its shareholders, allowing us to exercise effective control over Beijing Sentu. These agreements or their forms are filed as exhibits to the registration statement on Form F-1 of which this prospectus is a part and include: (i) an exclusive business cooperation agreement, which enables us to receive substantially all of the economic benefits of Beijing Sentu, (ii) powers of attorney and an equity pledge agreement, which provide us with effective control over Beijing Sentu, and (iii) an exclusive option agreement, which provides us with the option to purchase all of the equity interests in Beijing Sentu. However, control through these contractual arrangements may be less effective than direct ownership, and we could face heightened risks and costs in enforcing these contractual arrangements, because there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to these contractual arrangements. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in Beijing Sentu or forfeit our rights under the contractual arrangements. See “Risk Factors — Risks Related to Corporate Structure.”

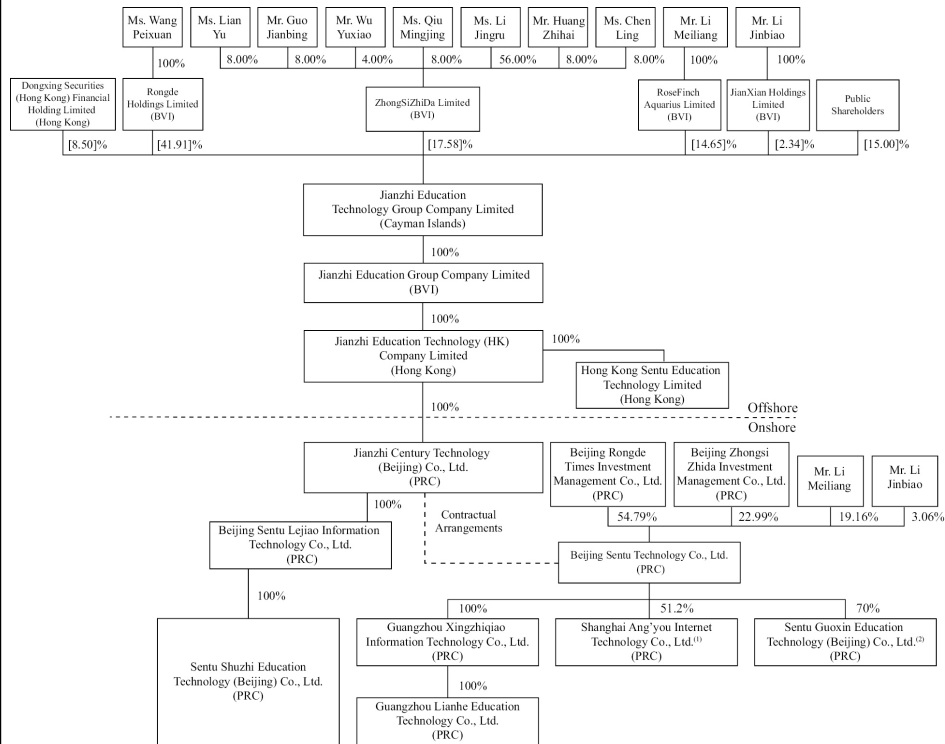
The following diagram illustrates the corporate structure of us and the VIEs, including our significant subsidiaries, Beijing Sentu and its subsidiaries, as of the date of this prospectus:



**Notes:**

- (1) 48.8% equity interests in Shanghai Ang'you is owned by Ms. Xiaoling Tang, a prior management member of the Group.
- (2) 30% equity interests in Sentu Guoxin is owned by Gongxin Ruisi.

The following diagram illustrates the anticipated post-offering shareholding structure of us and the VIEs immediately after this offering, assuming no exercise of the underwriters' option to purchase additional ADSs. Our subsidiaries and our VIEs will remain the same after the completion of this offering.



As of the date of this prospectus, our PRC subsidiaries and the VIEs have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of us and the VIEs in the PRC, including the value-added telecommunications business operating license, license for production and operation of radio and television programs and operating license of publication. For a list of licenses and approvals that our WFOE and the VIEs are required to obtain for the operations of us and the VIEs in China as of the date of this prospectus, see “Business — Licenses and Approvals.” For risks relating to licenses and approvals required for the operations of us and the VIEs in China, see “Risk Factors — Risks Related to the Business and Industry of Us and the VIEs — The VIEs face risks and uncertainties in the licensing and approval requirements of the VIEs’ online educational content services. If the VIEs fail to obtain and maintain the requisite licenses and approvals required under the complex regulatory environment for online education in China, financial condition and results of operations may be materially and adversely affected.” For risks related to the oversight of the Cyberspace Administration of China (the “CAC”) and approval of the China Securities Regulatory Commission (the “CSRC”), please refer to “Risk Factors — Risks Related to Doing Business in China — It is unclear whether we and the VIEs will be subject to the oversight of the CAC and how such oversight may impact us. Our and the VIEs’ business could be interrupted or we and the VIEs could be subject to liabilities which may materially and adversely affect the results of our and the VIEs’ operation and the value of your investment” and “Risk Factors — Risks Related to Doing Business in China — Although we believe the approval of the CSRC or other equivalent PRC government authorities will not be required in connection with this offering under current PRC laws, regulations and rules, we cannot assure you that the regulators in China will not adopt new laws, regulations and rules or detailed implementations and interpretations or will not subsequently require us to undergo the approval procedures and subject us to sanction.”

We and our VIEs have been closely monitoring regulatory developments in China regarding any necessary approvals from the CSRC, the CAC, or other PRC regulatory authorities required for overseas listings, including this offering. For risks relating to regulatory approvals on overseas listings, see “Risk Factors — Risks Related to Doing Business in China — Although we believe the approval of the CSRC or other equivalent PRC government authorities will not be required in connection with this offering under current PRC laws, regulations and rules, we cannot assure you that the regulators in China will not adopt new laws, regulations and rules or detailed implementations and interpretations or will not subsequently require us to undergo the approval procedures and subject us to sanctions.”

### **Industry Overview**

Online vocational education refers to online courses provided to students to improve their professional skills in workplace or prepare them for employment or vocation-related exams. Target students of online vocational education are mainly college students, fresh graduates from higher education institutions or working professionals.

Vocational education is an important component of the education system in China. Higher education institutions have placed increasing emphasis on providing students with practical training and equipping them with practical skills. The academic curricula in the current higher education system in China are comprehensive but less practical, resulting in graduates experiencing difficulties in applying what they have learned at schools into workplaces directly.

Vocational education includes two segments, namely vocational certification education and vocational development education. By taking vocational courses, users seek to obtain and maintain professional certifications or to enhance their workplace skills. The online vocational education market grew from RMB36.9 billion in 2016 to RMB75.3 billion in 2020, at a CAGR of 19.5%, is expected to reach RMB175.9 billion in 2025, representing a CAGR of 18.5% from 2020 to 2025, according to the Frost & Sullivan Report.

### *Market Trends*

*Growing penetration rate:* As job-seeking market becomes increasingly competitive, candidates are under pressure to distinguish themselves from others. Therefore, more candidates are expected to participate in vocational education. The better performance of those who have taken the training courses will help attract more participants to take part in training in the future.

*Increasing preparation time:* The difficulty of recruitment and vocational exams forces candidates to devote more efforts to their preparation. With the growing penetration rate of vocational training and education, candidates may find it insufficient to take short courses, and prefer to commit to longer courses to enhance their performance in exams. Increasing preparation time leads to higher spending on the vocational education.

*Fierce competition:* The number of graduates from higher education institutions is growing every year in China, increasing the difficulty of job prospects for all candidates. This fierce competition among peers has driven the growth of vocational education. More candidates are aware of the necessity of taking vocational education and are willing to expend time and money to enhance their performance.

### *Entry Barriers*

*Brand Awareness:* The vocational education market has entered the era of brand competition. From the historical development of China’s vocational education market, institutions that maintained sustainable growth are the ones with a good brand image. Branding has become one of the most important competition strategies for vocational education institutions. It takes time to establish a positive brand image in the minds of customers and takes even more time to test the effect of the brand building. As a result, it is difficult for new entrants to set up their own brand with strong competitiveness within a short period.

*Teacher Resources:* Against the rapid growth of vocational education market, the demands for high-quality teachers have been increasing while the premium teacher resources are becoming scarce. Leading players in the vocational education sector usually maintain a pool of high-quality teachers and tutors and some of them established their own training system for teachers. New entrants face difficulties of recruiting and retaining a sufficient number of high-quality teachers.

***Large-scale Operation:*** Labor demands in different industries vary over time and could be subject to seasonality. Many small players can hardly bear the cost of rents and salary of teachers. They may hire part-time teachers, which may lead to the deterioration of education quality and the damage to brand. Large-scale operation can leverage the economy of scale to optimize the cost through different professional training programs.

***Capital Requirement:*** It is necessary to invest large capital to develop products, cultivate talents, improve brand images and set up branches in cities at all levels for achieving the scale development and maintain a market position. Although individuals are able to offer online courses in specific areas of expertise without significant overhead expenses by leveraging online platforms, individual online education providers only account for a small portion of the online education market and courses offered by online education companies are the main stream in the market. For companies intending to enter the online education market, it would incur significant expenses in daily operation, staff recruitment, educational content research and development, procurement of network bandwidth and sales and marketing. The capital requirement in the vocational education sector could limit the recruitment of high-quality teachers, updates of courses and expansion of market, and become a barrier for new entrants.

#### **Our Strengths**

We believe the following strengths have contributed to our success;

- Large, diversified and proprietary educational content database;
- Cutting-edge and practical educational content that meet market demand;
- Established and integrated omni-channel sales; and
- Visionary and Experienced Management Team with Years of Devotion for the Education Industry.

#### **Our Strategies**

- Further improve research and development capabilities and continue to diversify the educational content database;
- Further penetrate existing market and improve our and the VIEs' product coverage;
- Further promote brand awareness and enhance brand influence;
- Continue to strengthen our and the VIEs' technology and data analytics capabilities; and
- Pursue strategic acquisition and investment opportunities.

#### **Our Challenges**

Investing in the ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties summarized below, the risks described under the "Risk Factors" section and the other information contained in this prospectus, before you decide whether to purchase the ADSs.

We and the VIEs face risks and uncertainties in realizing business objectives and executing strategies, including:

- We and the VIEs face intense competition within each of the business segments. If we and the VIEs are unable to compete effectively, we and the VIEs could face pricing pressure and loss of market share, the revenue and gross profit may be significantly reduced, which may materially and adversely affect the business, financial condition and results of operations of us and the VIEs;
- Our and the VIEs' historical financial and operating results may not be indicative of the future performance and our and the VIEs' financial and operating results may be difficult to forecast;
- We and the VIEs have recorded thin gross profit margins for some of the products;
- Our and the VIEs' business relies heavily on a limited number of promotion companies;
- We and the VIEs are subject to credit risk in collecting trade receivables due from our and the VIEs' customers;

- Significant impairment charges against the intangible assets of us and the VIEs could materially impact our and the VIEs' financial position and results of our and the VIEs' operations;
- Goodwill impairment could negatively affect our and the VIEs' results of operations;
- The fair value of our and the VIEs' financial liabilities at fair value through profit or loss may fluctuate from time to time and could increase significantly in the future, which could materially and adversely affect our and the VIEs' financial condition;
- Our and the VIEs' collaborative relationships with Tianyi Video, major telecommunications providers and other third party content providers are crucial to the business. If any of them discontinues their collaboration with us, our and the VIEs' business, financial condition and results of operations may be materially and adversely affected;
- If we and the VIEs are unable to retain existing customers and/or expand the customer base, we and the VIEs may not be able to maintain growth and our and the VIEs' revenue may decline, which may materially and adversely affect our and the VIEs' business, financial condition and results of operations;
- Jianzhi Education is a Cayman Islands holding company primarily operating in China through its subsidiaries and contractual arrangements with Beijing Sentu. Investors in the ADSs thus are not purchasing, and may never directly hold, equity interests in the VIEs. There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to such agreements that establish the VIE structure for the majority of our and the VIEs' operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with Beijing Sentu and, consequently, significantly affect the financial condition and results of operations of Jianzhi Education. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in Beijing Sentu or forfeit our rights under the contractual arrangements;
- We rely on contractual arrangements with Beijing Sentu and its shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership, and Beijing Sentu's shareholders may fail to perform their obligations under the contractual arrangements;
- The shareholders of Rongde Times and Beijing Zhongsi and individual shareholders of Beijing Sentu may have conflicts of interest with us, which may materially and adversely affect our and the VIEs' business;
- The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us. Therefore, investors in the ADSs and the business of us and the VIEs face potential uncertainty from the PRC government's policy. Changes in China's economic, political or social conditions, or government policies could materially and adversely affect our and the VIEs' business, financial condition, and results of operations;
- Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer our ADSs, cause significant disruption to our and the VIEs' business operations, and severely damage our and the VIEs' reputation, which would materially and adversely affect our and the VIEs' financial condition and results of operations and cause our ADSs to significantly decline in value or become worthless; and
- Although we believe the approval of the CSRC or other equivalent PRC government authorities will not be required in connection with this offering under current PRC laws, regulations and rules, we cannot assure you that the regulators in China will not adopt new laws, regulations and rules or detailed implementations and interpretations or will not subsequently require us to undergo the approval procedures and subject us to sanctions.

## Corporate History and Structure

In May 2011, Beijing Sentu Huarui Education Technology Co., Ltd., or Sentu Huarui, the predecessor company of Beijing Sentu, was established as a limited liability company in the PRC.

In December 2015, Sentu Huarui was converted from a limited liability company into a joint stock limited liability company and renamed Beijing Sentu Education Technology Co., Ltd., or Beijing Sentu.

In May 2016, Beijing Sentu was listed on the National Equities Exchange and Quotations, or NEEQ in the People's Republic of China (stock code: 837329). However, as the liquidity of shares traded on NEEQ is comparatively low, Beijing Sentu voluntarily ceased to quote its shares on the NEEQ on November 7, 2017.

In October 2016, Shanghai Ang'you Internet Technology Co., Ltd., or Shanghai Ang'you, became a 51.2% subsidiary of the Group. To further expand the business operations, in October 2017, the Group acquired 51% equity interests of Guangzhou Xingzhiqiao Information Technology Co., Ltd., or Guangzhou Xingzhiqiao, and in August 2018, acquired the remaining 49% equity interests of Guangzhou Xingzhiqiao.

In March 2018, Jianzhi Education Technology Group Company Limited was incorporated in the Cayman Islands as an exempted company with limited liability. In March 2018, Jianzhi Education Group Company Limited, or Jianzhi Education (BVI), was incorporated as a wholly-owned subsidiary of Jianzhi Education Technology Group Company Limited. In April 2018, Jianzhi Education Technology (HK) Company Limited, or Jianzhi Education (HK), was incorporated, and was held by Jianzhi Education (BVI) as an investment holding company. In April 2018, Jianzhi Century Technology (Beijing) Co., Ltd., or Jianzhi Beijing, was established in the PRC as a wholly foreign owned enterprise, and was wholly owned by Jianzhi Education (HK).

In July 2018, we issued 11,110,000 Shares (10% of our enlarged share capital reflecting the effect of stock split) to Dongxing Securities (Hong Kong) Financial Holdings Limited, or Dongxing Securities, for a consideration of RMB46.0 million.

In September 2018, the entire equity interests in Beijing Sentu Lejiao Information Technology Co., Ltd., or Sentu Lejiao, was transferred to Jianzhi Beijing such that our Company indirectly held the equity interests in Sentu Lejiao.

In June 2021, Sentu Shuzhi Education Technology (Beijing) Co., Ltd., or Sentu Shuzhi, was established in the PRC as a wholly-owned subsidiary of Sentu Lejiao.

Due to PRC regulations that limit foreign equity ownership of entities providing radio and television program production and operation business and value-added telecommunication business, in June 2018, we conduct a substantial part of our operations in China through contractual arrangements with Beijing Sentu, which, together with its subsidiaries, are the VIEs.

We gained control over Beijing Sentu through Jianzhi Beijing, our wholly-owned subsidiary in China, by entering into a series of contractual arrangements with Beijing Sentu and its shareholders, or Contractual Arrangements.

As a result of our direct ownership in Jianzhi Beijing and the aforementioned Contractual Arrangements, we are regarded as the primary beneficiary of Beijing Sentu, and Beijing Sentu is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Beijing Sentu and its subsidiaries in our (including the VIEs') consolidated financial statements in accordance with U.S. GAAP. We refer to Jianzhi Beijing as our WFOE, and to Beijing Sentu and its subsidiaries as the VIEs.

Under PRC law, we may provide funding to our WFOE only through capital contributions or loans, and to Beijing Sentu only through loans, subject to the satisfaction of applicable government registration and approval requirements. We rely on dividends and other distributions from our WFOE to satisfy part of our liquidity requirement. Our WFOE enjoys the economic interest in the operations of Beijing Sentu in the form of service fees under the contractual arrangements among our WFOE, Beijing Sentu, and shareholders of Beijing Sentu. For risks relating to the fund flows of our China operations, see "Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or VIE or to make additional capital contributions to Jianzhi Beijing, which could materially and adversely affect our and the VIEs' liquidity and our and the VIEs' ability to fund and expand our and the VIEs' business operations." and "Risk Factors — Risks Related to Corporate Structure — We are a holding company and the investors will have ownership in a holding company that does not directly own all of its operation in China. We rely on

our WFOE and the VIEs for the operation in PRC. We also rely on dividends and other payments from Jianzhi Beijing to pay dividends and other cash distributions to our Shareholders, and any limitation on the ability of Jianzhi Beijing to pay dividends to us could have a material adverse effect on our ability to pay dividends to our shareholders.”

#### **Assets Transfer Between VIEs and Other Consolidated Entities**

To date, the Group has not distributed any earnings or settled any amounts owed under the VIE agreements. The Group does not have any plan to distribute earnings or settle amounts owed under the VIE agreements in the foreseeable future. For the year ended December 31, 2019, the WFOE transferred cash to the VIEs in the amount of RMB 24.4 million. For the year ended December 31, 2020, the VIEs transferred cash to our WFOE in the amount of RMB38.1 million (US\$5.9 million). Furthermore, the VIEs had transferred the copyright ownership of educational video contents to our WFOE in the amount of RMB22.2 million (US\$3.4 million). For the six months ended June 30, 2021, the VIEs transferred cash to our WFOE in the amount of RMB70.5 million (US\$10.9 million). These assets transfer were for business operation purpose.

#### **Dividends or Distributions Made to the Company and U.S. Investors and Tax Consequences**

To date, the Company’s subsidiaries and the VIEs have not made any dividends or distributions to the Company and the Company has not made any dividends or distributions to its shareholders either.

In addition, subject to the passive foreign investment company rules, the gross amount of any distribution that we make to investor with respect to the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as a dividend, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax. See “Risk Factors — Risks Related to the ADSs and This Offering — 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.”

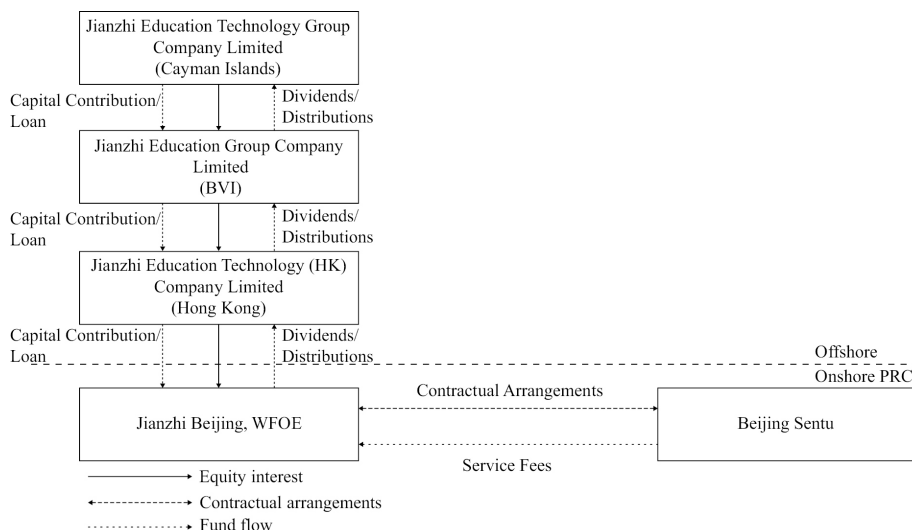
#### **Restrictions on Foreign Exchange and the Ability to Transfer Cash Between Entities, Across Borders and to U.S. Investors**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. The majority of our and the VIEs’ income is received in Renminbi and shortages in foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE as long as certain procedural requirements are met. Approval from appropriate government authorities is required if Renminbi is converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our shareholders.

Our cash dividends, if any, will be paid in U.S. dollars. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax. See “Risk Factors — Risks Related to the ADSs and This Offering — 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.”

Relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, the Company’s PRC subsidiaries and the VIEs can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the statutory reserves. As a result of these and other restrictions under the PRC laws and regulations, the PRC subsidiaries and the VIEs are restricted to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries and the VIEs for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries and the VIEs due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company’s shareholders.

The following diagram illustrates the typical fund flow among Jianzhi Education, our WFOE, and Beijing Sentu.



For a condensed consolidation schedule depicting the results of operations, financial position, and cash flows for Jianzhi Education and the VIEs, see “Summary Consolidated Financial Data.”

**Corporate Information**

Our principal executive office is located at 27/F, Tower A, Yingdu Building Zhichun Road, Haidian District, Beijing, 100086, the People’s Republic of China. Our registered office in the Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42<sup>nd</sup> Street, 18<sup>th</sup> Floor, New York, N.Y. 10168, United States.

Investors should contact us for any inquiries through the address and telephone number of our principal executive offices. Our corporate website is [www.jianzhi-jiaoyu.com](http://www.jianzhi-jiaoyu.com). The information contained on our website is not a part of this prospectus.

**Implications of Being an Emerging Growth Company**

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those 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, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. 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. We have elected to take advantage of such exemptions.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenue of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur



if the market value of the ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

#### **Conventions that Apply to This Prospectus**

Unless we indicate otherwise, all information in this prospectus reflects no exercise by the underwriters of their option to purchase up to additional ADSs representing ordinary shares from us.

Except where the context otherwise requires, and for purposes of this prospectus only:

- “ADSs” refer to our American depositary shares, each of which represents ordinary shares;
- “Beijing Sentu” refers to Beijing Sentu Education Technology Co., Ltd., a limited liability company established under PRC law;
- “B2B2C model” refers to business-to-business-to-consumer, which is a business model that combines business-to-business and business-to-consumer for a complete product or service transaction;
- “B2C model” refers to business-to-consumer, which is a form of transaction conducted directly between a company and consumers who are the end users of its products or services;
- “CAGR” refers to compound annual growth rate;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;
- “Company” refers to Jianzhi Education Technology Group Company Limited;
- “Group” refers to the Company, its wholly-owned subsidiaries and the VIEs;
- “ordinary shares” refer to our ordinary shares, par value US\$0.0001 per share;
- “our WFOE” refers to our wholly foreign-owned enterprise Jianzhi Century Technology (Beijing) Co., Ltd.;
- “RMB” or “Renminbi” refers to the legal currency of China;
- “Registered Shareholders” refer to the shareholders of Beijing Sentu, namely Beijing Rongde Times Investment Management Co., Ltd., or Rongde Times, Beijing Zhongsi Zhida Investment Management Co., Ltd., or Beijing Zhongsi, Mr. Jinbiao Li and Mr. Meiliang Li;
- “US\$, “U.S. dollars,” “\$” and “dollars” refer to the legal currency of the United States; and
- “VIEs” refer to Beijing Sentu Technology Co., Ltd. and its subsidiaries.

Our reporting currency is the Renminbi. This prospectus also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at a rate of RMB6.4566 to US\$1.00, the exchange rate in effect as of June 30, 2021 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. 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, or at all. On October 22, 2021, the exchange rate of Renminbi into U.S. dollars was RMB6.3839 to US\$1.00.

This prospectus contains information derived from various public sources and certain information from an industry report in March 2021 commissioned by us and prepared by Frost & Sullivan, a third-party industry research firm, to provide information regarding our industry and market position in China, India and emerging markets in Southeast Asia and other regions. Such information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the “Risk Factors” section. These and other factors could cause results to differ materially from those expressed in these publications and reports.

	<b>The Offering</b>
Offering price	We expect that the initial public offering price will be between US\$            and US\$            per ADS.
ADSs offered by us	ADSs (or            ADSs if the underwriters exercise their option to purchase additional ADSs in full).
ADSs outstanding immediately after this offering	ADSs (or            ADSs if the underwriters exercise their option to purchase additional ADSs in full).
Ordinary shares outstanding immediately after this offering	Ordinary shares, par value US\$0.0001 per share (or ordinary shares if the underwriters exercise their option to purchase additional ADSs in full).
The ADSs	<p>Each ADS represents            ordinary shares, par value US\$0.0001 per share.</p> <p>The depositary will hold the ordinary shares underlying your ADSs with its custodian and you will have rights as provided in the deposit agreement among us, the depositary and owners and holders of ADSs from time to time.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.</p> <p>You may surrender and cancel your ADSs to the depositary in order to receive ordinary shares. The depositary will charge you fees for any cancellation.</p> <p>We may amend or terminate the deposit agreement without your consent. 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.</p> <p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
Option to purchase additional ADSs	We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of            additional ADSs.
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately US\$            million (or US\$            million if the underwriters exercise their option to purchase additional ADSs in full), after deducting underwriting discounts, commissions and estimated offering expenses payable by us and assuming an initial public offering price of US\$            per ADS, being the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus.

	<p>We plan to use the net proceeds of this offering primarily for (i) developing and producing new educational content and purchase educational content from third parties; (ii) research and development expenditures in product developing and technology capabilities; (iii) sales and marketing and customer service activities; (iv) working capital, such as potential acquisitions and strategic investments, although we have not identified any specific acquisition or investment target; and (v) other general corporate purposes.</p> <p>See “Use of Proceeds” for additional information.</p>
Lock-up	<p>We, our directors and executive officers and our existing shareholders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, ordinary shares or similar securities or any securities convertible into or exchangeable or exercisable for our ordinary shares or ADSs, for a period ending 180 days after the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriting” for more information.</p>
Risk factors	<p>See “Risk Factors” and other information included in this prospectus for a discussion of the risks you should carefully consider before investing in the ADSs.</p>
Depository	<p>The Bank of New York Mellon</p>
Listing	<p>We will apply to have the ADSs listed on the Nasdaq Global Select Market, or Nasdaq under the symbol “JZ.” The ADSs and ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.</p>
Payment and settlement	<p>The underwriters expect to deliver the ADSs against payment therefore through the facilities of The Depository Trust Company on _____, 2021.</p>
<p>Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the option granted to the underwriters to purchase up to additional _____ ADSs, if any, in connection with the offering.</p>	

### Summary Consolidated Financial Data

The following summary consolidated statements of income and comprehensive income for the years ended December 31, 2019 and 2020, summary consolidated balance sheets data as of December 31, 2019 and 2020, and summary consolidated statements of cash flow data for the years ended December 31, 2019 and 2020 have been derived from our (including the VIEs') audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of income and comprehensive income for the six months ended June 30, 2020 and 2021, summary consolidated balance sheet data as of June 30, 2021 and summary consolidated cash flow data for the six months ended June 30, 2020 and 2021 are derived from our (including the VIEs') unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our (including the VIEs') consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Our and the VIEs' historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial Data section together with our (including the VIEs') consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table sets forth a summary of our (including the VIEs') consolidated statement of income and comprehensive income for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019		2020	2020		2021
	RMB	RMB	US\$	RMB	RMB	US\$
	(amount in thousands, except for share and per share data)			(amount in thousands, except for share and per share data) <i>unaudited</i>		
<b>Net revenues</b>	<b>358,762</b>	<b>404,932</b>	<b>62,716</b>	<b>168,135</b>	<b>276,454</b>	<b>42,817</b>
Cost of revenues	(227,811)	(275,790)	(42,714)	(115,828)	(204,800)	(31,719)
<b>Gross profit</b>	<b>130,951</b>	<b>129,142</b>	<b>20,002</b>	<b>52,307</b>	<b>71,654</b>	<b>11,098</b>
<b>Operating expenses:</b>						
Sales and marketing expenses	7,553	5,032	780	2,585	4,062	629
General and administrative expenses	30,053	26,054	4,035	11,993	11,682	1,809
Research and development expenses	16,901	15,585	2,414	4,591	7,361	1,140
Total operating expenses	54,507	46,671	7,229	19,169	23,105	3,578
<b>Income from operations</b>	<b>76,444</b>	<b>82,471</b>	<b>12,773</b>	<b>33,138</b>	<b>48,549</b>	<b>7,520</b>
<b>Other income:</b>						
Total other income, net	8,101	4,925	763	1,936	3,333	516
<b>Income before income tax</b>	<b>84,545</b>	<b>87,396</b>	<b>13,536</b>	<b>35,074</b>	<b>51,882</b>	<b>8,036</b>
Income tax expense	986	486	75	1,011	8,062	1,249
<b>Net income</b>	<b>83,559</b>	<b>86,910</b>	<b>13,461</b>	<b>34,063</b>	<b>43,820</b>	<b>6,787</b>
Net income attributable to non-controlling interests	3,570	4,586	711	2,729	5,140	796
<b>Net income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>79,989</b>	<b>82,324</b>	<b>12,750</b>	<b>31,334</b>	<b>38,680</b>	<b>5,991</b>
<b>Net income</b>	<b>83,559</b>	<b>86,910</b>	<b>13,461</b>	<b>34,063</b>	<b>43,820</b>	<b>6,787</b>
Other comprehensive (loss)/income:						
Foreign currency translation adjustments	112	(35)	(6)	(180)	59	9
<b>Total other comprehensive (loss)/income</b>	<b>112</b>	<b>(35)</b>	<b>(6)</b>	<b>(180)</b>	<b>59</b>	<b>9</b>
<b>Total comprehensive income</b>	<b>83,671</b>	<b>86,875</b>	<b>13,455</b>	<b>33,883</b>	<b>43,879</b>	<b>6,796</b>
Net comprehensive income attributable to non-controlling interests	3,570	4,586	710	2,729	5,140	796
<b>Comprehensive income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>80,101</b>	<b>82,289</b>	<b>12,745</b>	<b>31,154</b>	<b>38,739</b>	<b>6,000</b>
Earnings (loss) per share						
Basic and diluted	0.72	0.74	0.11	0.28	0.35	0.05
Weighted average number of shares						
Basic and diluted	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000

The following table presents our (including the VIEs') summary consolidated balance sheets data as of December 31, 2019 and 2020 and June 30, 2021:

	As of December 31,			As of June 30,	
	2019	2020		2021	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)			(in thousands) unaudited	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	88,144	20,949	3,245	42,211	6,538
Restricted cash	124	—	—	—	—
Accounts receivable, net	83,575	114,804	17,781	150,833	23,361
Inventories	3,854	1,976	306	1,987	308
Prepaid expenses and other current assets	3,381	2,926	452	5,619	870
Short-term prepayments	15,604	2,664	413	3,171	491
Short-term investments	20,840	70,680	10,947	21,030	3,257
<b>Total current assets</b>	<b>215,522</b>	<b>213,999</b>	<b>33,144</b>	<b>224,851</b>	<b>34,825</b>
Non-current assets:					
Right-of-use assets, net	6,260	2,664	413	900	139
Deferred tax assets, net	863	324	50	458	71
Property and equipment, net	715	216	34	182	28
Educational contents, net	65,581	140,105	21,699	170,464	26,402
Intangible assets, net	27,979	23,844	3,693	20,130	3,118
Goodwill	7,712	7,712	1,194	7,712	1,194
Long-term prepayments	39,063	51,567	7,987	96,377	14,927
<b>Total non-current assets</b>	<b>148,173</b>	<b>226,432</b>	<b>35,070</b>	<b>296,223</b>	<b>45,879</b>
<b>Total assets</b>	<b>363,695</b>	<b>440,431</b>	<b>68,214</b>	<b>521,074</b>	<b>80,704</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	15,306	23,227	3,597	50,540	7,828
Salary and welfare payable	2,986	3,402	527	1,263	196
Deferred revenue	16,760	7,395	1,145	5,890	912
Income taxes payable	1,824	921	143	8,134	1,260
Value added tax ("VAT") and other tax payable	8,117	3,792	587	4,899	759
Other payables	6,063	6,444	998	10,680	1,654
Customer deposits	1,061	904	140	261	40
Lease liabilities, current	3,568	2,034	315	616	95
Amount due to related parties	24,729	24,777	3,838	27,692	4,289
<b>Total current liabilities</b>	<b>80,414</b>	<b>72,896</b>	<b>11,290</b>	<b>109,975</b>	<b>17,033</b>
Non-current liabilities:					
Deferred tax liabilities	3,360	2,776	430	2,630	407
Lease liabilities	2,320	283	44	114	18
<b>Total non-current liabilities</b>	<b>5,680</b>	<b>3,059</b>	<b>474</b>	<b>2,744</b>	<b>425</b>
<b>Total liabilities</b>	<b>86,094</b>	<b>75,955</b>	<b>11,764</b>	<b>112,719</b>	<b>17,458</b>

	As of December 31,			As of June 30,		
	2019	2020		2021		
	RMB	RMB	US\$	RMB	US\$	
	(in thousands)			(in thousands) <i>unaudited</i>		
<b>Commitments and contingencies</b>						
<b>Mezzanine equity:</b>						
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of December 31, 2019 and 2020 and June 30, 2021)	45,985	45,985	7,122	45,985	7,122	
<b>Equity</b>						
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of December 31, 2019 and 2020 and June 30, 2021)	63	63	10	63	10	
Additional paid-in capital	52,928	52,928	8,197	52,928	8,197	
Statutory reserves	18,897	20,977	3,249	20,977	3,249	
Retained earnings	155,104	235,347	36,451	274,027	42,442	
Accumulated other comprehensive income	224	189	29	248	38	
Total Jianzhi Education Technology Group Company Limited's shareholders' equity	227,216	309,504	47,936	348,243	53,936	
Noncontrolling interests	4,400	8,987	1,392	14,127	2,188	
<b>Total equity</b>	<b>231,616</b>	<b>318,491</b>	<b>49,328</b>	<b>362,370</b>	<b>56,124</b>	
<b>Total liabilities, mezzanine equity and equity</b>	<b>363,695</b>	<b>440,431</b>	<b>68,214</b>	<b>521,074</b>	<b>80,704</b>	
The following table presents our (including the VIEs') summary consolidated cash flow data for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021:						
	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>		
Net cash provided by operating activities	72,762	97,754	15,140	12,436	68,039	10,538
Net cash used in investing activities	(49,375)	(164,857)	(25,533)	(65,752)	(46,698)	(7,233)
Net cash provided by (used in) financing activities	2	49	8	7	(76)	(12)
Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies	139	(265)	(41)	(145)	(3)	(0)
Net increase (decrease) in cash and cash equivalents and restricted cash	23,528	(67,319)	(10,426)	(53,454)	21,262	3,293
Cash and cash equivalents and restricted cash at the beginning of the year/period	64,740	88,268	13,671	88,268	20,949	3,245
Cash and cash equivalents and restricted cash at the end of the year/period	<u>88,268</u>	<u>20,949</u>	<u>3,245</u>	<u>34,814</u>	<u>42,211</u>	<u>6,538</u>

### VIE Consolidation Schedule

The following table sets forth the summary consolidated balance sheets data as of December 31, 2019 and 2020 and June 30, 2021 of the VIEs and the Company and its subsidiaries other than the VIEs, and the summary of the consolidated statement of income and cash flows for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021. Our (including the VIEs') consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Our and the VIEs' historical results are not necessarily indicative of results expected for future periods. You should read this information together with our (including the VIEs') consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	As of June 30, 2021							
	The Company and its subsidiaries other than the VIEs		The VIEs		Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs		Consolidated Total	
	RMB	US\$	RMB	US\$	RMB	US\$	RMB	US\$
	(in thousands)							
Cash and cash equivalents	23,786	3,684	18,425	2,854			42,211	6,538
<b>Total current assets</b>	<b>104,548</b>	<b>16,192</b>	<b>120,303</b>	<b>18,633</b>			<b>224,851</b>	<b>34,825</b>
Educational contents, net	144,592	22,395	25,872	4,007			170,464	26,402
<b>Total non-current assets</b>	<b>235,149</b>	<b>36,420</b>	<b>61,074</b>	<b>9,459</b>			<b>296,223</b>	<b>45,879</b>
Amount due from the Company and its subsidiaries	—	—	70,744	10,957	(70,744)	(10,957)	—	—
<b>Total assets</b>	<b>339,697</b>	<b>52,612</b>	<b>252,121</b>	<b>39,049</b>	<b>(70,744)</b>	<b>(10,957)</b>	<b>521,074</b>	<b>80,704</b>
<b>Total current liabilities</b>	<b>36,103</b>	<b>5,592</b>	<b>73,872</b>	<b>11,441</b>			<b>109,975</b>	<b>17,033</b>
<b>Total non-current liabilities</b>	<b>—</b>	<b>—</b>	<b>2,744</b>	<b>425</b>			<b>2,744</b>	<b>425</b>
Amounts due to the Company and its subsidiaries	70,744	10,957	—	—	(70,744)	(10,957)	—	—
<b>Total liabilities</b>	<b>106,847</b>	<b>16,549</b>	<b>76,616</b>	<b>11,866</b>	<b>(70,744)</b>	<b>(10,957)</b>	<b>112,719</b>	<b>17,458</b>
Redeemable preferred shares	45,985	7,122	—	—			45,985	7,122
<b>Total equity</b>	<b>186,865</b>	<b>28,941</b>	<b>175,505</b>	<b>27,183</b>			<b>362,370</b>	<b>56,124</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>339,697</b>	<b>52,612</b>	<b>252,121</b>	<b>39,049</b>	<b>(70,744)</b>	<b>(10,957)</b>	<b>521,074</b>	<b>80,704</b>
	For the six months ended June 30, 2021							
	The Company and its subsidiaries other than the VIEs		The VIEs		Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs		Consolidated Total	
	RMB	US\$	RMB	US\$	RMB	US\$	RMB	US\$
	(in thousands)							
Total revenues	106,689	16,524	174,259	26,989	(4,494)	(696)	276,454	42,817
Net income	23,927	3,706	19,893	3,081	—	—	43,820	6,787

For the six months ended June 30, 2021								
	The Company and its subsidiaries other than the VIEs		The VIEs		Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs		Consolidated Total	
	RMB	US\$	RMB	US\$	RMB	US\$	RMB	US\$
	(in thousands)							
Net cash provided by operating activities	40,511	6,274	27,528	4,264			68,039	10,538
Net cash provided by (used in) investing activities	(87,424)	(13,541)	40,726	6,308			(46,698)	(7,233)
Net cash used in financing activities	70,468	10,914	(70,544)	(10,926)			(76)	(12)
As of December 31, 2020								
RMB								
(in thousands)								
	The Company and its subsidiaries other than the VIEs		The VIEs		Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs		Consolidated Total	
Cash and cash equivalents			234		20,715			20,949
<b>Total current assets</b>			<b>58,838</b>		<b>155,161</b>			<b>213,999</b>
Educational contents, net			108,672		31,433			140,105
<b>Total non-current assets</b>			<b>161,481</b>		<b>64,951</b>			<b>226,432</b>
Amount due from the Company and its subsidiaries			—		274	(274)		—
<b>Total assets</b>			<b>220,319</b>		<b>220,386</b>	<b>(274)</b>		<b>440,431</b>
<b>Total current liabilities</b>			<b>11,214</b>		<b>61,682</b>			<b>72,896</b>
<b>Total non-current liabilities</b>			<b>—</b>		<b>3,059</b>			<b>3,059</b>
Amounts due to the Company and its subsidiaries			274		—	(274)		—
<b>Total liabilities</b>			<b>11,488</b>		<b>64,741</b>	<b>(274)</b>		<b>75,955</b>
Redeemable preferred shares			45,985		—			45,985
<b>Total equity</b>			<b>162,846</b>		<b>155,645</b>			<b>318,491</b>
<b>Total liabilities, mezzanine equity and equity</b>			<b>220,319</b>		<b>220,386</b>	<b>(274)</b>		<b>440,431</b>
For the year ended December 31, 2020								
RMB								
(in thousands)								
	The Company and its subsidiaries other than the VIEs		The VIEs		Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs		Consolidated Total	
Total revenues			150,372		300,249	(45,689)		404,932
Net income			73,909		13,001			86,910



For the year ended December 31, 2020				
RMB				
(in thousands)				
	The Company and its subsidiaries other than the VIEs	The VIEs	Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs	Consolidated Total
Net cash provided by operating activities	85,701	12,053		97,754
Net cash used in investing activities	(159,612)	(5,245)		(164,857)
Net cash provided by (used in) financing activities	38,091	(38,042)		49
As of December 31, 2019				
RMB				
(in thousands)				
	The Company and its subsidiaries other than the VIEs	The VIEs	Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs	Consolidated Total
Cash and cash equivalents	36,319	51,825		88,144
<b>Total current assets</b>	<b>96,713</b>	<b>118,809</b>		<b>215,522</b>
Educational contents, net	—	65,581		65,581
<b>Total non-current assets</b>	<b>22,783</b>	<b>125,390</b>		<b>148,173</b>
Amounts due from VIE and VIE's subsidiaries	42,234	—	(42,234)	42,234
<b>Total assets</b>	<b>161,730</b>	<b>244,199</b>	<b>(42,234)</b>	<b>363,695</b>
<b>Total current liabilities</b>	<b>21,797</b>	<b>58,617</b>		<b>80,414</b>
<b>Total non-current liabilities</b>	<b>950</b>	<b>4,730</b>		<b>5,680</b>
Amounts due to the Company and its subsidiaries	—	42,234	(42,234)	—
<b>Total liabilities</b>	<b>22,747</b>	<b>105,581</b>	<b>(42,234)</b>	<b>86,094</b>
Redeemable preferred shares	45,985	—		45,985
<b>Total equity</b>	<b>92,998</b>	<b>138,618</b>		<b>231,616</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>161,730</b>	<b>244,199</b>	<b>(42,234)</b>	<b>363,695</b>
For the year ended December 31, 2019				
RMB				
(in thousands)				
	The Company and its subsidiaries other than the VIEs	The VIEs	Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs	Consolidated Total
Total revenues	146,049	251,465	(38,752)	358,762
Net income	79,742	3,817		83,559
For the year ended December 31, 2019				
RMB				
(in thousands)				
	The Company and its subsidiaries other than the VIEs	The VIEs	Eliminating adjustments between VIEs and the Company and its subsidiaries other than the VIEs	Consolidated Total
Net cash provided by operating activities	43,475	29,287		72,762
Net cash provided by (used in) investing activities	(19,542)	(29,833)		(49,375)
Net cash used in financing activities	(24,445)	24,447		2

## Risk Factors

*An investment in the ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the ADSs. Any of the following risks could have a material and adverse effect on the business, financial condition and results of operations of us and the VIEs. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our and the VIEs' business, prospects, financial condition, results of operations, cash flows and ability to pay dividends, and you may lose all or part of your investment.*

### **Risks Related to the Business and Industry of Us and the VIEs**

***We and the VIEs face intense competition within each of the business segments of us and the VIEs. If we and the VIEs are unable to compete effectively, we and the VIEs could face pricing pressure and loss of market share, the revenue and gross profit of us and the VIEs may be significantly reduced, which may materially and adversely affect the business, financial condition and results of operations of us and the VIEs.***

We and the VIEs primarily engage in two business segments, namely (i) educational content service and other services and (ii) IT related solution services, all of which are intensely competitive in the PRC. We and the VIEs compete with competitors for customers, diversified content offerings, collaboration opportunities with major telecommunications providers, and sales and marketing capabilities, among other things. Some of the current and future competitors of us and the VIEs may have substantially greater name recognition and financial and other resources than we and the VIEs do, which may enable them to compete more effectively for potential customers and decrease our and the VIEs' market share as a result. We also expect to face competition as a result of new entrants to the respective markets.

If we and the VIEs are unable to compete successfully against current or future competitors, we and the VIEs may face competitive pressures that could adversely affect the business and results of operations of us and the VIEs. For example, increased competition may result in pricing pressure for us in terms of the fees we and the VIEs are able to negotiate to receive from a customer. In addition, online education is characterized by rapid changes in customers' technological requirements and expectations and evolving market standards, and our and the VIEs' competitors may develop platforms or other technologies that are superior to the platform and technology we and the VIEs use. These differences may affect our and the VIEs' ability to retain customers, which may render our and the VIEs' products and services less competitive. The increasingly competitive landscape may also result in longer and more complex sales cycles with a prospective customer or a decrease in the market share, any of which could negatively affect the revenue from us and the VIEs and the ability to grow the business of us and the VIEs.

***The historical financial and operating results of us and the VIEs may not be indicative of the future performance and the financial and operating results of us and the VIEs may be difficult to forecast.***

We, together with the VIEs, have experienced significant growth in revenue and changes to our and the VIEs' business during the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021. During the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, educational content service and other services accounted for a large part of the revenue from us and the VIEs. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the revenue from the VIEs' educational content service and other services accounted for approximately, 71.1%, 76.4% and 63.0%, respectively, of total revenue from us and the VIEs. We, together with the VIEs, have sought to shift the focus to target individual customers to broaden the customer base and further grow our and the VIEs' business. Therefore, the VIEs entered the mobile content market which would allow us to directly reach individual customers and eventually leverage the VIEs' educational content resources. The VIEs' experience allowed the VIEs to become familiar with how Tianyi Video selects and procures content and develop the know-how and technology that would be necessary to subsequently launch the VIEs' own mobile video package "Learning on the Go", which was subsequently upgraded and rebranded to "Fish Learning", placed on the platform of Tianyi Video in October 2017 as part of the VIEs' educational content service business. The VIEs have also developed the proprietary "Fish Learning" mobile application. Starting in late 2018, the VIEs have also offered mobile users of China Telecom the option to redeem their reward points for courses in a special limited content mobile video package, including courses related to artificial intelligence and big data. Courses of this special limited content mobile video package can be accessed on the VIEs' "Fish Learning" application only after mobile users redeem their reward points with China Telecom and enter the access code provided by it upon their successful redemption. Starting from April 2019, the VIEs have also begun offering content directly to individual customers via the VIEs' Light Class mobile video package accessible via a subscription account on WeChat. Light Class includes courses related to career development, entrepreneurship and information technology.

WeChat users are able to purchase individual courses on Light Class or choose from a number of different subscriptions providing them access to some or all of the courses offered on Light Class over the subscription period. However, the VIEs are new to the business of providing educational content via mobile network and may make considerable changes to the VIEs' products and services and their respective contribution to the revenue from us and the VIEs during the years of 2019 and 2020 varied significantly. See "Management's Discussion and Analysis of Financial Condition and Result of Operations — Key Components of our Results of Operations — Net Revenues" in this prospectus for details. The financial condition and results of operations of us and the VIEs may fluctuate due to a number of other factors, many of which are beyond our and the VIEs' control, including:

- the ability of us and the VIEs to continue to increase the service offerings and expand the customer base;
- general economic and social conditions and government regulations or actions pertaining to the provision of educational content service and other services and IT related solution services;
- increased competition and market perception and acceptance of any of the newly introduced service offerings of us and the VIEs in any given year;
- expansion and related costs in a given period;
- timing of completion dates of various milestones in our IT related solution projects because we recognize revenue from a project upon receipt of the relevant completion certificate for each phase of the project;
- shifts in attitude towards online education services in the PRC; and
- the ability of us and the VIEs to control the cost of revenues and other operating costs, and enhance the operational efficiency.

The historical results, growth rates and profitability of us and the VIEs may not be indicative of our and the VIEs' future performance. Our Shares could be subject to significant price volatility should the earnings of us and the VIEs fail to meet the expectations of the investment community. Any of these events could cause the price of our Shares to materially decrease.

In addition, in 2018, we disposed certain subsidiaries to streamline the corporate structure, centralize the operations of our IT related solution services and the online marketing of the VIEs' online learning platforms and to exit the offline training market. Completion of disposal of such subsidiaries took place during the period from February 6, 2018 to April 26, 2018. These subsidiaries were, in aggregate, loss-making due to high operating costs in terms of rental and salaries. Our gain on disposing such subsidiaries and losses from operating such subsidiaries are non-recurring. Such gain or losses from our disposed companies may not be indicative of the future performance of us and the VIEs.

During years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, we and the VIEs also enjoyed certain favorable regulatory treatment, particularly value-added tax refunds, VAT input tax surplus deduction and government subsidies. However, it is in the local government authorities' sole discretion, subject to relevant PRC laws, regulations and policies, to decide whether and when to provide tax refunds and government subsidies to us. We and the VIEs cannot assure you that we and the VIEs will be able to receive tax refund or government subsidies of the same level or at all in the future.

In addition, the VIEs received incentive income of approximately RMB1.0 million during the year ended December 31, 2019 arising from the VIEs' educational content services segment as Tianyi Video paid the VIEs for achieving the target number of monthly subscriptions to the VIEs' "Fish Learning" mobile video package via their platform in 2019. Such incentive income is also non-recurring in nature and we cannot assure you that the VIEs will be able to receive incentive income of the same level or at all in the future.

***If we and the VIEs are unable to retain existing customers and/or expand the customer base, we and the VIEs may not be able to maintain growth and the revenue from us and the VIEs may decline, which may materially and adversely affect the business, financial condition and results of operations of us and the VIEs.***

We and the VIEs generate revenue primarily from the fees collected from our and the VIEs' customers. Some factors, many of which are largely beyond our and the VIEs' control, could prevent us from maintaining existing customers or enrolling new customers in a cost-effective manner, or at all. These factors include, among other things, (i) reduced interest in the professions or certifications for which the VIEs' educational content is designed; (ii) negative publicity or perceptions

regarding us, or educational content service and other media services and IT related solution services in general; (iii) the emergence of alternative content delivery models; (iv) the inability of customers to pay the fees; (v) increasing market competition, particularly price reductions by competitors that we and the VIEs are unable or unwilling to match; and (vi) adverse changes in relevant government policies or general economic conditions. If one or more of these factors reduce market demand for our and the VIEs' services, our and the VIEs' customer base could be negatively affected or the costs associated with customer acquisition and retention could increase, or both, any of which could materially affect our and the VIEs' ability to grow the customer base and revenue. These developments could also harm the brand and reputation of us and the VIEs, which would negatively impact our and the VIEs' ability to expand the business of us and the VIEs.

***If the VIEs are unable to timely improve or expand the VIEs' educational content offerings in a cost-effective manner to make them appealing to existing and prospective customers, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.***

The VIEs regularly update existing educational content and develop new educational content to meet customer's demand and the latest market trends. However, such updates to the VIEs' existing course and content offerings and the development of new content offerings may not be accepted by existing or prospective customers, and the VIEs may not be able to introduce them as quickly as customers require or as quickly as the VIEs' competitors introduce competing offerings. In addition, the VIEs may be unable to renew or acquire licensing rights to popular content from third party content providers. Furthermore, offering new content or upgrading existing ones may require us to make significant investments in educational content development, increase sales and marketing efforts and reallocate resources from other uses. The VIEs may fail to develop or update educational content due to financial constraints, inability to attract qualified personnel, or other factors beyond the VIEs' control, in which case we and the VIEs may lose customers and market share, and the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.

***The business of us and the VIEs is heavily dependent on the brand recognition and market reputation of us and the VIEs.***

We believe that our success is heavily dependent on the market recognition of the brand and reputation of us and the VIEs. Our and the VIEs' ability to maintain the reputation and brand recognition depends on a number of factors, some of which are beyond our and the VIEs' control. As we and the VIEs continue to expand the business and services, it may become difficult to maintain the quality and consistency of the services we and the VIEs offer, which in turn may undermine customers' confidence in the brand name of us and the VIEs.

A variety of factors can potentially impact the reputation of us and the VIEs, such as customer satisfaction with the VIEs' educational content or our IT solutions, technology defects of the VIEs' online learning platforms and our IT solutions, negative press and/or approvals that enable us to operate our and the VIEs' business in the manner it is currently operated. If the reputation of us and the VIEs is damaged, our and the VIEs' customers may stop using our and the VIEs' services and the business of us and the VIEs could be materially and adversely affected.

We and the VIEs have developed a customer base primarily through word-of-mouth referrals. We and the VIEs also promote our brands by conducting certain marketing activities. However, we and the VIEs cannot assure you that we and the VIEs will be successful in promoting the brand or our efforts will be sufficient in helping us to remain competitive. If we and the VIEs are unable to further enhance our and the VIEs' reputation and increase market awareness of our and the VIEs' products and services, or if we and the VIEs have to incur excessive marketing and promotional expenses in order to remain competitive, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected. In addition, the VIEs have retained a third party agent to promote and sell certain of the VIEs' educational content to higher education institutions in Chongqing and Guangxi Zhuang Autonomous Region. We and the VIEs cannot assure you that we and the VIEs are able to monitor its promotion and marketing activities effectively and the promotion of our and the VIEs' products and brand may not be successful as we expect. If we and the VIEs are unable to maintain or sustain our and the VIEs' reputation and brand recognition, we and the VIEs may also be unable to maintain or expand our and the VIEs' customer base, which may have a material and adverse effect on the business, financial condition and results of operations of us and the VIEs.

***We and the VIEs have recorded thin gross profit margins for some of products.***

Over the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, we and the VIEs have recorded no significant revenue from certain products and businesses with low gross profit margins.

Certain profitable business also has less profitable components and our and the VIEs' overall profitability can fluctuate due to product mix. The VIEs' mobile video package business has recorded lower margins over the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021. The VIEs incurred substantial amounts of promotion fees in connection with mobile video packages as the VIEs are new to the B2C online educational content services market and need to aggressively use third party promotion companies to attract users while we and the VIEs build the reputation of our and the VIEs' products in this market. While the VIEs have started to take steps to try to control promotion costs for such business, including re-negotiating payment terms with promotion companies in 2019, promotional costs still remain at a relatively high level. The VIEs' special limited content mobile video package offered for redemption by mobile users of China Telecom is low margin in nature due to substantial promotion costs involved. The VIEs' Light Class mobile video package launched via a subscription account on WeChat in April 2019 also recorded relatively low gross profit margin as the VIEs incurred high promotion costs and amortized technical development costs incurred in connection with setting up the VIEs' subscription account on WeChat for Light Class. The VIEs will try to lower costs in the future. However, we cannot assure you that the VIEs will be able to control promotion costs or otherwise raise the gross profit margin for this business in the future. If the VIEs fail to control the costs in connection with mobile video package products, the overall profit margin, financial condition or results of operation of us and the VIEs may be materially and adversely affected.

***The VIEs' business relies heavily on a limited number of promotion companies.***

The VIEs rely on a limited number of third party promotion companies to help us identify and market many of our products to potential customers. In particular, as the VIEs are relatively new to the B2C market for online educational content services, the VIEs engaged promotion companies to promote for all of our B2C products, including the "Fish Learning" mobile video package, the special limited content mobile video package the VIEs offered for redemption by mobile users of a leading telecommunication provider and the Light Class mobile video package. The VIEs do not directly control such promotion companies. To the extent they are unsuccessful at promoting the VIEs' products effectively or helping to secure additional customers, the business and results of operation of us and the VIEs could be materially and adversely affected.

In particular, the VIEs are reliant on a limited number of promotion companies for Fish Learning mobile video package placed on the platform of Tianyi Video, and costs of such promotional expenses account for an extremely large part of the VIEs' sales. The VIEs engaged 5 promotion companies during the year ended December 31, 2019 and 3 promotion companies during the year ended December 31, 2020 and 4 promotion companies as of June 30, 2021, to provide promotion services for the VIEs' education content. As of the date of this prospectus, the VIEs expect contracts with the VIEs' current promotion service suppliers will be renewed upon expiration. However, to the extent that these suppliers cease to provide promotion services for any reason and the VIEs are not able to find a suitable alternative promotion companies for such promotion services in a timely manner or at favorable rates, the sales and results of operations of us and the VIEs could be materially and adversely affected.

***We and the VIEs are subject to credit risk in collecting trade receivables due from our and the VIEs' customers.***

The general credit terms we and the VIEs granted to customers for the two years ended December 31, 2020 and the six months ended June 30, 2021 ranged from 10 to 180 days for customers of our IT related solution services, and from 20 to 180 days for customers of the VIEs' educational content service and other services. In 2020, trade receivable increases large part due to increase in amounts due from customers, such as contractors, who pursuant to our and the VIEs' agreement with them are not obligated to make payment to us the VIEs until they are paid by their customers on whose behalf they are purchasing our and the VIEs' product. In addition, due to the COVID-19 outbreak, corporate operations across China have been delayed by local authorities since January 2020. Even though, according to the Frost & Sullivan Report, companies in China have gradually resumed operation since February 2020, there can be no assurance that all such amounts due to the Group will be settled on time, or at all. The Group's performance, liquidity and profitability could be materially adversely affected if significant amounts due to the Group are not settled on time. The bankruptcy or deterioration of the credit condition of any of our and the VIEs' major customers could also materially and adversely affect our and the VIEs' business.

***Significant impairment charges against our and the VIEs' intangible assets could materially impact the financial position and results of operations of us and the VIEs.***

Our and the VIEs' intangible assets amounted to RMB93.6 million, RMB163.9 million (US\$25.4 million) and RMB190.6 million (US\$29.5 million), respectively, as of December 31, 2019 and 2020 and June 30, 2021, which mainly comprised recognition of educational content, software and technologies, and customer relationships.

The failure to generate financial results commensurate with our and the VIEs' investment in other intangible assets may adversely affect the recoverability of such intangible assets and, in turn, result in impairment losses. Any significant impairment losses charged against our and the VIEs' other intangible assets could have a material adverse effect on the financial condition and results of operations of us and the VIEs.

***Goodwill impairment could negatively affect the results of operations of us and the VIEs.***

As of December 31, 2019 and 2020 and the six months ended June 30, 2021, our and the VIEs' goodwill remained stable at approximately RMB7.7 million (US\$1.2 million), respectively, which arose from the VIEs' acquisition of Guangzhou Xingzhiqiao. We and the VIEs perform the impairment test of goodwill annually, or more frequently if events or changes in circumstances indicate a potential impairment. It should be noted that the goodwill impairment tests involve our and the VIEs' estimates and are based on certain assumptions on future performance of the relevant cash generating unit and other factors, such as terminal growth. Many of these factors are neither predictable nor within our and the VIEs' control. If actual events in the future differ adversely from our and the VIEs' assumptions resulting in the recoverable amount being lower than the carrying amount of the cash generating unit, we and the VIEs may need to set aside impairment provisions, which could adversely affect the financial condition and results of operations of us and the VIEs.

***The fair value of our and the VIEs' financial liabilities at fair value through profit or loss may fluctuate from time to time and could increase significantly in the future, which could materially and adversely affect our and the VIEs' financial condition.***

Over the two years ended December 31, 2020 and the six months ended June 30, 2021, we and the VIEs had puttable shares of Dongxing Securities classified as mezzanine equity. We and the VIEs use valuation techniques that include inputs that are not based on observable data to estimate the fair value of puttable shares of Dongxing Securities. Details of our and the VIEs' valuation techniques are set forth in note 2 to the Accountant's Report set out in Appendix I to this prospectus. Such techniques are subject to uncertainty. We and the VIEs cannot assure you that the fair value of our and the VIEs' financial liabilities will not increase in the future. Any significant increases in the fair value of our and the VIEs' financial liabilities would materially and adversely affect our and the VIEs' financial condition.

***The VIEs' collaborative relationships with Tianyi Video, major telecommunications providers and other third party content providers are crucial to the VIEs' business. If any of them discontinues their collaboration with the VIEs, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.***

In addition to provision of educational content to institutional customers, the VIEs have also sought to offer educational content to target individual customers to broaden the customer base and further grow the business. On the other hand, the telecommunications providers in China were also seeking high quality content to be embedded in their platform so that they can leverage their channel advantages. Therefore, the VIEs formed an important corporation with Tianyi Video, a subsidiary of China Telecom, to allow us to directly reach individual customers. The VIEs held regular discussion sessions with Tianyi Video to optimize the cooperation. This experience allowed us to become familiar with how Tianyi Video selects, procures, promotes and sells content and how to provide excellent customer service, which formed the VIEs' initial know-how on end-user products operation. Such know-how is necessary to the launch of the VIEs' mobile video package and the subsequent launch of the VIEs' app. The VIEs launched the VIEs' mobile video package "Learning on the Go", which was upgraded and rebranded to "Fish Learning", to end mobile users directly via the platform of Tianyi Video since October 2017. The VIEs have also offered mobile users of China Telecom the option to redeem their reward points for courses in a special limited content mobile media package since late 2018. Starting from April 2019, the VIEs have also begun offering content directly to individual customers via Light Class products accessible via a subscription account on WeChat. Going forward, the VIEs expect to continue to utilize the platform of Tianyi Video, the telecommunications provider and other third party content providers to attract more individual end users to the VIEs' mobile video packages and mobile application.

The VIEs acquired the licensing rights to diversified content from third party content providers for the educational content services. The VIEs are authorized to put certain videos developed by these providers, which is a content provider of online courses on employment and entrepreneurship, on the VIEs' platforms to enrich and supplement the VIEs' self-developed educational content resources.

These collaborative relationships are important to the business and results of operations of us and the VIEs. We and the VIEs cannot assure you, however, that the relevant parties will continue to collaborate with us in the future on the same terms, or at all. Starting in February 2020 and continuing throughout April 2020, after considerable

discussion, the VIEs and Tianyi Video took the mutual decision to offer “Fish Learning” mobile video package to the public at no cost for the purpose of helping to spread cultural and professional knowledge among Chinese people during the outbreak of COVID-19 in accordance with policy promulgated by relevant government authorities. Although the VIEs resumed charging Tianyi Video’s customers for educational content placed on its platform starting in May 2020, we and the VIEs cannot assure you that there will not be similar instances in the future and that there will not be any further negative impact on the VIEs’ “Fish Learning” mobile video package and the VIEs’ relationship with Tianyi Video as a result. If any of them ceased to collaborate with the VIEs, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.

***We, together with the VIEs, have grown rapidly and plan to continue to expand the business for the foreseeable future of us and the VIEs. If we and the VIEs fail to manage our and the VIEs’ growth effectively, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.***

We, together with the VIEs, have experienced rapid growth in recent years. The revenue from us and the VIEs grew by 12.8% from RMB358.8 million in 2019 to RMB404.9 million in 2020. Over the same years, our and the VIEs’ cost of revenues grew by 21.1% from RMB227.8 million in 2019 to RMB275.8 million in 2020.

Our and the VIEs’ rapid growth has placed, and we expect to continue to place, a significant strain on the management, operations, sales and marketing, as well as capital and other resources of us and the VIEs. To maintain our and the VIEs’ growth, we and the VIEs need to continue to grow the customer base, expand the VIEs’ educational content, hire qualified and experienced staff, as well as strengthen our and the VIEs’ technological platforms and systems. If we and the VIEs fail to efficiently manage the rapid growth of business, our and the VIEs’ costs of operations may increase significantly and we and the VIEs may not be able to attract a sufficient number of customers and qualified personnel, respond to competitive challenges, or otherwise execute our and the VIEs’ business plans. In addition, we and the VIEs may, as part of carrying out growth strategies, adopt new initiatives to offer additional services and to implement new pricing models and strategies. Starting in late 2018, the VIEs have also offered mobile users of China Telecom the option to redeem their reward points with China Telecom for courses in a special limited content mobile video package containing courses related to artificial intelligence and big data. Starting from April 2019, the VIEs have also begun offering content directly to individual customers via the VIEs’ Light Class product accessible via a subscription account on WeChat. In the future, we expect to focus on providing the VIEs’ educational content via the platforms of Tianyi Video and other major telecommunications providers and the VIEs’ self-developed mobile application, which we believe will contribute a significant percentage of total revenue from us and the VIEs. However, we cannot assure you that any of our and the VIEs’ business initiatives will achieve the anticipated results. These proposed business plans may not be well received by our and the VIEs’ existing or prospective customers, which could damage our and the VIEs’ reputation and business prospects, or they may not achieve the desired financial results, which could have a material and adverse effect on the business, financial condition and results of operations of us and the VIEs.

Our and the VIEs’ ability to effectively implement strategies and manage the growth of and the VIEs’ business will depend on a number of factors, including the ability to: (i) identify and effectively market our and the VIEs’ products and services in new markets with sufficient growth potential; (ii) develop and improve educational content to make them appealing to existing and prospective users; (iii) maintain and expand our and the VIEs’ customer base; (iv) effectively recruit, train and motivate new employees, including our and the VIEs’ technical personnel and sales and marketing personnel; (v) successfully implement enhancements and improvements to our and the VIEs’ technical systems and platforms; (vi) continue to improve the operational, financial and management controls and efficiencies of us and the VIEs; (vii) protect and further develop our and the VIEs’ intellectual property rights; and (viii) make sound business decisions in light of the scrutiny associated with operating as a listed company. These activities require significant capital expenditures and management and financial resources. We cannot assure you that we and the VIEs will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all. Our rapid growth in a relatively short period of time is not necessarily indicative of results that we and the VIEs may achieve in the future. If we and the VIEs do not effectively manage the growth of our and the VIEs’ business and operations, the reputation, results of operations and overall business and prospects of us and the VIEs could be adversely impacted.

***We and the VIEs may not be successful in the expansion of educational content service or in the exploration of other additional services.***

The VIEs started to offer educational content service in 2011 and aim to continue to expand the coverage of such service to cover wider variety of educational content. Expansions and upgrades to the VIEs’ existing educational products and courses may not be well received by our and the VIEs’ customers, and newly introduced educational content



may not achieve success as expected. The VIEs also promoted the products and services through “Fish Learning” and “Light Class”. The development of new products, services and content may disrupt our and the VIEs’ ongoing business, disrupt our management’s attention and be costly and time-consuming. It would also require us to make significant investments in research and product development, develop new technologies, and increase sales and marketing efforts, all of which may not be successful. We cannot assure you that any of such new products or services will achieve market acceptance or generate sufficient revenues to offset the costs and expenses incurred in relation to our and the VIEs’ development and promotion efforts. If the VIEs are unsuccessful in the expansion of after-school tutoring products or in the exploration of additional educational services due to financial constraints, failure to attract qualified personnel or other reasons, the business, financial condition and results of operations of us and the VIEs could be adversely affected.

***We and the VIEs may need additional capital in the future to pursue our business objectives. If we and the VIEs cannot obtain additional capital on acceptable terms, or at all, the business, financial condition and results of operations of us and the VIEs may be materially and adversely affected.***

We and the VIEs may need to raise additional capital to respond to business challenges or opportunities, accelerate our and the VIEs’ growth, develop new offerings or enhance our and the VIEs’ technological capacities. Due to the unpredictable nature of the capital markets and our and the VIEs’ industry, there can be no assurance that we and the VIEs will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we and the VIEs experience disappointing results of operations. If adequate capital is not available to us as required, our and the VIEs’ ability to fund operations, take advantage of unanticipated opportunities, develop or enhance our and the VIEs’ infrastructure or respond to competitive pressures could be significantly limited. If we and the VIEs 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.

***Our and the VIEs’ cost of revenues may increase in the future as we plan to use a significant amount of the proceeds from this offering to grow the VIEs’ educational content service business.***

Our and the VIEs’ cost of revenues mainly consists of purchase cost of equipment for IT procurement services and amortization expense of educational contents and other intangible assets. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, our and the VIEs’ cost of revenues amounted to RMB227.8 million, RMB275.8 million and RMB204.8 million (US\$31.7 million), respectively, accounting for approximately 63.5%, 68.1% and 74.1%, respectively, of total revenue from us and the VIEs during those periods. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Components of Results of Operations — Cost of Revenues” for more details. We plan to use approximately 50% of the net proceeds from this offering, or RMB            million (equivalent to US\$            million), primarily to develop and produce new educational content and purchase educational content from third parties for the expansion of the VIEs’ educational content business. See “Use of Proceeds” in this prospectus for more details. Large-scale development of the VIEs’ educational content business will likely lead to a significant increase in our and the VIEs’ costs in the form of staff cost, marketing and promotion cost and amortization of intangible assets. We cannot guarantee that such additional costs will be accompanied by corresponding increases in revenue in the short-term or at all. Any such material increase in costs without commensurate increases in revenue would negatively affect our and the VIEs’ profit and profit margin and the financial condition and results of operations of us and the VIEs could be materially and adversely affected.

***If we and the VIEs are unable to conduct sales and marketing activities cost-effectively, the results of operations and financial condition of us and the VIEs may be materially and adversely affected.***

In addition to word-of-mouth referrals, we and the VIEs also rely on our and the VIEs’ sales and marketing efforts to increase the customer base. Our and the VIEs’ selling and distribution expenses primarily include staff costs and marketing costs. We and the VIEs incurred sales and marketing expenses of approximately RMB7.6 million, RMB5.0 million (US\$0.8 million) and RMB4.1 million (US\$0.6 million) for the years ended December 31, 2019 and 2020 and six months ended June 30, 2021, respectively. We expect our and the VIEs’ selling and distribution expenses to increase in the future as we and the VIEs further expand our and the VIEs’ operations.

Our and the VIEs’ sales and marketing activities may not be well received by the market and may not result in the levels of sales that we and the VIEs anticipate. We and the VIEs 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 and the VIEs’ sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools in China’s educational content market and mobile media services market and IT related



solution services market are evolving rapidly. This requires us to continually enhance our and the VIEs' sales and marketing approaches and experiment with new methods to keep pace with industry developments and customer preferences. Moreover, our and the VIEs' sales and marketing activities may be deemed to violate PRC laws and regulations, and we and the VIEs may be exposed to administrative penalties, such as paying fines or publishing explanatory notes to limit the adverse effects of our and the VIEs' marketing efforts. If we and the VIEs are deemed guilty of significant infringements, we and the VIEs may be ordered to cease sales and marketing activities temporarily and our and the VIEs' business licenses may be revoked. Failure to engage in sales and marketing activities in a compliant and cost-effective manner may reduce our and the VIEs' market share, cause our and the VIEs' revenue and gross profits to decline, adversely impact our and the VIEs' profitability, and materially harm the business, financial condition and results of operation of us and the VIEs.

***We and the VIEs may not be able to maintain or increase our fee level for products or services.***

Our and the VIEs' results of operations are affected by the pricing we and the VIEs charge for our and the VIEs' products and services. We and the VIEs determine our and the VIEs' fees primarily based on the demand for the VIEs' educational content, the cost of our and the VIEs' operations, the fees charged by our and the VIEs' competitors, our and the VIEs' pricing strategy to gain market shares and general economic conditions in the PRC. We cannot guarantee that we and the VIEs will be able to maintain or increase our and the VIEs' fee level in the future without adversely affecting the demand for the VIEs' educational content services.

***If we and the VIEs fail to adopt new technologies that are important to our and the VIEs' business, in particular the technology upgrades, our and the VIEs' competitive position and ability to generate revenues may be materially and adversely affected.***

The technology used in internet and value-added telecommunications services in general, and in online education services in particular, may evolve and change over time. We believe our and the VIEs' technologies are important to our success and are critical to the implementation of our and the VIEs' business model. In particular, implementation of technologies to improve teaching efficiency is an important part of the VIEs' educational content services and is critical to attracting new customers to purchase and the VIEs' services. As a digital educational content provider, we and the VIEs must anticipate and adapt to such technological changes and adopt new technologies in a timely manner. We and the VIEs also rely on our and the VIEs' data and technology capabilities to build and maintain our and the VIEs' platform and infrastructure. We cannot assure you that we and the VIEs can keep up with the fast pace of the technology industry, and continue to develop, innovate and utilize our and the VIEs' proprietary capabilities. Our and the VIEs' technologies may become insufficient, and we and the VIEs may have difficulties in following and adapting to technological changes in the online education industry in a timely and cost-effective manner. New solutions and technologies developed and introduced by competitors could render our and the VIEs' technology obsolete. Developing and integrating new technologies into our and the VIEs' existing technology framework could be expensive and time-consuming. We and the VIEs may not succeed in developing and incorporating new technologies at all. If we and the VIEs fail to continue to develop, innovate and utilize our and the VIEs' technologies effectively and on a timely basis, the business, financial performance and prospects of us and the VIEs could be materially and adversely affected.

***Inability to adequately and promptly respond to changes in professional certification exams, civil service exams, employment and entrepreneurship guidance and other regulatory changes in the PRC could render the VIEs' educational content services less attractive to end users.***

The VIEs' educational content database covers employment, entrepreneurship guidance courses, professional skills enhancement courses, quality improvement courses, and quiz bank for professional certification exams and civil service exams. Acquisition of professional certifications or civil servant positions in China rely heavily on examination results, and candidates' performance in these exams is critical to their future career pursuit and employment prospects. And assessment processes for employment also undergo constant changes, in terms of subject and skill focus, question type, examination format and the manner in which the processes are administered. Chinese government also issue evolving guidance to encourage employment and entrepreneurship, especially for some new promising industries. The VIEs are therefore required to continually update and enhance the curricula, course materials and teaching methods. Any failure to respond to the changes in a timely and cost-effective manner will adversely impact the marketability of the VIEs' online educational products and services, which would render the VIEs' educational content services less attractive to end users. Failure to track and respond to these changes in a timely and cost-effective manner would render the VIEs' courses, services and products less attractive to students, which may negatively affect the VIEs' reputation and ability to continue to attract educational institutional customers and subscribed end users.

***The VIEs' products may compete with each other.***

The VIEs have developed a large, diversified database of educational content, including video courses, industry reports and case studies, among other materials, primarily focusing on employment, entrepreneurship and IT related skills. See “Business — Educational Content and Content Development” for further details. This database of educational content serves as the cornerstone of the VIEs' educational content services business, including both the VIEs' B2B2C online learning platforms and B2C mobile video businesses. To the extent the type of content, and sometimes even the specific materials, overlap between the VIEs' different products, these products might compete with each other for customers. While the VIEs largely target different groups of customers with regard to B2B2C and B2C products to minimize the risk of cannibalization among the VIEs' different products, there may be some overlap and there can be no assurance that the VIEs' promotion of new products will not adversely affect the VIEs' sales of existing products. To the extent sales of certain of the VIEs' products result in decreased sales of other of the VIEs' products, our and the VIEs' overall growth may be constrained and the business, financial condition and results of operations of us and the VIEs may be adversely affected.

***China's online education industry has been evolving rapidly. If we and the VIEs are unable to anticipate and adapt to industry trends in time, the business and prospects of us and the VIEs may be materially and adversely affected.***

The online education industry in China is constantly evolving. Our and the VIEs' limited history of operating as an online educational content provider may not serve as an adequate basis for evaluating future prospect and operating results of us and the VIEs, including the revenue, cash flows and profitability of us and the VIEs. We and the VIEs have encountered, and may continue to encounter in the future, risks, challenges and uncertainties associated with operating an Internet-based business, such as building and managing reliable and secure IT systems and infrastructure, addressing regulatory compliance and uncertainty, and hiring and training IT support staff, all of which we and the VIEs have limited experience with. In addition, we and the VIEs may face additional risks and challenges associated with responding to evolving industry trends, standards and new developments, including new technologies and applications made possible by the increasing mobile penetration in China. If we and the VIEs do not rise up to the challenges successfully, our and the VIEs' operating and financial results may differ materially from our expectations and our and the VIEs' business may suffer.

***The VIEs face risks and uncertainties in the licensing and approval requirements of the VIEs' online educational content services. If the VIEs fail to obtain and maintain the requisite licenses and approvals required under the complex regulatory environment for online education in China, financial condition and results of operations may be materially and adversely affected.***

The online education industry in China is highly regulated by the PRC government. The VIEs are required to obtain and maintain various licenses and permits and fulfill registration and filing requirements in order to conduct and operate the VIEs' business currently carried out. We cannot assure you that the VIEs are able to successfully update or renew the licenses or permits required for the VIEs' business in a timely manner or that these licenses or permits are sufficient to conduct all of the VIEs' present or future business.

The VIEs may be required to obtain additional licenses or permits for the VIEs' online educational content services. Regulations in China with respect to the online education industry are still in its nascent stage. The relevant laws and regulations are relatively new and still evolving, and their interpretation and enforcement involve significant uncertainty and ambiguity. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

The production, editing, transmission to the public through the VIEs' online learning platforms or mobile applications of the VIEs' audio-visual content, may be deemed as providing audio-video programs or online publication services under relevant PRC Laws. Thus, the VIEs may be required to obtain the License for Online Transmission of Audio-Visual Programs or the Internet Publishing License as currently there is no further official or publicly available interpretation from government authorities of whether such content or services would be deemed “audio-visual programs” or “online publication services”. In June 2018, the VIEs conducted interviews with the relevant officer of the National Radio and Television Administration of the PRC (the “NRTA”), who confirmed that the VIEs are not required to obtain the License for Online Transmission of Audio-Visual Programs. In August 2018, the VIEs consulted the relevant officer of the Beijing Municipal Bureau of Press, Publication, Radio, Film and Television (Beijing Municipal Bureau of Copyright) (the “BMPPRFT”) who confirmed that the VIEs are not required to obtain an Internet Publishing License. Our PRC legal counsel are of the view that, (i) the NRTA and the BMPPRFT are

competent PRC government authorities to issue such confirmations, and (ii) as of the date of this prospectus, the VIEs are not explicitly required to obtain those licenses under current regulations and regulatory policies based on the confirmations of NRTA and BMPPRFT. However, we cannot assure that the competent PRC government authorities will not subsequently take a contrary view, especially in light of new regulatory developments. If the government authorities determine that the VIEs' online educational content services fall within the scope of business operations that require the above-mentioned licenses or other licenses or permits, the VIEs may not be able to obtain such licenses or permits on reasonable terms or in a timely manner or at all, and failure to obtain such licenses or permits may subject us to fines, legal sanctions or an order to suspend the VIEs' online educational content services.

***Disruption to or failures of our and the VIEs' IT infrastructure and any failure to maintain the satisfactory performance, cyber-security incidents, including data security breaches or viruses, could reduce user satisfaction and materially and adversely affect the business, reputation, financial condition and results of operations of us and the VIEs.***

The proper functioning and reliability of our and the VIEs' IT infrastructure is critical to our and the VIEs' operations and reputation. The VIEs provide educational content to institutional customers under a B2B2C model primarily through the platforms built upon proprietary IT infrastructure. Accordingly, any errors, defects, disruptions or other performance problems with our and the VIEs' IT infrastructure could damage our and the VIEs' reputation, decrease user satisfaction and retention, adversely impact our and the VIEs' ability to attract new customers and expand the VIEs' educational content, and materially disrupt our and the VIEs' operations. Our and the VIEs' systems are vulnerable to damage or interruption as a result of fires, floods, earthquakes, power losses, telecommunication failures, undetected errors in software, computer viruses, hacking and other attempts to harm our and the VIEs' systems. In addition, we cannot assure you that we and the VIEs will be able to timely scale up and adjust our and the VIEs' existing technology and infrastructure to respond to system interruptions. Our and the VIEs' computer system and operations could be vulnerable to interruptions or malfunctions due to events beyond our and the VIEs' control, including natural disaster and telecommunications failures. If any of these occur, the business operations, reputation and prospects of us and the VIEs could be harmed.

Maintaining platform security is of critical importance to our and the VIEs' customers because the platform stores and transmits proprietary and confidential information, which may include sensitive personally identifiable information that may be subject to stringent legal and regulatory obligations. As an online educational content provider, we and the VIEs face an increasing number of threats to our and the VIEs' IT infrastructure, including unauthorized activity and access by our and the VIEs' employees or third-party agents, system viruses, worms, malicious code and organized cyberattacks, which could breach our and the VIEs' security and disrupt our and the VIEs' business. If our and the VIEs' security measures are breached or failed as a result of third-party action, employee error, malfeasance or otherwise, we and the VIEs could be subject to liability or our and the VIEs' business could be interrupted, potentially over an extended period of time. Any or all of these issues could harm our and the VIEs' reputation, adversely affect our and the VIEs' ability to attract prospective customers.

***The business, financial condition, results of operations and prospects of us and the VIEs could be adversely affected by the outbreak of a novel coronavirus.***

All our and the VIEs' offices are located in the PRC and operations are subject to the risks of coronavirus outbreak starting from early 2020. The WHO declared the outbreak as a Public Health Emergency of International Concern (PHEIC) on January 30, 2020 and further characterized COVID-19 as a pandemic on March 11, 2020. The outbreak has caused and may continue to cause disruption to regional and national economic activities and temporary closure of schools and libraries, which can affect customer activities in the affected areas and, therefore, reduce demand for our and the VIEs' products. The outbreak has also resulted in disruptions to our and the VIEs' business. Specifically, our IT installment services for a certain period in 2020 when lock-down measures were postponed. Although we bore no responsibility for delayed installment during the period, we cannot assure you that there will not be further negative impact on our business or relationship with such customers. Starting in February 2020 and continuing throughout April 2020, after considerable discussion, the VIEs and Tianyi Video took the mutual decision to offer the VIEs' "Fish Learning" mobile video package to the public at no cost for the purpose of helping to spread cultural and professional knowledge among Chinese people during the outbreak of COVID-19 in accordance with policy promulgated by relevant government authorities. We are uncertain as to when the outbreak will be contained, and we also cannot predict if the impact will be short-lived or long-lasting. The impact of the COVID-19 outbreak on the local and national economies and on the industries in which we and the VIEs and our and the VIEs' major customers operate could materially and adversely affect our and the VIEs' business operations and financial condition.

Any adverse effects on our and the VIEs' major customers could impact their demand for our and the VIEs' services or their ability to settle our and the VIEs' outstanding trade receivables. If the outbreak is not effectively controlled in a short period of time, the business, financial condition, results of operations and prospects of us and the VIEs may be adversely affected as a result of the changes and any slowdown in economic growth, negative business sentiment or other factors that we cannot foresee.

***We and the VIEs may face risks related to natural and other disasters, including severe weather conditions or outbreaks of health epidemics, and other extraordinary events, which could significantly disrupt our and the VIEs' operations.***

Our and the VIEs' business could be materially and adversely affected by natural disasters, other health epidemics or other public safety concerns affecting the PRC, and particularly Beijing. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures, internet failures or other operation interruptions for us and our and the VIEs' service providers, which could cause the loss or corruption of data or malfunction of software or hardware as well as adversely affect our and the VIEs' ability and the ability of our and the VIEs' service providers to conduct daily operations and to deliver the VIEs' educational content. Our and the VIEs' business could also be adversely affected if employees of us or our service providers are affected by health epidemics. In addition, our and the VIEs' results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. Our headquarters are located in China, where most of our directors and management and the majority of our and the VIEs' employees currently reside. Most of our and the VIEs' system hardware and back-up systems are hosted in facilities located in China, and most of our and the VIEs' service providers are located in China. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect China, our and the VIEs' operation may experience material disruptions, which may materially and adversely affect the business, financial condition and results of operations of us and the VIEs.

***A severe and prolonged global economic recession and the slowdown in the Chinese economy may adversely affect the business and results of operations of us and the VIEs.***

COVID-19 had a severe and negative impact on the Chinese and the global economy in the first half of 2020. Whether this will lead to a prolonged downturn in the economy is still unknown. In addition to the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2012 compared to the previous decade and the trend may continue. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) growth was slowing down in recent years. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, 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, treaties, government regulations and tariffs. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term. 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 the business, results of operations and financial condition of us and the VIEs.

***The VIEs may not be able to convert trial users of the VIEs' online learning platforms to paying users of our educational content.***

As an industry norm, the VIEs allow institutional users to begin using the VIEs' online learning platforms on a trial basis free of charge for a period ranging from three to six months. We believe that this trial mechanism helps attract users to use the VIEs' products and services. However, historically, a substantial number of potential customers to whom the VIEs have extended use of online learning platform products on a trial basis, have not converted into new paying users (either as subscribers, licensing customers, or end customers of the VIEs' licensing customers) for the VIEs' educational content. While the VIEs intend to increase the conversion of the higher education institution trial users to paying users, the VIEs may not be able to do so due to a variety of reasons, many of which are outside of the VIEs' control. The VIEs may face increased dissatisfaction from trial users if the VIEs' services fail to meet their expectations, increased pricing pressure from the VIEs' existing paying users and increased competitive pressure from

the VIEs' competitors if they were to offer their trial users a longer period of trial use of their services. These factors may cause the conversion of the VIEs' trial users to paying users to further decrease, which may adversely affect the prospects, business, financial condition, results of operations and reputation of us and the VIEs.

***Customers may decide not to continue subscribing to or licensing the VIEs' educational content for a number of reasons, including a perceived lack of improvement in their professional skills or general dissatisfaction with the VIEs' educational content offerings, which may adversely affect the business, financial condition, results of operations and reputation of us and the VIEs.***

The success of the VIEs' educational content business depends on the VIEs' ability to deliver diversified learning experiences and help users achieve their learning objectives. The VIEs may not always be able to meet the VIEs' users' expectations in terms of improvement of professional skills due to a variety of reasons, many of which are outside of the VIEs' control. The VIEs may face increased user dissatisfaction due to their perceptions of the VIEs' failure to help them achieve their anticipated learning goals, users' overall dissatisfaction with the diversity of the VIEs' educational content offerings, as well as changing views of the value of the qualifications they are pursuing through taking the VIEs' courses. These factors may contribute to reduced user engagement and increased challenges in attracting prospective subscribers or licensees of the VIEs' educational content offerings, all of which may adversely affect the prospects, business, financial condition, results of operations and reputation of us and the VIEs.

***The demand for the VIEs' mobile application content data business might decline with 5G networks are being made available to the public in China***

The VIEs have developed a mobile application content data business system which is also known as "Mobile Application Content Oriented Data Business System Software", containing a built-in software development kit (SDK), through which mobile applications and content providers can provide their users access to targeted data plans provided by China Unicom. We expect that the VIEs' targeted data plan services will gradually be less attractive going forward as 5G networks are being made available to the public resulting in decreases in mobile data charges, and that revenue contribution from the provision of mobile application content data business system services is expected to decrease going forward as a result of decreasing demand.

***If we and the VIEs fail to effectively identify, pursue and consummate strategic alliances or acquisitions, our and the VIEs' ability to grow and to achieve profitability could be impacted.***

We and the VIEs may from time to time engage in evaluations of, and discussions with, possible domestic and international acquisition or alliance candidates. We and the VIEs 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. There may be particular complexities, regulatory or otherwise, associated with further expansion into new markets, and our strategies may not succeed beyond our and the VIEs' current markets. If we and the VIEs are unable to effectively address these challenges, our and the VIEs' ability to execute acquisitions as a component of our long-term strategy will be impaired, which could have an adverse effect on our and the VIEs' growth.

***Our success depends on the continuing efforts of our senior management team.***

We and the VIEs depend on the continued contributions of our senior management and other key employees, including, in particular, Mr. Yong Hu, our executive director. The loss of the services of any of our senior management or other key employees could harm our and the VIEs' business. Competition for qualified talents in China is intense. If one or more of our senior management or other key employees are unable or unwilling to continue in their present positions, we and the VIEs may not be able to find replacements in a timely manner, or at all, and our and the VIEs' business may be disrupted. Moreover, if any member of our senior management team or any of our and the VIEs' other key personnel joins a competitor or forms or invests in a competing business, we and the VIEs may lose customer base and other key sales and marketing personnel to our and the VIEs' competitors. Our future success is also dependent on our and the VIEs' ability to attract a significant number of qualified employees and retain existing key employees. If we and the VIEs are unable to do so, our and the VIEs' business and growth may be materially and adversely affected. Our and the VIEs' need to significantly increase the number of our and the VIEs' qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation, if any.

***We and the VIEs may from time to time be subject to infringement claims relating to intellectual properties of third parties.***

We cannot assure you that the VIEs' educational content and our IT technologies and platforms do not or will not infringe upon copyrights or other intellectual property rights held by third parties. We and the VIEs may encounter disputes from time to time over rights and obligations concerning intellectual properties, and we and the VIEs may not prevail in those disputes. The VIEs acquired licensing rights from third party content providers for a certain portion of the VIEs' educational content offerings. If the VIEs' rights to such educational content are disputed or if the VIEs lose such rights, the VIEs may be forced to remove the disputed content from the offerings as well as pay certain penalties. In this case, the business, financial condition, results of operations and reputation of us and the VIEs would be materially and adversely affected.

We and the VIEs have adopted policies and procedures to prohibit our and the VIEs' employees from infringing upon third-party copyright or intellectual property rights. However, we and the VIEs cannot ensure that they will not, against our and the VIEs' policies, use third-party copyrighted materials or intellectual property without proper authorization in our and VIEs' platforms or via any medium through which we and the VIEs provide our and the VIEs' services. The VIEs may incur liability for unauthorized duplication or distribution of materials posted on the VIEs' online platforms or mobile applications. We and the VIEs may be subject to claims against us alleging our and the VIEs' infringement of third-party intellectual property rights in the future. Any such intellectual property infringement claim could result in costly litigation and divert our management attention and resources, which in turn could adversely affect the business, financial condition and prospects of us and the VIEs.

***We cannot assure you that the VIEs will not be subject to liability claims for any inappropriate or illegal content in the VIEs' educational content offerings, which could cause us and the VIEs to incur legal costs and damages our and the VIEs' reputation.***

Although the VIEs implement various content monitoring procedures, we cannot assure you that there will be no inappropriate or illegal content included in the VIEs' educational content or applications and websites. In addition, the VIEs' quiz questions designed internally based on the VIEs' understanding of the relevant examination requirements may be investigated by the regulatory authorities. The VIEs may face civil, administrative or criminal liability or legal or regulatory sanctions, such as requiring us to restrict or discontinue the VIEs' content, products or services, if an individual or corporate, governmental or other entity believes that any of the VIEs' educational content or content displayed on the VIEs' applications and websites violates any laws, regulations or governmental policies or infringes upon its legal rights. Even if such a claim were not successful, defending such a claim may cause us to incur substantial costs. Moreover, any accusation of inappropriate or illegal content in the VIEs' educational content offerings or the VIEs' applications and websites could lead to significant negative publicity, which could harm the reputation, business, financial condition and results of operations of us and the VIEs.

***If we and the VIEs fail to protect our and the VIEs' intellectual property rights, our and the VIEs' brand and business may suffer.***

We and the VIEs rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our and the VIEs' intellectual property rights. Although we and the VIEs seek to obtain copyright or patent protection for our and the VIEs' intellectual property when applicable, it is possible that we and the VIEs may not be able to do so successfully or that the copyright or patent we and the VIEs have obtained may not be sufficient to protect all of our and the VIEs' intellectual property rights. In particular, the VIEs rely, to the great extent, upon the VIEs' educational content developed in-house, including videos the VIEs recorded, short animated clips, quiz collections, and reports, to provide diversified educational content. Despite our and the VIEs' efforts to protect our and the VIEs' proprietary educational content and other intellectual property rights, unauthorized parties may attempt to copy or duplicate our and the VIEs' intellectual property or otherwise use our and the VIEs' intellectual properties without obtaining our and the VIEs' consent. Monitoring unauthorized use of our and the VIEs' intellectual property is difficult and costly, and we cannot be certain that the steps we and the VIEs have taken will effectively prevent misappropriation of our and the VIEs' intellectual properties. If we and the VIEs are not successful in protecting our and the VIEs' intellectual property rights, the business and results of operations of us and the VIEs may be adversely affected.



***The recognition of our and the VIEs' brand may be adversely affected by any negative publicity concerning us and our and the VIEs' business, shareholders, affiliates, directors, officers, and other employees and other workers supplied by third parties, as well as the industry in which we and the VIEs operate, regardless of its accuracy, that could harm our and the VIEs' reputation and business.***

We believe that the market recognition of our and the VIEs' brand has significantly contributed to the success of our and the VIEs' business and that maintaining and enhancing our and the VIEs' brand recognition is critical to sustaining our and the VIEs' competitive advantages. Negative publicity about us and our and the VIEs' business, shareholders, affiliates, directors, officers, and other employees and other full-time and part-time workers supplied by third parties, as well as the industry in which we and the VIEs operate, can harm the recognition of our and the VIEs' brand. Negative publicity, regardless of merits, could be related to a wide variety of matters, including but not limited to:

- alleged misconduct or other improper activities committed by our and the VIEs' end users or our and the VIEs' shareholders, affiliates, directors, officers, instructors and other employees and other full-time and part-time workers supplied by third parties, including misrepresentation made by our and the VIEs' employees or full-time and part-time workers supplied by third parties during sales and marketing activities, and other fraudulent activities to artificially inflate the popularity of our and the VIEs' products and services;
- false or malicious allegations or rumors about us or our and the VIEs' business, shareholders, affiliates, directors, officers, instructors and other employees and tutors and other workers supplied by third parties;
- complaints by the VIEs' college student users about and the VIEs' education content offerings;
- refund disputes of subscription fees between us and the VIEs' end users;
- security breaches of private user or transaction data;
- employment-related claims relating to alleged employment discrimination, wage and hour violations; and
- governmental and regulatory investigations or penalties resulting from our and the VIEs' failure to comply with applicable laws, regulations and policies, including those to be adopted by the government for applying more stringent social, ethical and environmental standards

In addition to traditional media, there has been an increasing use of social media platforms and similar technologies in China, including instant messaging applications, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our and the VIEs' business, shareholders, affiliates, directors, officers and other employees and other workers supplied by third parties, may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect or misleading information cannot be completely eliminated or mitigated and may materially harm the recognition of our and the VIEs' brand, reputation, business, financial condition and results of operations.

***If our and the VIEs' security measures are breached or failed and result in unauthorized disclosure or unintended leakage of data, we and the VIEs could lose existing clients, fail to attract new clients and be exposed to protracted and costly litigation.***

Maintaining platform security is of critical importance to us because we and the VIEs store and transmit proprietary and confidential information, including IP addresses and users' telephone numbers, which is primarily stored in our and the VIEs' digital database. To ensure the confidentiality and integrity of our and the VIEs' data, we and the VIEs maintain a comprehensive and rigorous data security program. For example, we and the VIEs have implemented some data encryption measures to ensure secured storage and transmission of data, and prevent any unauthorized access or use of the data of our and the VIEs' users. See "Business — Data Privacy and Security." These measures, however, may not be as effective as we anticipate. As an online educational content service provider, we and the VIEs face an increasing number of threats to our and the VIEs' platform and computer systems, including unauthorized activity and access, system viruses, worms, malicious code, denial of service attacks, phishing attacks, and organized cyberattacks, any of which could breach our and the VIEs' security and disrupt our and the VIEs' platform

and technology infrastructure. The techniques used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems change frequently and generally are not detected until after an incident has occurred. We and the VIEs have implemented certain safeguards and processes to thwart hackers and protect the data in our and the VIEs' platform and computer systems. If the unauthorized access to users' data is detected by our and the VIEs' security program, we and the VIEs will be informed and take measures to block the skeptical access. However, our and the VIEs' efforts to maintain the security and integrity of our and the VIEs' platform, and the cybersecurity measures taken by our and the VIEs' third-party service providers may be unable to anticipate, detect or prevent all attempts to compromise our and the VIEs' systems. If our and the VIEs' security measures are breached or fail as a result of third-party action, employee error, malfeasance or otherwise, it could result in the loss or misuse of or authorized third-party access to proprietary and confidential student, teacher, parent, employee and company information, which could subject us to liability, interrupt our and the VIEs' business or adversely affect our and the VIEs' reputation, potentially over an extended period of time.

Increased regulation of data utilization practices, including self-regulation, under existing laws that limit our and the VIEs' ability to collect, transfer and use data, could have an adverse effect on our and the VIEs' business. If we and the VIEs were to disclose data about our and the VIEs' clients in a manner that was objectionable to them, our and the VIEs' business reputation could be adversely affected, and we and the VIEs could face potential legal claims that could impact our and the VIEs' operating results. Failure to comply with these obligations could subject us to liability, and to the extent that we and the VIEs need to alter our and the VIEs' business model or practices to adapt to these obligations, we and the VIEs could incur additional expenses.

Any of these issues could harm our and the VIEs' reputation and adversely affect our and the VIEs' ability to attract clients. Further, any reputational damage resulting from breach of our security measures could create distrust of us and the VIEs by prospective clients or investors. We and the VIEs may be required to expend significant additional resources to protect us against the threat of security measures breaches or to alleviate problems caused by such disruptions or breaches.

***We and the VIEs may be subject to regulatory actions or legal proceedings in the ordinary course of our and the VIEs' business. If the outcomes of these regulatory actions or legal proceedings are adverse to us, it could have a material adverse effect on the business, results of operations, and financial condition of us and the VIEs.***

We and the VIEs may be subject to regulatory actions, litigation, disputes or claims of various types brought by relevant regulatory authorities or our and the VIEs' competitors, users, content creators, employees, or other third parties against us in the ordinary course of our and the VIEs' business. Such regulatory actions, disputes, allegations, complaints, or legal proceedings may damage our and the VIEs' reputation, evolve into litigations or otherwise have a material adverse impact on our and the VIEs' reputation and business. Litigation is expensive, may subject us to the risk of significant damages, requires significant managerial resources and attention, and could materially and adversely affect our and the VIEs' business, financial condition, and results of operations. The outcomes of actions we and the VIEs institute may not be successful or favorable to us. Lawsuits against us may also generate negative publicity that significantly harms our and the VIEs' reputation, which may adversely affect our and the VIEs' user base.

***We and the VIEs obtain most of our and the VIEs' projects of educational content provided to institutional customers and IT related solution services through a tender process, and we and the VIEs submit our tender quotes based on estimated cost for each project. The VIEs also sell a small portion of educational content through a third party agent. If the actual cost exceeds our and VIEs' estimate in tendering projects or we and the VIEs are unable to maintain an effective business relationship with the third party agent, the financial condition and results of operations of us and the VIEs will be adversely affected.***

We and the VIEs derive a significant portion of the revenue from provision of IT solution services and sale of educational content, primarily serving educational institutions and other institutional customers. These educational institutions and other institutional customers typically bundle their needs for IT solution services and educational content together as one project and conduct a tender process to select one service provider for the entire project. In such a tender process, each bidder is required to submit a quote for the project based in part on their estimated cost for the project. We and the VIEs estimate our and the VIEs' expected cost for each project on the basis of available information about the project, costs of labor and raw materials, procurement cost of equipment and ancillary components, and expenses we and the VIEs expect to incur in connection with the project. However, any of these factors may change during the process of the project, which may result in us incurring higher costs than we and the



VIEs anticipated. Once our and the VIEs' tender quote is submitted and accepted for a project, we and the VIEs will not be able to increase our and the VIEs' quote and pass on any additional costs to the customers. In addition, there is uncertainty that the agreements or business contracts we and the VIEs finally entered with customers may contain unfavorable terms to us, which may also result in us incurring higher costs. As a result, if the actual cost for a project ends up being higher than the estimated cost in our and the VIEs' quote, we and the VIEs will have to pay for the difference ourselves, which will result in an adverse impact on the financial condition and results of operation of us and the VIEs.

During the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the VIEs entered into promotion and distribution agreements with a third party agent to promote and sell certain of the VIEs' educational content to higher education institutions and public libraries in Chongqing and Guangxi Zhuang Autonomous Region. There is no assurance that the VIEs are able to renew the distribution agreements with such third party agent on favorable terms or at all or such agent will continue to place orders with us. These events may occur if the VIEs fail to maintain good business relationship with the agent or it may switch to distribute similar products from our competitors, which are capable of providing them with more preferential terms. If such event occurs, the VIEs may incur more costs to identify and appoint replacement agent or sell the products ourselves, the financial condition and results of operations of us and the VIEs could be adversely affected.

***The VIEs' higher education institution customers rely on government funding to pay for the VIEs' services. If the PRC government reduces its expenditures on education, in particular its funding for higher education institutions, the business, financial condition and results of operations of us and the VIEs would be materially and adversely affected.***

Many of the customers for our IT related solution services and the VIEs' sale of educational content under a B2B2C model are public higher education institutions in China, which rely on PRC government funding for almost all of their capital expenditures and operational expenses. If the PRC government takes a policy shift and decides to reduce its expenditures on education, in particular its funding for public higher education institutions, the VIEs' customers would lose some or all of their financial resources to purchase the VIEs' services and products. As a result, orders for our IT related solution services and the VIEs' educational content may decrease, in which case the business, financial condition and results of operations of us and the VIEs would be materially and adversely affected.

***The success and future growth of our and the VIEs' business will be affected by acceptance of institutional clients and individual end users and market trends in integration of technology and education.***

We and the VIEs operate at the intersection of the education and technology industries, and our and the VIEs' business model features integrating technology closely with education to provide a more efficient and engaging learning experience. However, the integration of technology and education remains a relatively new concept in China, and there are limited proven methods to project users' demand or preference or available industry standards on which we and the VIEs can rely. Despite the growing adoption of institutional clients of the VIEs' educational database and online learning platforms, there is no guarantee that it will also be well received by the broader education and teaching community. In addition, even with the proliferation of internet and mobile devices in China, we believe that some of the VIEs' target customers may still be inclined to choose traditional and face-to-face lessons and paper materials over online educational videos and content as they find the former more reliable. We cannot assure you that our and the VIEs' products and services will continue to be attractive to our and the VIEs' institutional and individual customers in the future. If the VIEs' educational content services, which utilize data insights and technology, become less appealing to the VIEs' institutional clients and individual end users, the business, financial condition and results of operations of us and the VIEs could be materially and adversely affected.

***A significant portion of our and the VIEs' income is contributed by a limited number of clients. If we and the VIEs cannot retain these clients for any reason or expand our and VIEs' client base, our and VIEs' income may decrease and the financial condition and results of operations of us and the VIEs may be materially and adversely affected.***

For the six months ended June 30, 2021, our and the VIEs' top three customers account for 27%, 22% and 11% of total revenue from us and the VIEs, respectively. For the year ended December 31, 2019, our and the VIEs' top three customers account for 18%, 16% and 14% of total revenue from us and the VIEs, respectively. For the year ended December 31, 2020, our and the VIEs' top three customers account for 27%, 13% and 11% of total revenue from us and the VIEs, respectively. Although we and the VIEs plan to continue to expand our and the VIEs' client base, launch

more products and solutions, and generate income from a wider range of clients, we cannot guarantee you that we and the VIEs will be able to succeed or that such client concentration will decrease. If we and the VIEs fail to retain our and the VIEs' top clients, our and the VIEs' overall income may decrease and the financial condition and results of operations of us and the VIEs may be materially and adversely affected.

***We and the VIEs may be the subject of detrimental conduct by third parties such as our and the VIEs' competitors, including complaints to regulatory agencies and the public dissemination of malicious assessments of our and the VIEs' business, which could have a negative impact on our and the VIEs' reputation and cause us to lose market share, customers and revenues, and adversely affect the price of our Shares.***

We and the VIEs, in the future, may be, the target of anti-competitive, harassing or other detrimental conduct by third parties including our and the VIEs' competitors. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding the operations, accounting, business relationships, business prospects and business ethics of us and the VIEs. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. We and the VIEs may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we and the VIEs will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our and the VIEs' reputation may also be materially negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our and the VIEs' business, which in turn may cause us to lose students and revenues, and adversely affect the price of our Shares.

***Failure to make adequate contributions to various employee benefits plans as required by PRC regulations may subject us to penalties.***

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our and the VIEs' employees are based. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. During the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, we and the VIEs failed to make full contribution to the social insurance plans and housing provident fund for some of our and the VIEs' employees based on their actual wages. For 2019 and 2020 and the six months ended June 30, 2021, the aggregate amount of outstanding contributions which should have been made were approximately RMB0.3 million, RMB0.5 million and RMB0.3 million, respectively. For those subsidiaries which we have disposed of in 2018, they failed to pay sufficient contributions to the social insurance and housing provident fund of RMB0.1 million for 2018.

In respect of the social insurance, our PRC legal counsel has advised that, if an enterprise fails to pay the full amount of the social insurance contributions as legally required, the social insurance authority may order it to pay the outstanding amount of the social insurance contributions within a prescribed time limit and may impose a late fee at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. If the enterprise still fails to make such payment within the prescribed time, the social insurance authority may further impose an additional fine ranging from one to three times of the total outstanding balance. In respect of the housing provident fund, our PRC legal counsel has advised that, if an enterprise fails to pay the full amount of the housing provident fund contributions as legally required, the housing provident fund authority may order it to pay the outstanding amount of the housing provident fund within a prescribed time limit. If the enterprise still fails to make such payment within the prescribed time, the housing provident fund authority may apply for an order from the relevant people's courts to make such payment. During the years ended December 31, 2018, 2019 and 2020, the VIEs have received several written letters issued by local human resources and social security bureau confirming that no acts of violation in labour laws and regulations have been found and no administrative penalties have been imposed by relevant PRC governmental authorities. And the VIEs have not received any notification from the PRC governmental authorities requiring us to pay any outstanding amount of the social insurance and housing provident fund contributions. In addition, we have obtained an undertaking from our controlling shareholder to indemnify us against any loss arising from our and the VIEs' failure to make adequate contributions to the social insurance and housing provident fund. However, if we are subject to late fees or fines in relation to the underpaid employee benefits, the financial condition and results of operations of us and the VIEs may be adversely affected.

***Increases in labor costs in the PRC may adversely affect the business and results of operations of us and the VIEs.***

The currently effective PRC Labor Contract Law was first adopted on June 29, 2007 and later amended on December 28, 2012. The PRC Labor Contract Law has reinforced the protection of employees who, under the PRC Labor Contract Law, 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. Furthermore, the PRC Labor Contract Law sets forth additional restrictions and increases the costs involved with dismissing employees. To the extent that we and the VIEs need to significantly reduce our and the VIEs' workforce, the PRC Labor Contract Law could adversely affect our and the VIEs' ability to do so in a timely and cost-effective manner, and our and the VIEs' results of operations could be adversely affected. In addition, for certain employees whose employment contracts include non-competition terms, the PRC Labor Contract Law requires us to pay monthly compensation after such employment is terminated, which will increase our and the VIEs' operating expenses.

We expect that our and the VIEs' labor costs, including wages and employee benefits, will continue to increase. Unless we and the VIEs are able to pass on these increased labor costs to our and the VIEs' customers by increasing the prices of our and the VIEs' products and services, the financial condition and results of operations of us and the VIEs would be materially and adversely affected.

***We and the VIEs currently do not have any 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. Currently, we and the VIEs do not have any business liability or disruption insurance to cover our and the VIEs' operations. We and the VIEs 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 and the VIEs' incurring substantial costs and the diversion of resources, which could have an adverse effect on the results of operations and financial condition of us and the VIEs.

**Risks Related to Corporate Structure**

***There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for the majority of our and the VIEs' operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with Beijing Sentu and, consequently, significantly affect the financial condition and results of operations of Jianzhi Education. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in Beijing Sentu, which may materially and adversely affect our and the VIEs' operations and the value of your investment.***

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in radio and television program production and operation business and value-added telecommunications business. Specifically, foreign ownership of a company providing value-added telecommunications services may not exceed 50%, and the major foreign investor is required to have a record of good performance and operating experience in managing value-added telecommunications business.

We are a company incorporated under the laws of the Cayman Islands, and Jianzhi Beijing, our indirect wholly-owned PRC subsidiary, is considered a foreign-invested enterprise. In light of the above mentions, it is illegal for us to control them through our subsidiaries or independently operate our and the VIEs' business of educational content services and mobile media services as they constitute radio and television program production and operation services and value-added telecommunications services. As such, our wholly-owned subsidiary Jianzhi Beijing entered into the Contractual Arrangements with Beijing Sentu, among others, pursuant to which, we are able to: (i) have the power to direct the activities that most significantly affect the economic performance of Beijing Sentu; (ii) receive substantially all of the economic benefits from Beijing Sentu in consideration for the services provided by Jianzhi Beijing; (iii) have an exclusive option to purchase all or part of the equity interests in Beijing Sentu when and to the extent permitted by PRC laws; (iv) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase from Beijing Sentu all or any part of its assets at any time and from time to time in our absolute direction to the extent permitted by PRC laws; (v) appoint us, our designated person to exercise all shareholder's

rights in Beijing Sentu in accordance with PRC laws and the articles of Beijing Sentu; and (vi) have all of the equity interests in Beijing Sentu pledged to us as collateral security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Jianzhi Beijing. The Contractual Arrangements allows the results of operation and assets and liabilities of Beijing Sentu to be consolidated into our results of operations and assets and liabilities under U.S. GAAP as if it was wholly-owned subsidiary of the Group.

If the Contractual Arrangements that establish the structure for operating our and the VIEs' business in the PRC are found to be in violation of any existing or any PRC laws or regulations in the future, or the PRC government finds that we, or any of the VIEs fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MIIT, MOFCOM and STA, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses;
- discontinuing or restricting the operations;
- imposing fines or confiscating any of the income from us and the VIEs that they deem to have been obtained through illegal operations;
- requiring us to restructure our and the VIEs' operations in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our and the VIEs' business, staff and assets;
- imposing additional conditions or requirements with which we and the VIEs may not be able to comply;
- restricting or prohibiting the use of proceeds from the initial public offering or other financing activities to finance our and the VIEs' business and operations in the PRC; or
- taking other regulatory or enforcement actions that could be harmful to our and the VIEs' business.

Any of these actions could cause significant disruption or result in a material change to our and the VIEs' business operations, and may materially and adversely affect our and the VIEs' business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of Beijing Sentu and its subsidiaries in our (including the VIEs') consolidated financial statements, if the PRC governmental authorities find the VIEs' legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of Beijing Sentu or its subsidiaries that most significantly impact its economic performance and/or our failure to receive the economic benefits from Beijing Sentu or its subsidiaries, we may not be able to consolidate Beijing Sentu and/or its subsidiaries into our (including the VIEs') consolidated financial statements in accordance with U.S. GAAP. If we are unable to claim our right to control the assets of the VIEs, the ADSs may decline in value or become worthless.

***We rely on contractual arrangements with Beijing Sentu and its shareholders for our and the VIEs' operations in China, which may not be as effective in providing operational control as direct ownership, and Beijing Sentu's shareholders may fail to perform their obligations under the contractual arrangements.***

Due to the restrictions or prohibitions on foreign ownership of radio and television program production and operation business and value-added telecommunications business in the PRC under PRC laws, we and the VIEs operate a portion of the business in the PRC through the VIEs, in which we have no direct ownership interest. We rely on the Contractual Arrangements with Beijing Sentu and its shareholders to control and operate the business of the VIEs. The Contractual Arrangements are intended to provide us with effective control over the VIEs and allow us to obtain economic benefits from them.

Although we have been advised by our PRC legal counsel, that our Contractual Arrangements constitute valid and binding obligations enforceable against each party of such agreements in accordance with their terms, the Contractual Arrangements may not be as effective in providing control over Beijing Sentu as direct ownership. If we had direct ownership of Beijing Sentu, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Beijing Sentu, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by Beijing Sentu and its shareholders of their obligations under the contracts to exercise control over Beijing Sentu. The shareholders of Beijing Sentu may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain

portion of business through the contractual arrangements with Beijing Sentu. All of these Contractual Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these Contractual Arrangements will be resolved through arbitration or litigation in the PRC. However, the legal system in the PRC is not as developed as in other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit our ability to enforce these Contractual Arrangements. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over the VIEs and may lose control over the assets owned by Beijing Sentu. Therefore, our contractual arrangements with Beijing Sentu may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be. Our financial performance may be adversely and materially affected as a result and we may not be eligible to consolidate the financial results of the VIEs into our (including the VIEs') consolidated financial results.

***The shareholders of Rongde Times and Beijing Zhongsi and individual shareholders of Beijing Sentu may have conflicts of interests with us, which may materially and adversely affect our and the VIEs' business.***

We have designated individuals who are PRC nationals to be the shareholders of Rongde Times and Beijing Zhongsi and individual shareholders of Beijing Sentu. These individuals may have conflicts of interest with us. As of June 30, 2021, Beijing Sentu was owned by Rongde Times as to 54.79%, which is beneficially owned by Ms. Peixuan Wang and her spouse, by Beijing Zhongsi as to 22.99%, which is beneficially owned by Ms. Jingru Li and six other individuals, by Mr. Li Meiliang as to 19.16% and by Mr. Jinbiao Li as to 3.06%. Conflicts of interest may arise between the roles of Ms. Peixuan Wang, as director and/or senior management of our Company and as shareholders of Rongde Times, individual shareholders of Beijing Sentu as well as director and/or senior management of the VIEs.

We rely on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of our Company. Such duties include the duty to act bona fide in what they consider to be in the best interest of our Company as a whole and not to place themselves in a position in which there is a conflict between their duties to our Company and their personal interests. On the other hand, PRC laws also provide that a director or a management officer owes a loyalty and fiduciary duty to the company he or she directs or manages. We cannot assure you that when conflicts arise, shareholders of Rongde Times and Beijing Zhongsi and individual shareholders of Beijing Sentu will act in the best interest of our Company or that conflicts will be resolved in our favor. These individuals may breach or cause Beijing Sentu to breach the Contractual Arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our and the VIEs' operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

***We may lose the ability to use and enjoy assets held by the VIEs that are material to our and the VIEs' business operations if the VIEs declare winding up or become subject to a dissolution or liquidation proceeding.***

The VIEs hold certain assets that are important to our operations, including permits, domain names and IP rights, among others. Under Contractual Arrangements, the Registered Shareholders may not voluntarily liquidate the VIEs or approve them to sell, transfer, mortgage or dispose of their assets or legal or beneficial interests exceeding certain threshold in the business in any manner without our prior consent. However, in the event that the Registered Shareholders breach this obligation and voluntarily liquidate the VIEs, or the VIEs declare winding up, or all or part of their assets become subject to liens or rights of third-party creditors, we and the VIEs may be unable to continue some or all of our and the VIEs' operations, which could materially and adversely affect our and the VIEs' business, financial condition and results of operations. Furthermore, if the VIEs undergo a voluntary or involuntary liquidation proceeding, their shareholders or unrelated third-party creditors may claim rights to some or all of its assets, hindering our and the VIEs' ability to operate our and the VIEs' business, which could materially and adversely affect our and the VIEs' business, financial condition and results of operations. We do not have priority pledges and liens against the assets of the VIEs. If Beijing Sentu undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of Beijing Sentu. If Beijing Sentu liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Beijing Sentu to Jianzhi Beijing under the applicable agreement(s).

***If we exercise the option to acquire equity ownership and assets of Beijing Sentu, the ownership or asset transfer may subject us to certain limitations and substantial costs.***

According to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “FITE Regulations”), foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the “Qualification Requirements”). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. Although we and the VIEs have taken many measures to meet the Qualification Requirements, we and the VIEs still face the risk of not satisfying the requirements promptly. If the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC in the future, we may not be able to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements. Consequently, we may be ineligible to operate the VIEs’ value-added telecommunication enterprises directly and may be forced to suspend the operations if the Contractual Arrangements are considered as invalid, which could materially and adversely affect the business, financial condition and results of operations of us and the VIEs.

Pursuant to the Contractual Arrangements, Jianzhi Beijing or its designated person(s) has the irrevocable and exclusive right to purchase all or any part of the equity interests in Beijing Sentu from the Registered Shareholders at any time and from time to time in Jianzhi Beijing’s absolute discretion to the extent permitted by PRC laws. The consideration for the equity ownership shall be the higher of (a) the lowest price permitted under PRC laws and regulations or (b) the capital contribution in relation to the equity interests while the consideration for the assets shall be the higher of (a) the lowest price permitted under PRC laws and regulations or (b) the net book value of the assets.

The equity transfer may be subject to the approvals from, or filings with, the MIIT, MOFCOM and SAMR and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price to be received by Beijing Sentu under the Contractual Arrangements may also be subject to enterprise income tax, and such tax amounts could be substantial. Accordingly, in the event that we exercise the option to acquire equity ownership and/or assets of Beijing Sentu, substantial costs may be incurred, which may adversely and materially affect our and the VIEs’ financial performance.

***Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.***

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing, the PRC. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests and/or assets of Beijing Sentu, injunctive relief and/or winding up of Beijing Sentu. In addition, the Contractual Arrangements contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, we have been advised by our PRC legal counsel that the above-mentioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any equity interest in Beijing Sentu in case of disputes. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC laws allow an arbitral body to award the transfer of assets of or equity interests in Beijing Sentu in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against Beijing Sentu as interim remedies to preserve the assets or equity interests in favor of any aggrieved party. Our PRC legal counsel is also of the view that, even though the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favor of an aggrieved party) may not be recognized or enforced by PRC courts. As a result, in the event that Beijing Sentu or any of the Registered Shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner or at all, and our ability to exert effective control over Beijing Sentu and conduct the VIEs’ educational content service and other services businesses could be materially and adversely affected.



***Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of us and the VIEs.***

On March 15, 2019, the Foreign Investment Law was formally adopted by the National People's Congress, or the NPC, which became effective from January 1, 2020 and replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. However, the Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. The Foreign Investment Law is formulated to establish regulatory principles to foreign investment within the PRC, aiming to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. Much detailed laws, regulations and rules relating to foreign investments are to be enacted by relevant regulatory authorities. As such, there are uncertainties regarding the evolution of the regulatory regime and the interpretation and implementation of current and any future PRC laws and regulations applicable to the foreign investment.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. The Foreign Investment Law stipulates that foreign investment includes foreign investors investing in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council. Therefore, there are possibilities that future laws, administrative regulations, or provisions of the State Council may stipulate contractual arrangements as a way of foreign investments, and then whether our Contractual Arrangements will be recognized as foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled are uncertain.

In the extreme case-scenario, we and the VIEs may be required to unwind the Contractual Arrangements and/or dispose of the VIEs, which could have a material and adverse effect on our and the VIEs' business, financial condition and result of operations. In the event that our Company no longer has a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal or when such measures do not comply with the Listing Rules or applicable laws, the relevant regulators may take enforcement actions against us which may have a material adverse effect on the trading of our Shares or even result in delisting of our Company.

***Our Contractual Arrangements may be subject to scrutiny of PRC tax authorities and additional tax may be imposed which may materially and adversely affect our and the VIEs' results of operation and value of your investment.***

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We and the VIEs could face material and adverse tax consequences if the PRC tax authorities determine that any service fees charged by us under the Exclusive Business Cooperation Agreement does not represent an arm's length price and adjust any of Beijing Sentu's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our and the VIEs' tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to the VIEs for under-paid taxes. Our and the VIEs' business, financial condition and results of operations may be materially and adversely affected if our and the VIEs' tax liabilities increase or if we and the VIEs are found to be subject to late payment fees or other penalties.

***We are a holding company and the investors will have ownership in a holding company that does not directly own all of its operation in China. We rely on our WFOE and the VIEs for the operation in PRC. We also rely on dividends and other payments from Jianzhi Beijing to pay dividends and other cash distributions to our Shareholders, and any limitation on the ability of Jianzhi Beijing to pay dividends to us could have a material adverse effect on our ability to pay dividends to our shareholders.***

We are a holding company and the investors will have ownership in a holding company that does not directly own all of its operation in China. We rely on our WFOE and the VIEs for the operation in PRC. We rely principally on dividends and other distributions paid by our subsidiaries in China for our cash needs, including paying dividends and other cash distributions to our Shareholders, servicing any debt we and the VIEs may incur and paying our and the VIEs' operating expenses. If Jianzhi Beijing incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the income of Jianzhi Beijing in turn depends on the service fees paid by Beijing Sentu and the PRC tax authorities may require us to adjust our

taxable income under the Contractual Arrangements in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. Current PRC laws and regulations permit our subsidiaries in China to pay dividends to us only out of its retained earnings, if any, determined in accordance with Chinese accounting standards and regulations and Jianzhi Beijing shall make up its losses of previous years when conducting outward remittance. Under the applicable requirements of PRC laws and regulations, Jianzhi Beijing is required to set aside at least 10% of its accumulated after-tax profits based on PRC accounting standards each year to fund certain statutory reserves until the accumulated amount of such reserve reaches 50% of its registered capital. At its discretion, Jianzhi Beijing may allocate a portion of its after-tax profits based on PRC accounting standards to its discretionary reserve fund, or its staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

#### **Risks Related to Doing Business in China**

***The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us. Therefore, investors in the ADSs and our and the VIEs' business face potential uncertainty from the PRC government's policy. Changes in China's economic, political or social conditions, or government policies could materially and adversely affect our and the VIEs' business, financial condition, and results of operations.***

Substantially all of our and the VIEs' operations are located in China. The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us.

The economic, political and social conditions in the PRC differ from those in more developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, the PRC was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy in the past three decades. These reforms have resulted in significant economic growth and social prospects. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

We cannot predict whether the resulting changes will have any adverse effect on our and the VIEs' current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our and the VIEs' ability to successfully expand business operations in the PRC depends on a number of factors, including macro-economic and other market conditions. Demand for our and the VIEs' services and our and the VIEs' business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of variables which are beyond our and the VIEs' control.

***We and the VIEs are subject to extensive and evolving legal development, non-compliance with which, or changes in which, may materially and adversely affect our and the VIEs' business and prospects, and may result in a material change in our and the VIEs' operations and/or the value of our ADSs or could significantly limit or completely hinder our and the VIEs' ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless.***

PRC companies are subject to various PRC laws, regulations and government policies and the relevant laws, regulations and policies continue to evolve. Recently, the PRC government is enhancing supervision over companies seeking listings overseas and some specific business or activities such as the use of variable interest entities and data security or anti-monopoly. The PRC government may adopt new measures that may affect our and the VIEs'



operations, or may exert more oversight and control over offerings conducted outside of China and foreign investment in China-based companies, and we and the VIEs may be subject to challenges brought by these new laws, regulations and policies. For example, On July 24, 2021, the PRC government promulgated Opinions on Further Easing the Burden of Excessive Homework and Off-campus Tutoring for Students Undergoing Compulsory Education, which stipulates strict regulations against off-campus tutoring for students undergoing compulsory education. Because the VIEs focus on providing online vocational education, with target students mainly consisting of college students, fresh graduates from higher education institutions or working professionals, and do not engage in any business of off-campus tutoring for students undergoing compulsory education, we do not believe such regulations would have a material adverse impact on us. However, since these laws, regulations and policies are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties. Furthermore, as we and the VIEs may be subject to additional, yet undetermined, laws and regulations, compliance may require us to obtain additional permits and licenses, complete or update registrations with relevant regulatory authorities, adjust our and the VIEs' business operations, as well as allocate additional resources to monitor developments in the relevant regulatory environment. However, under the stringent regulatory environment, it may take much more time for the relevant regulatory authorities to approve new applications for permits and licenses, and complete or update registrations and we cannot assure you that we and the VIEs will be able to comply with these laws and regulations in a timely manner or at all. The failure to comply with these laws and regulations may delay, or possibly prevent, us to conduct business, accept foreign investments, or listing overseas.

The occurrence of any of these events may materially and adversely affect our and the VIEs' business and prospects and may result in a material change in our and the VIEs' operations and/or the value of our ADSs or could significantly limit or completely hinder our and the VIEs' ability to offer or continue to offer securities to investors. In addition, if any of changes causes us unable to direct the activities of the VIEs or lose the right to receive their economic benefits, we may not be able to consolidate the VIEs into our consolidated financial statements in accordance with U.S. GAAP, which could cause the value of our ADSs to significantly decline or become worthless.

***It is unclear whether we and the VIEs will be subject to the oversight of the CAC and how such oversight may impact us. Our and the VIEs' business could be interrupted or we and the VIEs could be subject to liabilities which may materially and adversely affect the results of our and the VIEs' operation and the value of your investment.***

Pursuant to the PRC Cybersecurity Law and the Measures for Cybersecurity Censorship (the "Cybersecurity Review Measures"), if a critical information infrastructure operator purchases internet products and services that affect or may affect national security, it should be subject to cybersecurity review by the CAC. Any internet product or service that affects or may affect national security as deemed by the cybersecurity review authorities may be subject to cybersecurity review. According to the Cybersecurity Review Measures, a critical information infrastructure operator refers to any operator identified by an authority for the protection of critical information infrastructures. As of the date hereof, we and the VIEs have not received any notice from such authorities identifying us as a critical information infrastructure operator or requiring us to go through cybersecurity review by the CAC.

On July 10, 2021, the CAC publicly issued the Measures for Cybersecurity Censorship (Revised Draft for Comments), or the "Draft Measures" to collect public comments. The deadline for collecting comments was July 25, 2021. According to the Draft Measures, the scope of cybersecurity reviews is extended to data processing operators engaging in data processing activities that affect or may affect national security. The Draft Measures further requires that any operator applying for listing on a foreign exchange must go through cybersecurity review if it possesses personal information of more than one million users. According to the Draft Measures, a cybersecurity review assesses potential national security risk that may be brought about by any procurement, data processing, or overseas listing. The review focuses on several factors, including, among others, (i) the risk of theft, leakage, corruption, illegal use or export of any core or important data, or a large amount of personal information, and (ii) the risk of any critical information infrastructure, core or important data, or a large amount of personal information being affected, controlled or maliciously exploited by a foreign government after a company is listed overseas. While the Draft Measures had been released for consultation purpose, there is still uncertainty regarding the Draft Measures as to its final content, its adoption timeline or effective date, its final interpretation and implementation, and other aspects.

If the Draft Measures are enacted as proposed, we believe we and the VIEs would not be subject to the cybersecurity review by the CAC for this offering, given that: (i) our and the VIEs' products and services are offered not directly to individual users but through our and the VIEs' institutional customers and our and the VIEs' business partner; (ii) we and the VIEs do not possess a large amount of personal information in our and the VIEs' business

operations; and (iii) data processed in our and the VIEs' business does not have a bearing on national security and thus may not be classified as core or important data by the authorities. However, there remains uncertainty as to how the Draft Measures will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Draft Measures. If any such new laws, regulations, rules, or implementation and interpretation comes into effect, we and the VIEs will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on us.

We cannot assure you that PRC regulatory agencies, including the CAC, would take the same view as we do, and there is no assurance that we and the VIEs can fully or timely comply with such laws. In the event that we and the VIEs are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we and the VIEs face uncertainty as to whether any clearance or other required actions can be timely completed, or at all. Given such uncertainty, we and the VIEs may be further required to suspend our and the VIEs' relevant business, shut down our and the VIEs' website, or face other penalties, which could materially and adversely affect our and the VIEs' business, financial condition, and results of operations, and/or the value of our ADSs or could significantly limit or completely hinder our and the VIEs' ability to offer or continue to offer securities to investors. In addition, if any of these events causes us unable to direct the activities of the VIEs or lose the right to receive their economic benefits, we and the VIEs' may not be able to consolidate the VIEs into our consolidated financial statements in accordance with U.S. GAAP, which could cause the value of our ADSs to significantly decline or become worthless.

***We and the VIEs are subject to a variety of laws and other obligations regarding data protection, and any failure to comply with applicable laws and obligations could have a material and adverse effect on our and the VIEs' business, financial condition and results of operations.***

We and the VIEs are subject to a variety of laws and other obligations regarding data protection. These laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

The PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and will take effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information.

In addition, the PRC State Administration for Market Regulation, or the SAMR, and the PRC Standardization Administration jointly issued the Standard of Information Security Technology — Personal Information Security Specification (2020 edition), which took effect on October 2020. Pursuant to this standard, any person or entity who has the authority or right to determine the purposes for and methods of using or processing personal information is considered a personal information controller. Such personal information controller is required to collect information in accordance with applicable laws, and except in certain specific events that are expressly exempted in the standard, prior to collecting such data, the information provider's consent is required. Furthermore, the CAC issued the Provisions on the Cyber Protection of Children's Personal Information, which took effect on October 1, 2019. According to these provisions, no person or entity is allowed to produce, release, or disseminate information that infringes upon the personal information security of children aged below 14. Network operators collecting, storing, using, transferring, or disclosing children's personal information are required to enact special protections for such information.

The Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Mobile Apps was issued with effect on January 23, 2019 and commenced coordinated efforts among the CAC, the PRC Ministry of Industry and Information Technology, or the MIIT, the PRC Ministry of Public Security, and the SAMR to combat the illegal collection and use of personal information by mobile apps throughout China. On October 31, 2019, the MIIT issued the Notice on the Special Rectification of Mobile Apps Infringing Users' Rights and Interests, pursuant to which application providers were required to promptly rectify issues that the MIIT designated as infringing application users' rights such as collecting personal information in violation of PRC regulations and setting obstacles for user account deactivation. In July 2020, the MIIT issued the Notice on Conducting Special Rectification Actions in Depth Against the Infringement upon Users' Rights and Interests by Applications, to rectify the following

issues: (i) illegal collection and use of personal information of users by an application and a software development kit, (ii) setting up obstacles and frequently harassing users, (iii) cheating and misleading users, and (iv) inadequate implementation of application distribution platforms' responsibilities.

The above laws and regulations and recent events and pronouncements indicate greater oversight by Chinese regulators in terms of data protection and cybersecurity. Such laws, regulations and associated interpretation and implementation are evolving rapidly and may place restrictions on our and the VIEs' business operations and the manner in which we and the VIEs interact with customers. In addition, compliance with any additional laws could be expensive and any failure to comply with applicable cybersecurity, privacy, and data protection laws and regulations could result in proceedings, penalties and legal liabilities against us, which could materially and adversely affect our and the VIEs' business, financial condition, and results of operations, and/or the value of our ADSs or could significantly limit or completely hinder our and the VIEs' ability to offer or continue to offer securities to investors. In addition, if any of these events causes us unable to direct the activities of the VIEs or lose the right to receive their economic benefits, we may not be able to consolidate the VIEs into our consolidated financial statements in accordance with U.S. GAAP, which could cause the value of our ADSs to significantly decline or become worthless.

***PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or VIE or to make additional capital contributions to Jianzhi Beijing, which could materially and adversely affect our and the VIEs' liquidity and our and the VIEs' ability to fund and expand our and the VIEs' business operations.***

In utilizing the proceeds of this offering in the manner described in the section headed "Use of Proceeds" in this prospectus as an offshore holding company of our PRC subsidiary, we may (i) make loans to our WFOE and the VIEs, (ii) make additional capital contributions to Jianzhi Beijing, (iii) establish new subsidiaries and make additional new capital contributions to these new PRC subsidiaries, and (iv) acquire offshore entities with business operations in the PRC in an offshore transaction. However, most of these uses are subject to PRC regulations and approvals. For example, Jianzhi Beijing may not procure loans which exceed the difference between its total investment amount and registered capital or, as an alternative, only procure loans subject to the calculation approach and limitation as provided by applicable PRC laws. See "Regulations — Regulations on Loans by Foreign Companies to their PRC Subsidiaries" for a detailed description of such limits. We may also provide loans to Beijing Sentu according to the *Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing*, or PBOC Notice No. 9. According to the Circular of the People's Bank of China and the State Administration of Foreign Exchange ("SAFE") on Adjusting the Macro-prudential Regulation Parameter for Enterprises Cross-border Financing in January 2021, the limit for the total amount of foreign debt of Beijing Sentu is two times of their respective net assets. Moreover, any loans by us to our PRC subsidiaries or VIE are subject to PRC regulations and foreign exchange loan registrations and must be registered with the SAFE, or its local counterparts, or filed with SAFE in its information system. In addition, any loans by us to our PRC subsidiaries or VIE with a term of more than 1 year must also be filed and registered with the National Development and Reform Commission, or the NDRC. We may also decide to finance Jianzhi Beijing by means of capital contributions. There is, in effect, no statutory limit on the amount of capital contribution that we can make to Jianzhi Beijing. This is because there is no statutory limit on the amount of registered capital for Jianzhi Beijing, and we are allowed to make capital contributions to Jianzhi Beijing by subscribing for its increased registered capital. These capital contributions must be recorded with the Ministry of Commerce, or MOFCOM, or its local counterpart.

On March 30, 2015, the SAFE issued the Circular of the SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. Pursuant to SAFE Circular 19, up to 100% of foreign currency capital of a FIE may be converted into RMB capital according to the actual operation, and within the business scope, of the enterprise at its will. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to FIEs' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. On June 9, 2016, SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a FIE to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. On October 23, 2019, the SAFE issued the Notice of the SAFE on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity

investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (Negative List) and the authenticity and compliance with the regulations of domestic investment projects. If the VIEs require financial support from us or our wholly owned subsidiaries in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund the VIEs' operations will be subject to statutory limits and restrictions, including those described above.

We expect that PRC laws and regulations may continue to limit our and the VIEs' use of net proceeds from this offering or from other financing sources. We cannot assure you that we and the VIEs will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our entities in the PRC. If we and the VIEs fail to receive such registrations or approvals, our and the VIEs' ability to use the net proceeds from this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our and the VIEs' liquidity and our and the VIEs' ability to fund and expand our and the VIEs' business.

***PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us to liability and penalties under PRC law.***

The SAFE promulgated the Circular on Foreign Exchange Administration of the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37, in July 2014 and Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration for Direct Investment, or the SAFE Circular No. 13, in February 2015, which requires PRC residents to register with the local SAFE branch or a qualified bank prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. Following the initial registration, such PRC residents are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV.

Failure to comply with the registration procedures set forth in the SAFE Circular 37 and SAFE Circular No. 13 or making misrepresentation on or failure to disclose controllers of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject our beneficial owners who are PRC residents to penalties under PRC foreign exchange administration regulations.

However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our shareholders to comply with the requirements of SAFE. As a result, we cannot assure you that all of our shareholders who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by relevant SAFE regulations. Failure by such shareholders to comply with SAFE, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our and the VIEs' business and prospects.

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

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, 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 the Ministry of Commerce of the PRC 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 Standing Committee of the National People's Congress 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 the Ministry of Commerce 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 governmental authorities in advance.

In the future, we and the VIEs may pursue potential strategic acquisitions that are complementary to our and the VIEs' business and operations. 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 and the VIEs' ability to complete such transactions, which could affect our and the VIEs' ability to expand business or maintain market share. Furthermore, according to the M&A Rules, if a PRC entity or individual plans to merger or acquire its related PRC entity through an overseas company legitimately incorporated or controlled by such entity or individual, such a merger and acquisition will be subject to examination and approval by the Ministry of Commerce. There is a possibility that the PRC regulators may promulgate new rules or explanations requiring that we and the VIEs obtain the approval of the Ministry of Commerce or other PRC governmental authorities for our and the VIEs' completed or ongoing mergers and acquisitions. There is no assurance that we and the VIEs can obtain such approval from the Ministry of Commerce or any other relevant PRC governmental authorities for our and the VIEs' mergers and acquisitions, and if we and the VIEs fail to obtain those approvals, we and the VIEs may be required to suspend our and the VIEs' acquisition and be subject to penalties. Any uncertainties regarding such approval requirements could have a material adverse effect on our and the VIEs' business, results of operations and corporate structure.

***PRC governmental control on the convertibility of Renminbi may affect the value of your investment.***

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The majority of our and the VIEs' income is received in Renminbi and shortages in the availability of foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our Shareholders.

***We and the VIEs face foreign exchange risk, and fluctuations in exchange rates could have an adverse effect on our and the VIEs' business and investors' investments.***

The value of the Renminbi has been under pressure of appreciation in recent years. Due to international pressures on the PRC to allow more flexible exchange rates for the Renminbi, the economic situation and financial market developments in the PRC and abroad and the balance of payments situation in the PRC, the PRC government has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility.

Any appreciation or depreciation in the value of the Renminbi or other foreign currencies that our and the VIEs' operations are exposed to will affect our and the VIEs' business in different ways. In addition, changes in foreign exchange rates may have an impact on the value of, and any dividends payable on, the Shares in Hong Kong dollars. In such events, our and the VIEs' business, financial condition, results of operations and growth prospects may be materially and adversely affected.

***Inflation in the PRC could negatively affect our and the VIEs' profitability and growth.***

The economy of the PRC experienced significant growth, leading to inflation and increased labor costs. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index was 2.9% in December 2019 and 2.5% in December 2020. The PRC overall economy and the average wage in the PRC are expected to continue to grow. Future increases in the PRC's inflation and material increases in the cost of labor may materially and adversely affect our and the VIEs' profitability and results of operations unless we and the VIEs are able to pass on these costs to customers by increasing the price of services.

***Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer our ADSs, cause significant disruption to our and the VIEs' business operations, and severely damage our and the VIEs' reputation, which would materially and adversely affect our and the VIEs' financial condition and results of operations and cause our ADSs to significantly decline in value or become worthless.***

The PRC legal system is based on written statutes, and court decisions have limited precedential value. The PRC legal system is evolving rapidly and new laws, regulations and rules may be adopted from time to time with or without advance notice. The interpretations of many PRC laws, regulations, and rules may contain inconsistencies, and the enforcement of which involves uncertainties.

Furthermore, some of the laws and regulations are still in the early stage of development, and PRC authorities have significant discretion in making amendments or implementing new interpretations that may have retroactive effects. As a result, we and the VIEs may not always be aware of any potential violation of these policies and rules. We and the VIEs cannot predict the effect of the promulgation of new laws, changes in existing laws or their interpretation or enforcement. Additionally, due to the non-binding nature of prior court decisions, the outcome of disputes may not be as predictable or consistent as in more developed jurisdictions, which may limit the legal protection available to us. 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 our ADSs, cause significant disruption to our and the VIEs' business operations, and severely damage our and the VIEs' reputation, which would materially and adversely affect our and the VIEs' financial condition and results of operations and cause our ADSs to significantly decline in value or become worthless.

***Recent litigation and negative publicity surrounding China-based companies listed in the United States may negatively impact the trading price of our ADSs.***

We believe that recent litigation and negative publicity surrounding companies with operations in China that are listed in the United States have negatively impacted the stock prices of these 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 Public Company Accounting Oversight Board (United States), or 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 recently published reports on China-based companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny on us, regardless of its lack of merit, could cause the market price of our 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.

***Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to fully inspect our auditor. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct full inspections deprives our investors with the benefits of such inspections.***

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, 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. Because we and the VIEs have substantial operations within the PRC and the PCAOB is currently unable to conduct full inspections of the work of our independent registered public accounting firm as it relates to those operations without the approval of the Chinese authorities, our independent registered public accounting firm is not currently inspected fully by the PCAOB. This lack of PCAOB full inspections in the PRC prevents the PCAOB from regularly evaluating our independent registered public accounting firm's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.



On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. We will be required to comply with these rules if the SEC identifies us as having a “non-inspection” year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above.

On June 22, 2021, the U.S. Senate passed a bill which, if passed by the U.S. House of Representatives and signed into law, would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCA Act from three years to two.

The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President’s Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfil its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company was not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022.

The SEC has announced that the SEC staff is preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted. The implications of this possible regulation in addition the requirements of the HFCA Act are uncertain. Such uncertainty could cause the market price of our ADSs to be materially and adversely affected, and our securities could be delisted or prohibited from being traded “over-the-counter” earlier than would be required by the HFCA Act. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs.

Inspections of other firms that the PCAOB has conducted outside the PRC have identified deficiencies in those firms’ audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The PCAOB’s inability to conduct full inspections in China prevents it from fully evaluating the audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. In addition, the inability of the PCAOB to conduct full inspections of auditors in China makes 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, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our (including the VIEs’) consolidated financial statements.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB in the PRC or by the CSRC or the PRC Ministry of Finance in the United States. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges, but there is no certainty that any agreement will be reached.

***U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our and the VIEs’ operations in China.***

The Securities and Exchange Commission, the U.S. Department of Justice, the PCAOB, and other U.S. authorities may also have difficulties in bringing and enforcing actions against us or our directors or executive officers in the PRC and Hong Kong. The SEC has stated that there are significant legal and other obstacles to obtaining information needed for investigations or litigation in China. China has adopted a revised securities law that became effective on March 1, 2020, Article 177 of which provides, among other things, that no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without

governmental approval in China, 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.

***It may be difficult to effect service of process upon us, our Directors or our executive officers that reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.***

The legal framework to which our Company is subject is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. Under such an arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

All of our senior management members (except for three independent non-executive Directors) reside in the PRC, and substantially all of our and the VIEs' assets, and substantially all of the assets of those persons are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

***Although we believe the approval of the CSRC or other equivalent PRC government authorities will not be required in connection with this offering under current PRC laws, regulations and rules, we cannot assure you that the regulators in China will not adopt new laws, regulations and rules or detailed implementations and interpretations or will not subsequently require us to undergo the approval procedures and subject us to sanctions.***

The M&A Rules requires an overseas special purpose vehicle that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies using shares of such special purpose vehicle or held by its shareholders as considerations 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.

Our PRC legal counsel has advised us based on their understanding of the current PRC laws, regulations and rules that the CSRC's approval will not be required for the listing and trading of the ADSs on the Nasdaq in the context of this offering, given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours in this prospectus are subject to this regulation, (ii) we establish our WFOE by means of direct investment and acquiring equity interests or assets of an entity other than "PRC domestic company" as defined under the M&A Rules, and (iii) no explicit provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to such Rules.

However, our PRC legal counsel has further advised us that there remains some uncertainty 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 regulatory agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel does. If it is determined that CSRC approval is required for this offering,



we may face sanctions by the CSRC or other PRC regulatory agencies for failure to obtain or delay in obtaining CSRC approval for this offering. These sanctions may include fines and penalties on our operations in China, limitations on our operating privileges in China, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on business, reputation, financial condition, results of operations, prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements.

Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severe and Lawful Crackdown on Illegal Securities Activities, which was available to the public on July 6, 2021. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. Moreover, the State Internet Information Office issued the Measures of Cybersecurity Review (Revised Draft for Comments, not yet effective) on July 10, 2021, which requires operators with personal information of more than 1 million users who want to list abroad to file a cybersecurity review with the Office of Cybersecurity Review. The aforementioned policies and any related implementation rules to be enacted may subject us to additional compliance requirement in the future. As these opinions were recently issued, official guidance and interpretation of the opinions remain unclear in several respects at this time. Therefore, we cannot assure you that we will remain fully compliant with all new regulatory requirements of these opinions or any future implementation rules on a timely basis, or at all.

***The successful operations of the business and growth of us and the VIEs depend upon the Internet infrastructure and telecommunication networks in China.***

Almost all access to the Internet in China is maintained through state-owned telecommunications providers under the administrative control and regulatory supervision of the MIIT. Moreover, we and the VIEs primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines. We and the VIEs have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's Internet infrastructure or telecommunications networks provided by telecommunication service providers. Internet traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at Internet data centers in large cities such as Beijing are scarce. With the expansion of our and the VIEs' business, we and the VIEs may be required to upgrade our and the VIEs' technology and infrastructure to keep up with the increasing traffic on our and the VIEs' mobile apps and websites. We cannot assure you that the Internet infrastructure and telecommunications networks in China will be able to support the demands associated with the continued growth in Internet usage. If we and the VIEs were unable to increase our and the VIEs' online content and service delivering capacity accordingly, we and the VIEs may not be able to continuously grow our and the VIEs' Internet traffic and the adoption of our and the VIEs' products and services may be hindered, which could adversely impact our and the VIEs' business and our share price.

In addition, we and the VIEs have no control over the costs of the services provided by telecommunication service providers. If the prices we and the VIEs pay for telecommunications and Internet services rise significantly, our and the VIEs' results of operations may be materially and adversely affected. Furthermore, if Internet access fees or other charges to Internet users increase, users may be discouraged or prevented from accessing the Internet and thus cause the growth of Internet users to decelerate. Such deceleration may adversely affect our and the VIEs' ability to continue to expand user base, which in turn could adversely affect the business and growth of us and the VIEs.

***The discontinuation of any preferential tax treatment currently available to us, in particular the tax exempt status of our subsidiaries and the VIEs, could materially and adversely affect our and the VIEs' results of operations.***

According to the relevant regulations applicable to high technology enterprises incorporated in the PRC, Guangzhou Xingzhiquiao is entitled to the PRC Enterprise Income Tax, or EIT, at a preferential tax rate of 15.0% for the years ended December 31, 2019 and 2020. Besides, the EIT tax rate of enterprises that meet the small-scale entities' requirements is reduced from 25.0% to 10.0%. In addition, enterprises engaged in qualified software related business

are eligible to be exempted from EIT for the first two years and a 50.0% reduction of the statutory tax rate for the third to fifth years starting from the year in which the enterprises first generate operating income (hereinafter referred to as the preferential tax policy on EIT of “two-year exemption and three-year half payment”).

Our subsidiaries Beijing Sentu, Sentu Lejiao, Guangzhou Lianhe and Jianzhi Beijing were entitled to the preferential EIT treatment of two-year exemption and three-year half payment. Beijing Sentu was entitled to the PRC EIT at a preferential tax rate of 12.5% during the year ended December 31, 2019 and applied the EIT rate of 15% during the years ended December 31, 2020 and 2021. Sentu Lejiao was subject to the PRC EIT at a preferential tax rate of 12.5% for the year of 2019 and is subject to the 25% EIT rate for the year of 2020. Guangzhou Lianhe, Guangzhou Xingzhiqiao and Shanghai Ang’you are subject to the PRC EIT at a preferential tax rate of 20% for the taxable income for the first RMB3.0 million, 75% reduction of taxable income for the first RMB1.0 million taxable income and 50% reduction of taxable income for the remaining taxable income below RMB3.0 million, from 2019 to 2021. However, there is a possibility that the PRC government may promulgate relevant tax regulations that will eliminate such preferential tax treatment, or the local tax bureaus may change their policy, in each such case, we and the VIEs will be subject to PRC income tax going forward. The discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that any of the preferential tax treatment we and the VIEs have enjoyed or currently enjoy is not in compliance with the PRC laws would cause our and the VIEs’ effective tax rate to increase, which would increase our and the VIEs’ tax expenses and reduce our and the VIEs’ net profit.

#### **Risks Related to the ADSs and This Offering**

##### ***The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.***

The trading price of the ADSs has been volatile since the ADSs started to trade on the Nasdaq on , 2021. The trading price of the ADSs could fluctuate widely due to multiple factors, some of which are 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 the operations of us and the VIEs, including the following:

- variations in our and the revenue from us and the VIEs, earnings, cash flow and data related to the VIEs’ student base or student engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our and the VIEs’ competitors;
- announcements of new product and service offerings, solutions and expansions by us or our and the VIEs’ competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our and the VIEs’ products and services or industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- actual or potential litigation or regulatory investigations.

##### ***Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of the ADSs for return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our and the VIEs’ business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid out of share premium if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. 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 and the VIEs' 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 after this offering 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.

***There has been no previous public market for the ADSs prior to this offering, and you may not be able to resell the ADSs at or above the price you paid, or at all.***

Prior to this initial public offering, there has been no public market for our ordinary shares or ADSs. We have been approved to list the ADSs on the Nasdaq. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for the ADSs does not develop after this offering, the market price and liquidity of the ADSs will be materially and adversely affected.

The initial public offering price for the ADSs is determined by negotiation between us and the underwriters, which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for the ADSs will develop or that the market price of the ADSs will not decline below the initial public offering price.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research 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 depend in part on the research and reports that securities or industry analysts publish about us or the business of us and the VIEs. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade the ADSs or publish inaccurate or unfavorable research about the business of us and the VIEs, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

***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 direct how the ordinary shares which are represented by your ADSs are voted.***

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our post-offering amended and restated memorandum and articles of association provide that we may (but are not obliged to) hold each year a general meeting as our annual general meeting. 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 attached to the ordinary shares underlying by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as the holder of the ordinary shares underlying your ADSs. Where any matter is to be put to a vote at a general meeting, then upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying ordinary shares which are 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 ordinary shares 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 ordinary shares represented by your ADSs, unless you cancel the ADSs and withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our post-offering memorandum and articles of

association, the minimum notice period required to be given by our company to our registered shareholders to convene a general meeting will be ten clear days. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the ordinary shares underlying your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our post-offering memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instruction, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 40 days' prior notice of shareholder meetings. Nevertheless, 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 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 direct how the ordinary shares underlying your ADSs are voted and you may have no legal remedy if the ordinary shares underlying your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting. Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote the ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

***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 certain provisions to 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, represented by 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.

***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.***

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 (2021 Revision) 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 precedent 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 standing to initiate a shareholder derivative action in a federal court of the United States.

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies in the Cayman Islands for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members. Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association and any special resolutions passed by such companies)

or to obtain copies of lists of shareholders of these companies. 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.

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. Currently, we do not plan to rely on home country practice with respect to any corporate governance matter. To the extent 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.

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 our management, members of our board of directors or our controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital — Differences in Corporate Law.”

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

We are a Cayman Islands company and substantially all of our and the VIEs’ assets are located outside of the United States. All of our and the VIEs’ current operations are conducted in China. In addition, all of our current directors and officers are nationals and residents of countries 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 laws of the Cayman Islands and of China may render you unable to enforce a judgment against our and the VIEs’ assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.”

***Our post-offering memorandum and articles of association and the deposit agreement provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive judicial forum within the U.S. for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, and any suit, action or proceeding arising out of or relating in any way to the ADSs or the deposit agreement, which could limit the ability of holders of our ordinary shares, the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depository, and potentially others.***

Our post-offering memorandum and articles of association provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. The deposit agreement provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall have exclusive jurisdiction over any 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. 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. If a court were to find the federal choice of forum provision contained in our post-offering memorandum and articles of association or the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our post-offering memorandum and articles of association, as well as the forum selection provision in the deposit agreement, may limit a security-holder’s ability to bring a claim against us, our directors and officers, the depository, and potentially others in his or her preferred judicial forum, and this limitation

may discourage such lawsuits. Holders of our shares or the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the post-offering memorandum and articles of association and deposit agreement. In addition, the forum selection provision of the deposit agreement does not affect the right of an ADS holder or the depository to require any claim against us, including a federal securities law claim, to be submitted to arbitration or to commence an action in any court in aid of that arbitration provision or to enter judgment upon or enforce any arbitration award.

***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 securities. Under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depository may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

***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 books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may close its books from time to time for a number of reasons, including in connection with corporate action events such as a rights offering. The depository may also close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is 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 representing our ordinary shares provides that, subject to the depository's right to require a claim to be submitted to arbitration, the federal or state courts in the City of New York have exclusive jurisdiction to hear and determine claims arising under the deposit agreement and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository 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 that case in accordance with the applicable U.S. state and federal law. 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. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily 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 bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under U.S. 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 limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and/or 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 had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would 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 the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***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 United States domestic public companies.***

Because we are 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: (i) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) 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; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

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 through press releases, distributed pursuant to the rules and regulations of the Nasdaq. 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 will be 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, which would be made available to you, were you investing in a U.S. domestic issuer.

***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

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 deposit agreement may be amended or terminated without your consent.***

We and the depository 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, will receive notice in the event of an amendment that prejudices a substantial existing right or a termination. 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 deposit agreement may be terminated at any time upon a prior written notice. Upon the termination of the deposit agreement, our company will be discharged from all obligations under the deposit agreement, except for our obligations to the depository thereunder. See “Description of American Depositary Shares” for more information.

***Holders or beneficial owners of the ADSs have limited recourse if we or the depository fail to meet our respective obligations under the deposit agreement.***

The deposit agreement expressly limits the obligations and liability of us and the depository. For example, the depository is not liable if any of us or our respective controlling persons or agents are prevented or forbidden from, or subjected 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 and any ADR, by reason of any provision of any present or future law or regulation of the United States or any state thereof, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of the possible criminal or civil penalties or restraint, or by reason of any provision, present or future, of our memorandum and articles of association or any provision of or governing any deposited securities, or by reason of any act of God or war or other circumstances beyond its control (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions and computer failure). See “Description of



American Depositary Shares” for more information. In addition, the depositary and any of its agents also disclaim any liability for (i) any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, (ii) the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, (iii) any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities or the credit-worthiness of any third party, (iv) any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities, or (v) any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary, provided that in connection with the issue out of which such potential liability arises the depositary performed its obligations without gross negligence or willful misconduct while it acted as depositary. These provisions of the deposit agreement will limit the ability of holders or beneficial owners of the ADSs to obtain recourse if we or the depositary fail to meet our respective obligations under the deposit agreement.

***We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.***

We will receive net proceeds from this offering of approximately US\$                    million, or approximately US\$                    million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. 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 of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our and the VIEs’ results of operations or increase our ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

***As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to 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 comply fully with the Nasdaq corporate governance listing standards.***

As a Cayman Islands company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq 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. Currently, we do not plan to rely on home country practice with respect to our corporate governance after we complete this offering. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***There can be no assurance that we will not be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. Holders of the ADSs or ordinary shares.***

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for any taxable year if either (1) at least 75% of its gross income for such year consists of certain types of “passive” income (the “income test”); 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 (the “asset test”). Although the law in this regard is not entirely clear, we treat the consolidated VIEs as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the consolidated VIEs for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year. Assuming that we are the owner of our consolidated VIE and its subsidiaries for U.S. federal income tax purposes, and based on the current and anticipated value of our and the VIEs’



assets and composition of our and the VIEs' income and assets (taking into account the expected cash proceeds from, and our anticipated market capitalization following, this offering), we do not presently expect to be a PFIC for the current taxable year or the foreseeable future.

However, while we do not expect to be or become a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made annually after the close of each taxable year that depends, in part, upon the composition of our and the VIEs' income and assets. Fluctuations in the market price of the ADSs may cause us to be or become a PFIC for the current or subsequent taxable years because the value of our and the VIEs' assets for the purpose of the asset test, including the value of our and the VIEs' goodwill and other unbooked intangibles, may be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of our and the VIEs' income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. If we determine not to deploy significant amounts of cash for active purposes or if it were determined that we do not own the stock of the VIEs for U.S. federal income tax purposes, our risk of being a PFIC may substantially increase.

If we were to be or become a PFIC for any taxable year during which a U.S. Holder (as defined in "Taxation — United States Federal Income Tax Considerations") holds the ADSs or ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "Taxation — United States Federal Income Tax Considerations — Passive Foreign Investment Company."

***We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."***

We have become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and Nasdaq, 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.

As a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make 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 will 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 currently 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.

In addition, after we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

***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 "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 of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management, or 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, the criteria set forth in the circular may reflect SAT's general position on how the "de facto management body" text 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: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe that we are not 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 we are 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 may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or 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 our ADS holders) and any gain realized on the transfer of ADSs or 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 or ordinary shares.

***The depositary for the ADSs will give us a discretionary proxy to vote our ordinary shares underlying your ADSs if you do not vote at shareholders’ meetings, except in limited circumstances, which could adversely affect your interests.***

Under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote our ordinary shares underlying your ADSs at shareholders’ meetings unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting may have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if you do not vote at shareholders’ meetings, you cannot prevent our ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

### Special Note Regarding Forward-Looking Statements and Industry Data

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of current or historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

In some cases, you can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but not limited to, statements about:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the general education sector;
- our expectations regarding demand for, and market acceptance of, our services;
- government policies and regulations relating to our business and industry;
- our expectations regarding keeping and strengthening our relationships with users;
- our expectation regarding the use of proceeds from this offering;
- general economic and business conditions in China; and
- assumptions underlying or related to any of the foregoing.

You should read this prospectus and the documents that we refer to in this prospectus thoroughly with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this prospectus include additional factors which could adversely impact our business and financial performance. 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.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

This prospectus also contains statistical data and estimates that we obtained from industry publications and reports generated by government or third-party providers of market intelligence. Although we have not independently verified the data, we believe that the publications and reports are reliable. However, the statistical data and estimates in these publications and reports are based on a number of assumptions and if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. In addition, due to the rapidly evolving nature of the industry in which we operate, projections or estimates about our business and financial prospects involve significant risks and uncertainties.

### Use of Proceeds

We estimate that we will receive net proceeds from this offering of approximately US\$        million, or approximately US\$        million if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. These estimates are based upon an assumed initial offering price of US\$        per ADS, the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus. A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$        per ADS would increase (decrease) the net proceeds of this offering by US\$        million, or approximately US\$        million if the underwriters exercise their option to purchase additional ADSs in full.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives and obtain additional capital. We plan to use the net proceeds of this offering as follows:

- Approximately 50.0% expected to be used for developing and producing new educational content and purchase educational content from third parties. In particular, approximately 35.0% will be used to develop and produce new educational content in-house or through commissioning third party enterprises and institutions and approximately 15.0% will be used to purchase educational content from third party enterprises and institutions.
- Approximately 25.0% is expected to be used for research and development expenditures in product developing and technology capabilities;
- Approximately 10.0% is expected to be used primarily for sales and marketing and customer service activities;
- Approximately 10.0% is expected to be used primarily for working capital, such as potential acquisitions and strategic investments, although we have not identified any specific acquisition or investment target; and
- Approximately 5.0% is expected to be used primarily for other general corporate purposes.

The amounts and timing of any expenditures will vary depending on the amount of cash generated by our operations, the rate of growth, if any, of our business, and our present plans and business conditions. The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management will have significant flexibility and discretion in applying the net proceeds of the offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See “Risk Factors — Risks Related to the ADSs and This Offering — You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.”

Pending use of the net proceeds, we intend to hold our net proceeds in short-term, interest-bearing, financial instruments or demand deposits.

In utilizing the proceeds from this offering, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, and to our consolidated VIE only through loans, and only if we satisfy the applicable government registration and approval requirements. We cannot assure you that we will be able to meet these requirements on a timely basis, if at all. See “Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or VIE or to make additional capital contributions to Jianzhi Beijing, which could materially and adversely affect our and the VIEs’ liquidity and our and the VIEs’ ability to fund and expand our and the VIEs’ business operations.”

### **Dividend Policy**

Our board of directors has 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 out of share premium 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 decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

We do not have any plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are 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 operating entities. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us. See “Regulations — PRC Regulations — Regulations on Foreign Exchange and Offshore Investment and Regulations on Dividend Distribution.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the 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 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 “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. Dollars.

### Capitalization

The following table sets forth the capitalization of us and the VIEs as of June 30, 2021:

- on an actual basis;
- on a pro forma basis to reflect the conversion of 11,110,000 preferred shares held by Dongxing Securities (Hong Kong) Financial Holdings Limited into ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and
- on an as adjusted basis to reflect the issuance and sale of ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise their option to purchase additional ADSs.

You should read this table together with our (including the VIEs') consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2021			
	Actual		As Adjusted	
	RMB	US\$	RMB	US\$
	(in thousands)			
<b>Mezzanine equity:</b>				
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding)	45,985		7,122	
<b>Equity:</b>				
Ordinary shares (US\$0.0001 par value, 500,000,000 shares authorized; 100,000,000 shares issued and outstanding)	63		10	
Additional paid-in capital	52,928		8,197	
Statutory reserve	20,977		3,249	
Accumulated other comprehensive income	248		38	
Retained earnings	274,027		42,442	
Non-controlling interest	14,127		2,188	
<b>Total equity</b>	<b>362,370</b>		<b>56,124</b>	
<b>Total capitalization</b>	<b>521,074</b>		<b>80,704</b>	

### Dilution

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of June 30, 2021 was approximately US\$            million, or US\$            per ordinary share on an as-converted basis as of that date and US\$            per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US\$            per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in such net tangible book value after June 30, 2021, other than to give effect to the issuance and sale of            ADSs in this offering at an assumed initial public offering price of US\$            per ADS, the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2021 would have been US\$            million, or US\$            per ordinary share and US\$            per ADS. This represents an immediate increase in net tangible book value of US\$            per ordinary share and US\$            per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$            per ordinary share and US\$            per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US\$	US\$
Net tangible book value as of June 30, 2021	US\$	US\$
Pro forma net tangible book value per share after giving effect to this offering	US\$	US\$
Amount of dilution in net tangible book value to new investors in the offering	US\$	US\$

A US\$1.00 increase (decrease) in the assumed public offering price of US\$            per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering as described above by US\$            million, the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$            per ordinary share and US\$            per ADS, and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US\$            per ordinary share and US\$            per ADS, respectively, assuming no change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2021, the differences between the existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or ordinary shares) purchased from us in this offering, the total consideration paid and the average price per ordinary share paid and per ADS at an assumed initial public offering price of US\$            per ADS before deducting underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs which we granted to the underwriters.



	Ordinary shares purchased		Total consideration		Average price per ordinary share	Average price per ADS
	Number	Percent	Amount (in US\$ thousands)	Percent		
Existing shareholders						
New investors						
Total						

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

The discussion and tables above take into consideration the automatic conversion of all our outstanding preferred shares immediately upon the completion of this offering.

## Enforceability of Civil Liabilities

### Cayman Islands

We were incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands because of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. In particular, the Cayman Islands has a less developed body of securities laws compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States.

Our post-offering memorandum and articles of association do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

The operations of us and the VIEs are conducted outside the United States, and all of the assets of us and the VIEs are located outside the United States. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Conyers Dill & Pearman, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of United States courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the securities laws of the United States or the securities laws of any state in the United States.

Conyers Dill & Pearman has informed us that the uncertainty with regard to Cayman Islands law relates to whether a judgment obtained from the U.S. courts under civil liability provisions of the securities law will be determined by the courts of the Cayman Islands as penal or punitive in nature. The courts of the Cayman Islands may not recognize or enforce such judgments against a Cayman company, and because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands. Conyers Dill & Pearman has further advised us that the courts of the Cayman Islands would recognize a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (i) such courts had proper jurisdiction over the parties subject to such judgment; (ii) such courts did not contravene the rules of natural justice of the Cayman Islands; (iii) such judgment was not obtained by fraud; (iv) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (vi) there is due compliance with the correct procedures under the laws of the Cayman Islands.

**PRC**

Commerce & Finance Law Offices, our counsel as to PRC law, has advised us that there is uncertainty as to whether PRC courts would (i) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Commerce & Finance Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. There exists no treaty and few other forms of reciprocity between China and the United States or the Cayman Islands governing the recognition and enforcement of foreign judgments as of the date of this prospectus. In addition, according to the PRC Civil Procedures Law, PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law before a PRC court against a company for disputes relating to contracts or other property interests, and the PRC court may accept a cause of action based on the laws or the parties' express mutual agreement in contracts choosing PRC courts for dispute resolution if such foreign shareholders can establish sufficient nexus to China for a PRC court to have jurisdiction and meet other procedural requirements, including, among others, that the plaintiff must have a direct interest in the case, that there must be a specific defendant, a concrete claim, a factual basis, and a cause for the case, and that the action must fall within the range of civil actions accepted by the people's courts and within the jurisdiction of the people's court with which it is filed. The PRC court will determine whether to accept the complaint in accordance with the PRC Civil Procedures Law. The shareholder may participate in the action by itself or entrust any qualified person or PRC legal counsel to participate on behalf of such shareholder. Foreign citizens and companies will have the same rights as PRC citizens and companies in an action unless the home jurisdiction of such foreign citizens or companies restricts the rights of PRC citizens and companies. However, it will be difficult for U.S. shareholders to originate actions against us in China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to China for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

## Corporate History and Structure

### Corporate History

In May 2011, Beijing Sentu Huarui Education Technology Co., Ltd., or Sentu Huarui, the predecessor company of Beijing Sentu, was established as a limited liability company in the PRC.

In December 2015, Sentu Huarui was converted from a limited liability company into a joint stock limited liability company and renamed as Beijing Sentu Education Technology Co., Ltd., or Beijing Sentu.

In May 2016, Beijing Sentu was listed on the National Equities Exchange and Quotations, or the NEEQ in the People's Republic of China (stock code: 837329). However, as the liquidity of shares traded on NEEQ is comparatively low, Beijing Sentu voluntarily ceased to quote its shares on the NEEQ on November 7, 2017.

In October 2016, Shanghai Ang'you Internet Technology Co., Ltd., or Shanghai Ang'you, became a 51.2% subsidiary of the Group. To further expand business operations, in October 2017, the Group acquired 51% equity interests of Guangzhou Xingzhiqiao Information Technology Co., Ltd., or Guangzhou Xingzhiqiao, and in August 2018, acquired the remaining 49% equity interests of Guangzhou Xingzhiqiao.

In March 2018, Jianzhi Education Technology Group Company Limited was incorporated in the Cayman Islands as an exempted company with limited liability. In March 2018, Jianzhi Education Group Company Limited, or Jianzhi Education (BVI), was incorporated as a wholly-owned subsidiary of Jianzhi Education Technology Group Company Limited. In April 2018, Jianzhi Education Technology (HK) Company Limited, or Jianzhi Education (HK), was incorporated, and was held by Jianzhi Education (BVI) as an investment holding company. In April, 2018, Jianzhi Century Technology (Beijing) Co., Ltd., or Jianzhi Beijing, was established in the PRC as a wholly foreign owned enterprise, and was wholly owned by Jianzhi Education (HK).

In July 2018, we issued 11,110,000 Shares (10% of our enlarged share capital reflecting the effect of stock split) to Dongxing Securities (Hong Kong) Financial Holdings Limited, or Dongxing Securities, for a consideration of RMB46.0 million.

In September 2018, the entire equity interests in Beijing Sentu Lejiao Information Technology Co., Ltd., or Sentu Lejiao, was transferred to Jianzhi Beijing such that our Company indirectly held the equity interests in Sentu Lejiao.

In June 2021, Sentu Shuzhi Education Technology (Beijing) Co., Ltd., or Sentu Shuzhi, was established in the PRC as a wholly-owned subsidiary of Sentu Lejiao.

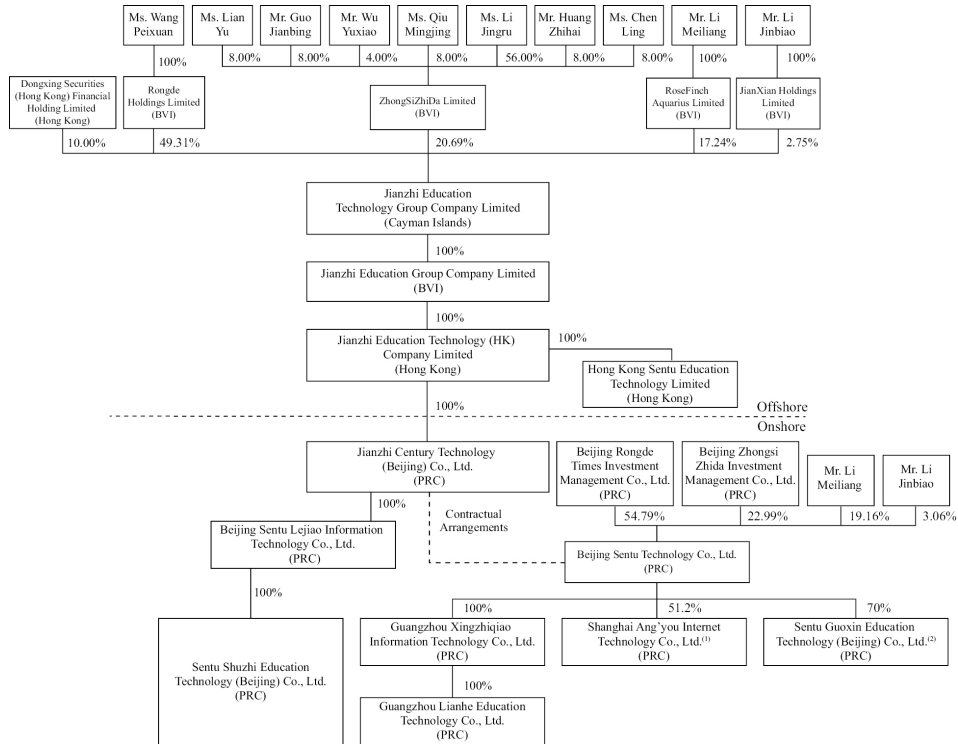
Due to PRC regulations that limit foreign equity ownership of entities providing radio and television program production and operation business and value-added telecommunication business, in June 2018, we conduct a substantial part of our operations in China through Contractual Arrangements with Beijing Sentu, which, together with its subsidiaries, are the VIEs.

We gained control over Beijing Sentu through Jianzhi Beijing, our wholly-owned subsidiary in China, by entering into a series of Contractual Arrangements with Beijing Sentu and its shareholders.

As a result of our direct ownership in Jianzhi Beijing and the aforementioned Contractual Arrangements, we are regarded as the primary beneficiary of Beijing Sentu, and Beijing Sentu is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Beijing Sentu and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. We refer to Jianzhi Beijing as our WFOE, and to Beijing Sentu and its subsidiaries as the VIEs.

**Corporate Structure**

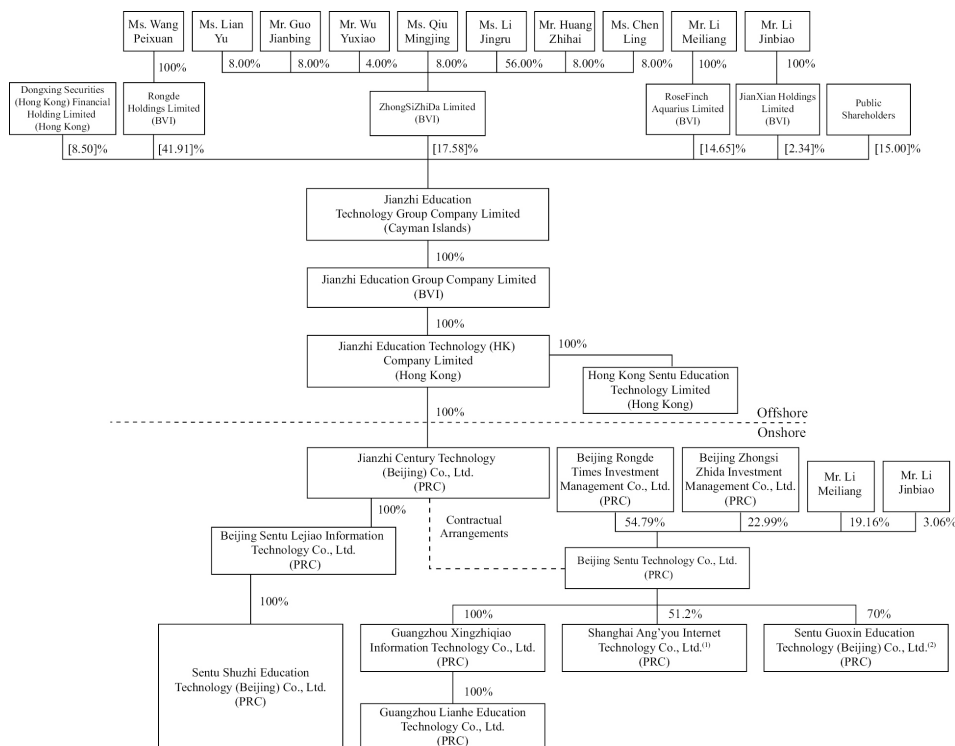
The following diagram illustrates shareholding structure of the Group immediately prior to the completion of this offering, assuming no exercise of the underwriters' option to purchase additional ADSs.



**Notes:**

- (1) 48.8% equity interests in Shanghai Ang'you is owned by Ms. Xiaoling Tang, a prior management member of the Group.
- (2) 30% equity interests in Sentu Guoxin is owned by Gongxin Rui.

The following diagram illustrates the anticipated post-offering shareholding structure of the Group immediately after this offering, assuming no exercise of the underwriters' option to purchase additional ADSs. Our subsidiaries and the VIEs will remain the same after the completion of this offering.



**Contractual Arrangements with Beijing Sentu and Its Shareholders**

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in radio and television program production and operation business and value-added telecommunication business. We are a company registered in the Cayman Islands. Our PRC subsidiary, Jianzhi Beijing, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, the VIEs primarily conduct business in China through Beijing Sentu, and its subsidiaries, based on a series of Contractual Arrangements. As a result of these Contractual Arrangements, we exert effective control over, and are considered the primary beneficiary of Beijing Sentu, and its subsidiaries and consolidate their operating results in our financial statements under U.S. GAAP.

The following is a summary of the Contractual Arrangements by and among Jianzhi Beijing, Beijing Sentu, and the shareholders of Beijing Sentu. These Contractual Arrangements enable us to (i) exercise effective control over Beijing Sentu, (ii) receive substantially all of the economic benefits of Beijing Sentu, and (iii) have an exclusive option to purchase all or part of the equity interests in Beijing Sentu when and to the extent permitted by PRC law.

- **Exclusive Business Cooperation Agreement**

Pursuant to the Exclusive Business Cooperation Agreement, Beijing Sentu is obliged to pay service fee to Jianzhi Beijing for the exclusive services such as technical services, Internet support, business consulting, marketing consulting, system integration, product development and system maintenance. The service fee shall consist of 100% of the profit before tax of Beijing Sentu, after the deduction of all costs, expenses, taxes and other fee required under PRC laws and regulations. Beijing Sentu agrees not to accept the same or any similar services provided by any third party and

shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party, except with the prior written consent of Jianzhi Beijing. Beijing Sentu has unconditionally and irrevocably authorized Jianzhi Beijing or its designated person as its agent to (i) sign any necessary documents with third parties (including but not limited to customers and suppliers) on behalf of Beijing Sentu; and (ii) to handle all necessary documents and matters which will enable Jianzhi Beijing to exercise all or part of its rights under the Exclusive Business Cooperation Agreement on behalf of Beijing Sentu. And Jianzhi Beijing shall have exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by itself and Beijing Sentu. The Exclusive Business Cooperation Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Business Cooperation Agreement; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

• ***Exclusive Call Option Agreement***

Pursuant to the Exclusive Call Option Agreement, the Registered Shareholders have unconditionally and irrevocably granted Jianzhi Beijing or its designated purchaser the right to purchase all or part of their equity interests in Beijing Sentu (“Equity Call Option”). The purchase price payable by Jianzhi Beijing in respect of the transfer of equity interests upon exercise of the Equity Call Option shall be the higher of (a) the lowest price permitted under PRC laws and regulations or (b) the capital contribution in relation to the equity interests. Jianzhi Beijing or its designated purchaser shall have the right to purchase such proportion of equity interests in Beijing Sentu as it decides at any time. The Registered Shareholders shall return any amount of purchase price they received in the event that Jianzhi Beijing acquires the equity interests in Beijing Sentu.

The Registered Shareholders and Beijing Sentu have jointly and severally further undertaken to Jianzhi Beijing that, without the prior written consent of Jianzhi Beijing, they shall not (i) in any manner supplement, change or amend the constitutional documents of Beijing Sentu, increase or decrease its share capital, or change the structure of its registered capital in other manner; (ii) sell, pledge, transfer or otherwise dispose of any assets, business or lawful revenue or create encumbrance over Beijing Sentu; (iii) incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan and for debts disclosed to and agreed in writing by Jianzhi Beijing; (iv) cause Beijing Sentu to execute any material contract with a value above RMB100,000, except the contracts executed in the ordinary course of business; (v) cause Beijing Sentu to provide any person with any loan, credit or guarantee; (vi) cause or permit Beijing Sentu to merge, consolidate with, acquire or invest in any person, or sell assets of Beijing Sentu with a value above RMB100,000; (vii) cause Beijing Sentu to enter into any transaction which may have substantial impact on the assets, liabilities, business operation, shareholding structure and other legal rights of Beijing Sentu, except the contracts executed in the ordinary course of business; and (viii) in any manner distribute dividends to their shareholders, provided that upon the written request of Jianzhi Beijing, Beijing Sentu shall immediately distribute all distributable profits to its shareholders.

The Exclusive Call Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Call Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

• ***Exclusive Assets Option Agreement***

Pursuant to the Exclusive Assets Option Agreement, Beijing Sentu unconditionally and irrevocably granted an exclusive option to Jianzhi Beijing or its designated person to purchase all or any of its assets at the higher price of (a) the lowest price permitted under PRC laws and regulations or (b) the net book value of the assets. Jianzhi Beijing shall have absolute discretion as to when and in what manner to exercise the option to purchase assets of Beijing Sentu permitted by PRC laws and regulations. The Exclusive Assets Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Assets Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.



- ***Voting Rights Proxy Agreement***

Pursuant to the Voting Rights Proxy Agreement, each of the Registered Shareholders, unconditionally and irrevocably appoints Jianzhi Beijing, the authorized director and successor of Jianzhi Beijing or any liquidator replacing the director of Jianzhi Beijing (but excluding those who are shareholders of Beijing Sentu or who may give rise to conflict of interests) to exercise such shareholder's rights in Beijing Sentu in accordance with PRC laws and the articles of Beijing Sentu, including without limitation to, the rights to (i) convene and participate in shareholders meetings; (ii) present proposed resolutions to the shareholders meetings; (iii) exercise the voting rights and adopt and execute resolutions, on matters to be discussed and resolved at shareholders meetings; (iv) nominate and appoint the legal representative (chairwoman of the board of directors), director(s), supervisor(s), chief executive officer (or general manager) and other senior management; (v) instruct the director(s) and legal representative of Beijing Sentu, as the case may be, to act in accordance with the instruction of Jianzhi Beijing; and (vi) set up the liquidation group and exercise all the rights the liquidation group may have during the liquidation period when Beijing Sentu encounters winding up, liquidation or dissolution.

- ***Equity Pledge Agreement***

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his/her/its equity interests in Beijing Sentu together with all related rights thereto to Jianzhi Beijing as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Jianzhi Beijing as a result of any event of default on the part of the Registered Shareholders, Beijing Sentu and all expenses incurred by Jianzhi Beijing as a result of enforcement of the obligations of the Registered Shareholders and/or Beijing Sentu under the Contractual Arrangements. Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), Jianzhi Beijing shall have the right to (i) require the Registered Shareholders to immediately pay any amount payable under the Contractual Arrangements; or (ii) to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests.

The said equity pledge under the Equity Pledge Agreement takes effect upon the completion of registration with the relevant administrative department of industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Beijing Sentu under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and/or Beijing Sentu under the relevant Contractual Arrangements have been fully paid.

- ***Individual Registered Shareholders' Undertakings***

Pursuant to the Individual Registered Shareholders' Undertakings, each of the Individual Registered Shareholders has irrevocably undertaken that, including without limitation to, (i) any of his/her equity interests in Beijing Sentu and all rights attached hereto shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the Individual Registered Shareholders or other similar events. The above-mentioned equity interests, rights and liabilities will be unconditionally and irrevocably transferred to Jianzhi Beijing or any designated person permitted by the PRC laws; (ii) take necessary action to ensure the exercise of the Contractual Arrangements in the case of divorce; (iii) strictly follow any other arrangements under the Contractual Arrangements; (iv) his/her spouse has no control or rights on these equity interests and rights as these equity interests; (v) his/her spouse has full knowledge of and has consented to the entering into of the Contractual Arrangements by the relevant Individual Registered Shareholder; and (vi) his/her spouse has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to Beijing Sentu and any entities directly and indirectly controlled by Beijing Sentu, or management and decision-making on Beijing Sentu.

- ***Spouse Undertakings***

Pursuant to the Spouse Undertakings, the respective spouse of the Individual Registered Shareholders has irrevocably undertaken that, including without limitation to, the spouse (i) has full knowledge of and has consented to the entering into of the Contractual Arrangements by the relevant Individual Registered Shareholder; (ii) has not

participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to Beijing Sentu and any entities directly and indirectly controlled by Beijing Sentu; (iii) has no control or rights and will not make any claims or lawsuits on equity interests in Beijing Sentu; (iv) has unconditionally and irrevocably waived any equity interests and rights he/she might have; (v) authorizes the respective Individual Registered Shareholder or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct and indirect equity interests in Beijing Sentu; (vi) is not participating and shall not in the future participate in the management or voting in relation to Beijing Sentu; (vii) will not take any action or measure, whether directly or indirectly, actively or passively, which may be contrary to the purpose of the Contractual Arrangements; (viii) such undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events, or affected by any increase, decrease, consolidation or other similar events relating to the direct or indirect equity interests in Beijing Sentu; and (ix) such Undertakings shall continue to be valid and binding until otherwise terminated by both Jianzhi Beijing and the spouse in writing.

In the opinion of our PRC legal counsel, Commerce & Finance Law Offices

- the ownership structures of the VIEs and our WFOE in China, both currently and immediately after giving effect to this offering, are not in violation of applicable PRC laws and regulations currently in effect; and
- the contractual arrangements among our WFOE, Beijing Sentu and its shareholders governed by PRC law are currently valid and binding in accordance with applicable PRC laws and regulations currently in effect and do not result in any violation of the applicable PRC laws or regulations currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, the PRC regulatory authorities may ultimately take a view contrary to or otherwise different from the opinion of our PRC legal counsel. 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 we 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. See “Risk Factors — Risks Related to Corporate Structure — Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of us and the VIEs.”

#### **Financial Significance of VIEs**

Under PRC law, we may provide funding to our WFOE only through capital contributions or loans, and to Beijing Sentu only through loans, subject to satisfaction of applicable government registration and approval requirements. We rely on dividends and other distributions from our WFOE to satisfy part of our liquidity requirement. Our WFOE enjoys the economic interest in the operations of Beijing Sentu in the form of service fees under the contractual arrangements among our WFOE, Beijing Sentu, and shareholders of Beijing Sentu. For risks relating to the fund flows of our China operations, see “Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or VIE or to make additional capital contributions to Jianzhi Beijing, which could materially and adversely affect our and the VIEs' liquidity and our and the VIEs' ability to fund and expand our and the VIEs' business operations.” and “Risk Factors — Risks Related to Corporate Structure — We are a holding company and the investors will have ownership in a holding company that does not directly own all of its operation in China. We rely on our WFOE and the VIEs for the operation in PRC. We also rely on dividends and other payments from Jianzhi Beijing to pay dividends and other cash distributions to our Shareholders, and any limitation on the ability of Jianzhi Beijing to pay dividends to us could have a material adverse effect on our ability to pay dividends to our shareholders.”

### **Assets Transfer Between VIEs and Other Consolidated Entities**

To date, the Group has not distributed any earnings or settled any amounts owed under the VIE agreements. The Group does not have any plan to distribute earnings or settle amounts owed under the VIE agreements in the foreseeable future. For the year ended December 31, 2019, the WFOE transferred cash to the VIEs in the amount of RMB 24.4 million in the form of loans. For the year ended December 31, 2020, the VIEs transferred cash to our WFOE in the amount of RMB38.1 million (US\$5.9 million) as the repayment of loans. Furthermore, the VIEs had transferred the copyright ownership of educational video contents to our WFOE in the amount of RMB22.2 million (US\$3.4 million). For the six months ended June 30, 2021, the VIEs transferred cash to our WFOE in the amount of RMB70.5 million (US\$10.9 million). These assets transfer were for business operation purpose.

### **Dividends or Distributions Made to the Company and U.S. Investors and Tax Consequences**

To date, the Company's subsidiaries have not made any dividends or distributions to the Company and the VIEs have not paid any service fees to the Company. In addition, the Company has not made any dividends or distributions to U.S. investors.

In addition, subject to the passive foreign investment company rules, the gross amount of any distribution that we make to investor with respect to the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as a dividend, to the extent paid out of the current or accumulated earnings and profits of us and the VIEs, as determined under United States federal income tax principles. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax. See "Risk Factors — Risks Related to the ADSs and This Offering — 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."

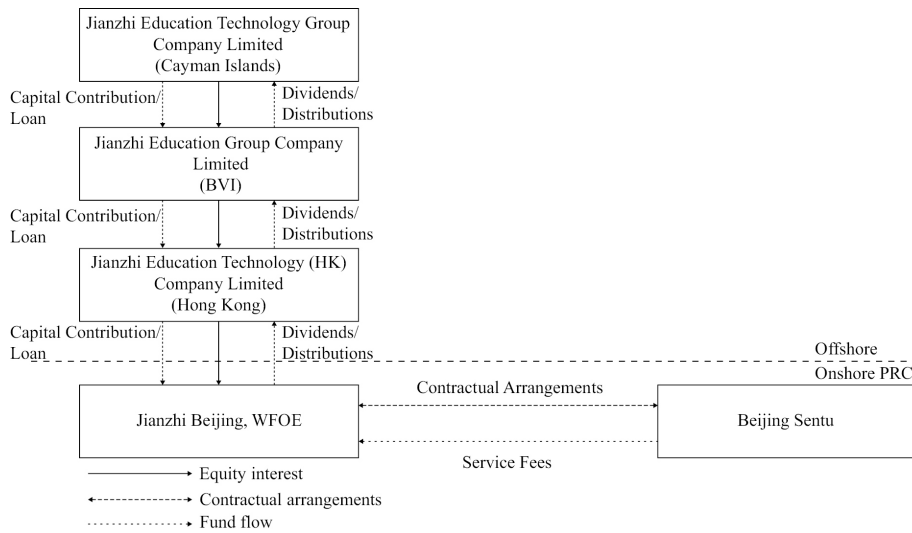
### **Restrictions on Foreign Exchange and the Ability to Transfer Cash Between Entities, Across Borders and to U.S. Investors**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. The majority of the income of us and the VIEs is received in Renminbi and shortages in foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE as long as certain procedural requirements are met. Approval from appropriate government authorities is required if Renminbi is converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our shareholders.

Relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, the Company's PRC subsidiaries and the VIEs can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the statutory reserves. As a result of these and other restrictions under the PRC laws and regulations, the PRC subsidiaries and the VIEs are restricted to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries and the VIEs for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries and the VIEs due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company's shareholders.

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The following diagram illustrates the typical fund flow among Jianzhi Education, our WFOE, and Beijing Sentu.



For a condensed consolidation schedule depicting the results of operations, financial position, and cash flows for Jianzhi Education and the VIEs, see “Summary Consolidated Financial and Operating Data.”

### Selected Consolidated Financial Data

The following consolidated statement of income and comprehensive income for the years ended December 31, 2019 and 2020, consolidated balance sheets data as of December 31, 2019 and 2020, and consolidated statements of cash flow data for the years ended December 31, 2019 and 2020 have been derived from our (including the VIEs') audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of income and comprehensive income for the six months ended June 30, 2020 and 2021, summary consolidated balance sheet data as of June 30, 2021 and summary consolidated cash flow data for the six months ended June 30, 2020 and 2021 are derived from our (including the VIEs') unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our (including the VIEs') consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our and the VIEs' historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial and Operating Data section together with our (including the VIEs') consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table sets forth a summary of our (including the VIEs') consolidated statement of income and comprehensive income for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

	For the Years ended December 31			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(amounts in thousands, except for share and per share data)			(amounts in thousands, except for share and per share data) <i>unaudited</i>		
<b>Net revenues</b>	<b>358,762</b>	<b>404,932</b>	<b>62,716</b>	<b>168,135</b>	<b>276,454</b>	<b>42,817</b>
Cost of revenues	(227,811)	(275,790)	(42,714)	(115,828)	(204,800)	(31,719)
<b>Gross profit</b>	<b>130,951</b>	<b>129,142</b>	<b>20,002</b>	<b>52,307</b>	<b>71,654</b>	<b>11,098</b>
<b>Operating expenses:</b>						
Sales and marketing expenses	7,553	5,032	780	2,585	4,062	629
General and administrative expenses	30,053	26,054	4,035	11,993	11,682	1,809
Research and development expenses	16,901	15,585	2,414	4,591	7,361	1,140
Total operating expenses	54,507	46,671	7,229	19,169	23,105	3,578
<b>Income from operations</b>	<b>76,444</b>	<b>82,471</b>	<b>12,773</b>	<b>33,138</b>	<b>48,549</b>	<b>7,520</b>
<b>Other income:</b>						
Total other income, net	8,101	4,925	763	1,936	3,333	516
<b>Income before income tax</b>	<b>84,545</b>	<b>87,396</b>	<b>13,536</b>	<b>35,074</b>	<b>51,882</b>	<b>8,036</b>
Income tax expense	986	486	75	1,011	8,062	1,249
<b>Net income</b>	<b>83,559</b>	<b>86,910</b>	<b>13,461</b>	<b>34,063</b>	<b>43,820</b>	<b>6,787</b>
Net income attributable to non-controlling interests	3,570	4,586	711	2,729	5,140	796
<b>Net income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>79,989</b>	<b>82,324</b>	<b>12,750</b>	<b>31,334</b>	<b>38,680</b>	<b>5,991</b>
<b>Net income</b>	<b>83,559</b>	<b>86,910</b>	<b>13,461</b>	<b>34,063</b>	<b>43,820</b>	<b>6,787</b>
Other comprehensive (loss)/income:						
Foreign currency translation adjustments	112	(35)	(6)	(180)	59	9
<b>Total other comprehensive (loss)/income</b>	<b>112</b>	<b>(35)</b>	<b>(6)</b>	<b>(180)</b>	<b>59</b>	<b>9</b>
<b>Total comprehensive income</b>	<b>83,671</b>	<b>86,875</b>	<b>13,455</b>	<b>33,883</b>	<b>43,879</b>	<b>6,796</b>
Net comprehensive income attributable to non-controlling interests	3,570	4,586	710	2,729	5,140	796
<b>Comprehensive (loss)/income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>80,101</b>	<b>82,289</b>	<b>12,745</b>	<b>31,154</b>	<b>38,739</b>	<b>6,000</b>
Earnings (loss) per share						
Basic and diluted	0.72	0.74	0.11	0.28	0.35	0.05
Weighted average number of						

shares

Basic and diluted	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000
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The following table presents our (including our VIEs') summary consolidated balance sheets data as of December 31, 2019 and 2020 and June 30, 2021:

	As of December 31,			As of June 30,	
	2019	2020		2021	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	88,144	20,949	3,245	42,211	6,538
Restricted cash	124	—	—	—	—
Accounts receivable, net	83,575	114,804	17,781	150,833	23,361
Inventories	3,854	1,976	306	1,987	308
Prepaid expenses and other current assets	3,381	2,926	452	5,619	870
Short-term prepayments	15,604	2,664	413	3,171	491
Short-term investments	20,840	70,680	10,947	21,030	3,257
<b>Total current assets</b>	<b>215,522</b>	<b>213,999</b>	<b>33,144</b>	<b>224,851</b>	<b>34,825</b>
Non-current assets:					
Right-of-use assets, net	6,260	2,664	413	900	139
Deferred tax assets, net	863	324	50	458	71
Property and equipment, net	715	216	34	182	28
Educational contents, net	65,581	140,105	21,699	170,464	26,402
Intangible assets, net	27,979	23,844	3,693	20,130	3,118
Goodwill	7,712	7,712	1,194	7,712	1,194
Long-term prepayments	39,063	51,567	7,987	96,377	14,927
<b>Total non-current assets</b>	<b>148,173</b>	<b>226,432</b>	<b>35,070</b>	<b>296,223</b>	<b>45,879</b>
<b>Total assets</b>	<b>363,695</b>	<b>440,431</b>	<b>68,214</b>	<b>521,074</b>	<b>80,704</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	15,306	23,227	3,597	50,540	7,828
Salary and welfare payable	2,986	3,402	527	1,263	196
Deferred revenue	16,760	7,395	1,145	5,890	912
Income taxes payable	1,824	921	143	8,134	1,260
Value added tax ("VAT") and other tax payable	8,117	3,792	587	4,899	759
Other payables	6,063	6,444	998	10,680	1,654
Customer deposits	1,061	904	140	261	40
Lease liabilities, current	3,568	2,034	315	616	95
Amount due to related parties	24,729	24,777	3,838	27,692	4,289
<b>Total current liabilities</b>	<b>80,414</b>	<b>72,896</b>	<b>11,290</b>	<b>109,975</b>	<b>17,033</b>
Non-current liabilities:					
Deferred tax liabilities	3,360	2,776	430	2,630	407
Lease liabilities	2,320	283	44	114	18
<b>Total non-current liabilities</b>	<b>5,680</b>	<b>3,059</b>	<b>474</b>	<b>2,744</b>	<b>425</b>
<b>Total liabilities</b>	<b>86,094</b>	<b>75,955</b>	<b>11,764</b>	<b>112,719</b>	<b>17,458</b>



	As of December 31,			As of June 30,	
	2019	2020		2021	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)			(in thousands)	
	<i>unaudited</i>				
<b>Commitments and contingencies</b>					
<b>Mezzanine equity:</b>					
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of December 31, 2019 and 2020 and June 30, 2021)	45,985	45,985	7,122	45,985	7,122
<b>Equity</b>					
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of December 31, 2019 and 2020 and June 30, 2021)	63	63	10	63	10
Additional paid-in capital	52,928	52,928	8,197	52,928	8,197
Statutory reserves	18,897	20,977	3,249	20,977	3,249
Retained earnings	155,104	235,347	36,451	274,027	42,442
Accumulated other comprehensive income	224	189	29	248	38
Total Jianzhi Education Technology Group Company Limited's shareholders' equity	227,216	309,504	47,936	348,243	53,936
Noncontrolling interests	4,400	8,987	1,392	14,127	2,188
<b>Total equity</b>	<b>231,616</b>	<b>318,491</b>	<b>49,328</b>	<b>362,370</b>	<b>56,124</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>363,695</b>	<b>440,431</b>	<b>68,214</b>	<b>521,074</b>	<b>80,704</b>

The following table presents our (including our VIEs') summary consolidated cash flow data for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021:

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands)		
	<i>unaudited</i>					
Net cash provided by operating activities	72,762	97,754	15,140	12,436	68,039	10,538
Net cash used in investing activities	(49,375)	(164,857)	(25,533)	(65,752)	(46,698)	(7,233)
Net cash provided by (used in) financing activities	2	49	8	7	(76)	(12)
Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies	139	(265)	(41)	(145)	(3)	(0)
Net increase (decrease) in cash and cash equivalents and restricted cash	23,528	(67,319)	(10,426)	(53,454)	21,262	3,293
Cash and cash equivalents and restricted cash at the beginning of the year/period	64,740	88,268	13,671	88,268	20,949	3,245
Cash and cash equivalents and restricted cash at the end of the year/period	<u>88,268</u>	<u>20,949</u>	<u>3,245</u>	<u>34,814</u>	<u>42,211</u>	<u>6,538</u>

## Management's Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following discussion and analysis of our and the VIEs' financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Data" and our (including the VIEs') consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties about our and the VIEs' business and operations. Our and the VIEs' actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."*

### OVERVIEW

Since being established, we, together with the VIEs, have been committed to developing educational content to fulfill a massive demand for high quality professional development training resources in China.

We, together with the VIEs, started operations by providing educational content products and IT services to higher education institutions. After the initial growth period, our and the VIEs' products and brand have gained increasing recognition and acceptance by both higher education institutions and the general public. We, together with the VIEs, then initiated end-user business and started providing products to individual customers, and acquired companies in Shanghai and Guangzhou to facilitate further expansion in the end-user market. Today, we and the VIEs are a leading provider of digital educational content in China. According to the Frost & Sullivan Report, we and the VIEs were the seventh largest digital content provider for higher education in China in terms of the revenue derived from providing digital contents for higher education institutions in 2020, with revenues of RMB31.0 million representing a 1.1% market share. Leveraging our and the VIEs' deep understanding into and rich experience in professional development training, as well as our and the VIEs' strong curriculum development capabilities, we and the VIEs became the largest online career training services provider for higher education institutions in China in terms of revenue in 2020 with RMB31.0 million representing a market share of 65.5%, according to the Frost & Sullivan Report.

Since the beginning of 2019, the PRC Ministry of Education has issued a series of favorable policies to encourage talent development, aiming to consolidate high-quality online education resources, emphasize construction of innovative, comprehensive, and application-oriented curricula, and carry out extensive training in employability skills and employment and entrepreneurship training. At the same time, China's online education market has maintained rapid growth in recent years. Moreover, with the impact of the COVID-19 pandemic in 2020, the Ministry of Education has promulgated policies to clearly encourage schools and educational institutions at various levels to conduct online teaching, which further promoted digital education and rapidly increased the penetration rate of online education. As such, the migration from offline education to online education has become a clear trend in China's education industry. We and the VIEs have seized these market opportunities and established long-term and strategic business relationships with China's leading telecommunications operators. We and the VIEs have leveraged the advantages of us and VIEs in vocational education and successfully established a synergistic and dynamic business system with educational content services as our and the VIEs' backbone.

Leveraging our and the VIEs' strong capabilities in developing proprietary professional development training content and success in consolidating educational content resources within the industry, we and the VIEs have successfully built up a comprehensive, multi-dimensional digital educational content database. As of June 30, 2021, our and the VIEs' educational content library consisted of more than 29,700 online videos and video courses totaling approximately 5,500 hours, of which more than 71.5% were self-developed. Our and the VIEs' educational content database offers a wide range of professional development products, including employability skills and entrepreneurship guidance courses, professional skills training courses, skill improvement courses and professional certification quiz banks. We and the VIEs embed proprietary digital education content into the self-developed online learning platforms, which are provided to a wide range of customers through our and the VIEs' omni-channel sales system.

## **FACTORS AFFECTING RESULTS OF OPERATIONS**

The business, financial condition and results of operations of us and the VIEs have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

We, together with the VIEs, operate in China's educational content service and mobile media service market, and IT related solution services market. The results of operations and financial condition of us and the VIEs are significantly affected by market drivers including China's rapid economic growth, continued urbanization and rising per capita disposable income and relevant favorable regulations and policies promulgated by the PRC government to encourage the digitization of vocational education and online education resources, all of which have allowed Chinese households and individuals to spend more disposable income on online education. In addition, driven by strong demand for improved employment opportunities and career development, online vocational education in China has grown rapidly in the past several years and is expected to continue to grow in the future. Besides, China's continuous construction and improvement of IT infrastructure, including the wide adoption of Internet and mobile Internet, strong demand from institutions for digitalizing and automating their operations and growing demands from enterpriser customers and the public for having online access to the information they need, have also driven China's IT solution market to grow.

The industries we and the VIEs operate in are fragmented and we and the VIEs face competition from traditional offline players as well. At the same time, the results of us and the VIEs are subject to changes in the regulatory regime governing China's information education industry and technology. The PRC government regulates various aspects of our and the VIEs' business and operations, including the qualification and licensing requirements for entities providing educational content service and other services and IT related solution services.

Additionally, we believe that our and the VIEs' results of operations and financial condition are affected by company-specific factors, including the factors discussed below, many of which are beyond our and the VIEs' control.

### **Demand for Online Educational Content**

As an online educational content provider, the VIEs have benefited significantly from the increasing proliferation of the Internet, in particular the mobile Internet, in China. In recent years, driven by the increasing number of Internet users and mobile penetration rates, China's online education industry as measured by gross billings has grown from approximately RMB74.4 billion in 2016 to approximately RMB260.6 billion in 2020, representing a CAGR of 36.8% from 2016 to 2020. China's online education market is expected to continue to grow and reach approximately RMB906.6 billion in 2025, representing a CAGR of 28.3% from 2020 to 2025, according to the Frost & Sullivan Report.

Compared to traditional in-person classroom teaching, we believe online education is superior as it breaks down the time and location barriers of traditional offline education and offers students a more flexible, convenient and cost-effective alternative. As a result, online education has become increasingly popular among students and accounted for an increasing market share of the entire education market in the PRC. In addition, the educational content the VIEs offer is tailored to the needs of institutional and individual users and focuses on equipping users with practical skills, which differs from the traditional vocational education offered in schools. As such, we believe the VIEs' ability to continue to grow the VIEs' revenue and gross profit significantly depends on the attractiveness of the VIEs' online educational content and technological developments that make the VIEs' online, including mobile, educational content services more convenient and effective.

### **Pricing of Products and Services**

The revenue and profit of us and the VIEs depend on the pricing of our and the VIEs' products and services. We and the VIEs determine the pricing of our and the VIEs' products and services primarily based on cost of revenues, market demand for the products and services of us and the VIEs and pricing of our and the VIEs' competitors.

With technical developments in educational content services and IT related solution services, more competitors may enter into this market. Some of our and the VIEs' competitors may have better financial, technological and other resources than we and the VIEs do. If we and the VIEs are unable to compete with them, we and the VIEs may lose our and the VIEs' customers and market share. If competition intensifies, our and the VIEs' competitors may lower their prices in an effort to gain or maintain their market shares. In order to stay competitive, we and the VIEs may have to lower the prices for our and the VIEs' products and services, and our and the VIEs' profit margin may decrease. We

and the VIEs primarily derive revenue from the VIEs' other services from the monthly subscription fees that mobile users pay to telecommunications providers for monthly targeted data plans. If telecommunications providers lower their pricing of subscription fees for monthly targeted data plans, the profit margin of us and the VIEs may also decrease. In addition, if the competition of mobile application content data business intensifies, the VIEs may have to lower the price of the VIEs' services and the results of operation of us and the VIEs might be adversely affected.

#### **Ability to Control Cost of Revenues and Operating Expenses**

The profitability of us and the VIEs also depends, in part, on our and the VIEs' ability to control cost of revenues and operating expenses. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, our and the VIEs' cost of revenues represented approximately 63.5%, 68.1% and 74.1% of our and the VIEs' total revenue, respectively. Our and the VIEs' costs of revenues consist primarily of inventory cost, staff costs, video content costs, depreciation expenses and other direct costs of providing these services or goods.

The operating expenses of us and the VIEs primarily consist of sales and marketing expenses, general and administrative expenses and research and development expenses. For the years ended December 31, 2019 and 2020, the total amount of sales and marketing expenses, general and administrative expenses and research and development expenses from our and the VIEs' operations as a percentage of our and the VIEs' total revenue was approximately 2.1%, 8.4% and 4.7% and 1.2%, 6.4% and 3.8%, respectively. For the six months ended June 30, 2020 and 2021, the total amount of sales and marketing expenses, general and administrative expenses and research and development expenses from our and the VIEs' operations as a percentage of our and the VIEs' total revenue was approximately 1.5%, 7.1% and 2.7%, and 1.5%, 4.2% and 2.7%, respectively. We cannot guarantee that our and the VIEs' operating expenses will not increase as we and the VIEs expand our and the VIEs' business operations and we become a public company.

#### **Continued Collaboration with Third Parties, including Tianyi Video, major telecommunications providers**

Certain aspects of our and the VIEs' business require us and the VIEs to work closely with our and the VIEs' important business partners. The VIEs launched an own selected mobile video package content of "Fish Learning" (formerly known as "Learning on the Go") on the platform of Tianyi Video, and the VIEs received a total of approximately 24.5 million subscription purchases of "Fish Learning" from October 2017 through June 30, 2021. Going forward, the VIEs expect to continue to utilize the platform of Tianyi Video to promote the VIEs' own content to individual end customers as well as offer subscriptions to the VIEs' mobile video package product directly via the VIEs' "Fish Learning" mobile application. For the two years ended December 31, 2020 and the six months ended June 30, 2021, the VIEs licensed 3,900 videos to Tianyi Video with total 880 running hours. Subjects of such videos included entrepreneurship, IT skills, big data and artificial intelligence, among others.

Starting in late 2018, the VIEs have also offered the educational content for redemption to mobile users of China Telecom. In 2019, 2020 and the six months ended June 30, 2021, the VIEs' courses were redeemed approximately 1.7 million times, 3.5 million times and 3.3 million times, respectively, by mobile users of China Telecom through this arrangement. The VIEs derive revenue from this arrangement by receiving approximately RMB1.0 from China Telecom's subsidiary for every 100 reward points its mobile users redeem for courses contained in the VIEs' special limited content mobile video package.

In April 2019, the VIEs launched the Light Class mobile video package product and distributed this product through platforms of the VIEs' WeChat Official Account and China Unicom's subsidiaries. As of June 30, 2021, the VIEs had received a total of over 4 million monthly subscription purchases, over 500 quarterly subscription purchases, and 0.2 million annual subscription purchases. In order to better satisfy the demand of various kinds of customers, Light Class has launched 10 products covering different subscription periods from monthly to annually and offered different promotion plans and training courses. And the VIEs develop the sales mainly through two ways, (i) through WeChat, all 10 products were released through WeChat platform with the prices ranging from RMB18 to RMB312. The price differences are mainly determined by subscription periods, promotion applied and content selected; and (ii) through cooperation with China Unicom's subsidiaries, the Company has launched three products, including annual package and monthly package, with the prices ranging from RMB30 to RMB120. The price differences are mainly caused by different usage periods and selected content. As of the date of this prospectus, the VIEs have received subscription purchases both directly from WeChat users and through the arrangement with China Unicom's subsidiaries.

These collaborative relationships are important to our and the VIEs' business and results of operations. We cannot assure you, however, that the relevant parties will continue to collaborate with us in the future on the same terms, or at all. If any of them ceased to collaborate with us, our and the VIEs' business, financial condition and results of operations may be materially and adversely affected.

In addition, the VIEs work with third party content providers to license educational content to supplement the VIEs' self-developed content and broaden the VIEs' content database. The VIEs purchase standardized, non-professional content from third parties such as workplace etiquette course. Through the cooperation agreements with third party content providers, the VIEs are authorized to use the local educational videos provided by third parties for three to five years. These agreements may be terminated due to force majeure. According to the agreements, such videos can only be further authorized to use in intranets of the VIEs' institutional customers and the revenues generated from such authorization were immaterial for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, respectively. As there are many similar content providers in the market offering these types of content, such content is highly replaceable and accounts for a very small proportion of the VIEs' education content asset. If the third-party content providers cease collaborating with the VIEs, the VIEs can easily find another provider, and, therefore, our and the VIEs' ability to continuously offer new products would not be materially affected.

#### **Product and Service Mix**

Our and the VIEs' results of operations, particularly our and the VIEs' gross and net profit margins, are affected by our and the VIEs' product and service mix. We and the VIEs have two operating segments: educational content service and other services and IT related solution services. Each operating segment has its own revenue models and cost bases and, as a result, our and the VIEs' gross and net profit margins for each operating segment and for major products and services within such segments are different. In 2019 and 2020, our and the VIEs' revenue contribution percentages from the two operating segments varied significantly year over year.

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, revenue derived from educational content service and other services accounted for 71.1%, 76.4% and 64.4%, respectively, of our and the VIEs' total revenue, and revenue derived from IT related solution services accounted for 28.9%, 23.6% and 35.6%, respectively, of our and the VIEs' total revenue.

We expect that changes in our and the VIEs' product and service mix may continue to affect revenue contribution percentages from our and the VIEs' operating segments as well as our and the VIEs' gross and net profit margins.

#### **Preferential Tax Treatment**

Beijing Sentu was subject to the PRC EIT at a preferential tax rate of 12.5% for the year of 2019, but 15% for the year of 2020. Sentu Lejjiao was subject to the PRC EIT at a preferential tax rate of 12.5% for the year of 2019 and is subject to the 25% EIT rate for the year of 2020. Guangzhou Lianhe, Guangzhou Xingzhiqiao and Shanghai Ang'you are subject to the PRC EIT at a preferential tax rate of 20% for the taxable income for the first RMB3.0 million, 75% reduction of taxable income for the first RMB1.0 million taxable income and 50% reduction of taxable income for the remaining taxable income below RMB3.0 million, from 2019 to 2021. On June 2, 2020, upon application of the two-year exemption and three-year half payment for the entity, Jianzhi Beijing were exempted from the EIT for 2019 and 2020. The other PRC subsidiaries and consolidated VIEs and the VIEs' subsidiaries are subject to the 25% EIT rate. The estimated tax savings as a result of the Company's preferred tax rates for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 amounted to RMB19.5 million, RMB21.9 million (US\$3.4 million), and RMB4.1 million (US\$0.6 million) respectively. Per share effect of the tax savings were RMB0.18, RMB0.20 (US\$0.03), and RMB0.04 (US\$0.01) for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, respectively.

We confirmed that we and the VIEs paid all relevant taxes and there were no disputes or unresolved tax issues with the relevant tax authorities for two years ended December 31, 2020 and the six months ended June 30, 2021.

If any of our and the VIEs' existing preferential tax treatments ends and we and the VIEs are not able to renew it or obtain any other preferential tax treatment in its place, our and the VIEs' income tax expenses will likely increase, which will have a material and negative impact on our and the VIEs' net profit.

**KEY COMPONENTS OF RESULTS OF OPERATIONS**
**Net Revenues**

We and the VIEs derived revenue primarily from (i) provision of educational content service and other services; and (ii) provision of IT related solution services. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our and the VIEs' revenue was RMB358.8 million, RMB404.9 million (US\$62.7 million), RMB168.1 million and RMB276.5 million (US\$42.8 million), respectively. The following table sets forth a breakdown of our and the VIEs' revenue by business segments for the periods indicated.

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>		
<b>Revenues:</b>						
Educational content service and other services						
– Educational content service						
– B2B2C	50,905	65,867	10,201	35,040	29,613	4,586
– B2C	181,354	229,670	35,571	95,994	141,728	21,951
– Other services	22,791	13,766	2,133	4,189	6,734	1,043
<b>Subtotal</b>	<b>255,050</b>	<b>309,303</b>	<b>47,905</b>	<b>135,223</b>	<b>178,075</b>	<b>27,580</b>
IT related solution services						
– Design and development of customized IT system	42,752	48,465	7,506	16,894	34,906	5,406
– Procurement and assembling of equipment	56,941	47,115	7,297	16,018	63,418	9,822
– Technological support and maintenance	4,019	49	8	—	55	9
<b>Subtotal</b>	<b>103,712</b>	<b>95,629</b>	<b>14,811</b>	<b>32,912</b>	<b>98,379</b>	<b>15,237</b>
<b>Total revenues</b>	<b>358,762</b>	<b>404,932</b>	<b>62,716</b>	<b>168,135</b>	<b>276,454</b>	<b>42,817</b>

The following table sets forth a breakdown of our and the VIEs' revenue by service type for the periods indicated.

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>		
Revenue from educational content service and other services						
– Subscription revenue	135,153	131,047	20,297	44,227	72,794	11,274
– Licensing revenue	97,106	164,490	25,476	86,807	98,547	15,263
– Other services revenue	22,791	13,766	2,132	4,189	6,734	1,043
<b>Subtotal</b>	<b>255,050</b>	<b>309,303</b>	<b>47,905</b>	<b>135,223</b>	<b>178,075</b>	<b>27,580</b>
Revenue from IT related solution services						
	103,712	95,629	14,811	32,912	98,379	15,237
<b>Total</b>	<b>358,762</b>	<b>404,932</b>	<b>62,716</b>	<b>168,135</b>	<b>276,454</b>	<b>42,817</b>

**Educational content service and other services.** For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, the VIEs delivered a diverse, comprehensive range of educational content primarily through (i) selling subscriptions of the VIEs' online learning platforms, in particular Sentu Academy, to higher education institutions and other institutional customers under a B2B2C model; (ii) licensing select content in Sentu Academy to institutional customers based on their needs and preferences under a B2B2C model; (iii) offering educational content in mobile video packages directly to end users under a B2C model, including (a) offering the VIEs' Fish Learning mobile video package via the platform of Tianyi Video; (b) offering courses in a mobile video package to be redeemed by

mobile users of China Telecom using their reward points; and (c) offering the VIEs' new mobile video package, Light Class, via a subscription account on WeChat and through cooperation with China Unicom's subsidiaries. In addition, for the same periods, the VIEs also derived revenue from other services primarily from (i) promotion service on the Fish Learning platform; (ii) provision of mobile application content data business system services; and (iii) provision of technical support services for a mobile paid-content platform of China Unicom mainly accessible from a subscription account on WeChat.

**IT related solution services.** For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, we derived revenue from IT related solution services through providing (i) design and development of customized IT system service, (ii) procurement and assembling of equipment, and (iii) technological support and maintenance service. And our competitive services focus on providing educational institutions and other institutional customers with customized teaching and learning solutions as well as comprehensive intelligent management and service platforms.

#### Cost of Revenues

Costs of revenues consist primarily of inventory cost, staff costs, video content costs, depreciation expenses and other direct costs of providing these services or goods. These costs are recorded in the consolidated statements of income and comprehensive income as incurred. Our and the VIEs' cost of revenues was RMB227.8 million and RMB275.8 million (US\$42.7 million) for the years ended December 31, 2019 and 2020, respectively. And our and the VIEs' cost of revenues was RMB115.8 million and RMB204.8 million (US\$31.7 million) for the six months ended June 30, 2020 and 2021, respectively.

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>		
<b>Cost of revenues:</b>						
Educational content service and other services	187,482	239,377	37,074	102,664	151,824	23,514
IT related solution services	40,329	36,413	5,640	13,164	52,976	8,205
<b>Total</b>	<b>227,811</b>	<b>275,790</b>	<b>42,714</b>	<b>115,828</b>	<b>204,800</b>	<b>31,719</b>

#### Operating Expenses

Our and the VIEs' operating expenses consist of sales and marketing expenses, research and development expenses, and general and administrative expenses. The following table sets forth the components of our and the VIEs' operating expenses by amounts and percentages of our and the VIEs' net revenues for the years presented:

	For the Years Ended December 31,					For the Six Months Ended June 30,				
	2019		2020			2020		2021		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)					(in thousands, except percentages) <i>unaudited</i>				
<b>Operating expenses:</b>										
– Sales and marketing expenses	7,553	2.1	5,032	780	1.2	2,585	1.5	4,062	629	1.5
– General and administrative expenses	30,053	8.4	26,054	4,035	6.4	11,993	7.1	11,682	1,809	4.2
– Research and development expenses	16,901	4.7	15,585	2,414	3.8	4,591	2.7	7,361	1,140	2.7
<b>Total</b>	<b>54,507</b>	<b>15.2</b>	<b>46,671</b>	<b>7,229</b>	<b>11.4</b>	<b>19,169</b>	<b>11.3</b>	<b>23,105</b>	<b>3,578</b>	<b>8.4</b>



**Sales and Marketing Expenses.** Sales and marketing expenses primarily consist of (i) staff cost, which represents salaries, social insurances and housing funds for our and the VIEs' personnel in the sales department; (ii) traveling and entertainment expenses; (iii) service fee; and (iv) other miscellaneous sales cost. Traveling and entertainment expenses were incurred for sales related activities. Serviced fee represents fees we and the VIEs paid in relation to bidding for projects and customer services.

**General and Administrative Expenses.** General and administrative expenses primarily consist of (i) staff cost; (ii) travelling and entertainment expense; (iii) depreciation and amortization; (iv) rental expenses; (v) commission fee; (vi) listing expenses; (vii) provision for bad debts; and (viii) other miscellaneous expenses. Salaries, social insurance and housing funds for our and the VIEs' personnel in our and the VIEs' general and administrative department are charged to staff costs. Traveling and entertainment expenses are for our and the VIEs' business administrative related activities. Rental expenses represent rent for our and the VIEs' administrative offices.

**Research and Development Expenses.** Research and development expenses consist primarily of personnel-related expenses incurred for the development of information technology as well as costs associated with new video contents development. Depreciation expenses and other operating costs that are directly related to the research and development are also included in research and development expenses. The Group recognizes research and development expenses costs when incurred.

## TAXATION

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payments of dividends by the Company or its subsidiaries in the Cayman Islands to their shareholders, no withholding tax will be imposed.

### British Virgin Islands ("BVI")

Subsidiaries in the BVI are exempted from income tax on their foreign-derived income in the BVI. There are no withholding taxes in the BVI.

### Hong Kong

Before April 1, 2018, our subsidiaries incorporated in Hong Kong were subject to Hong Kong profit tax at a rate of 16.5%. Since April 1, 2018, our subsidiaries incorporated in Hong Kong have been subject to Hong Kong profit tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 (US\$258,061) and 16.5% on any part of assessable profits over that amount. No Hong Kong profit tax has been levied on us as we and the VIEs did not have assessable profit that was earned in or derived from our Hong Kong subsidiary during the years included in this prospectus. Hong Kong does not impose a withholding tax on dividends.

### China

Effective from January 1, 2008, the PRC's statutory EIT rate is 25%. In accordance with the implementation rules of EIT Law, a qualified "High and New Technology Enterprise" ("HNTE") is eligible for a preferential tax rate of 15% with HNTE certificate effective for a period of three years and a "Software Enterprise" ("SE") is entitled to a two-year income tax exemption starting from the first profit making year, followed by a reduction of half the applicable tax rate for the subsequent three years, and small and micro-sized enterprises ("SMEs") is entitled to a reduced EIT rate of 20%, 75% reduction of taxable income for the first RMB1.0 million taxable income and 50% reduction of taxable income for the remaining taxable income below RMB3.0 million.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors — 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."

**RESULTS OF OPERATIONS**

The following table sets forth a summary of our (including the VIEs') consolidated results of operations for the years and periods indicated, both in absolute amounts and as percentages of total income from us and the VIEs. This information should be read together with our (including the VIEs') consolidated financial statements and related notes included elsewhere in this prospectus. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Years Ended December 31,					For the Six Months Ended June 30,				
	2019		2020			2020		2021		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for share, per share data and percentages)					(in thousands, except for share, per share data and percentages) <i>unaudited</i>				
<b>Net revenues</b>	<b>358,762</b>	<b>100.0</b>	<b>404,932</b>	<b>62,716</b>	<b>100.0</b>	<b>168,135</b>	<b>100.0</b>	<b>276,454</b>	<b>42,817</b>	<b>100.0</b>
Cost of revenues	(227,811)	(63.5)	(275,790)	(42,714)	(68.1)	(115,828)	(68.9)	(204,800)	(31,719)	(74.1)
<b>Gross profit</b>	<b>130,951</b>	<b>36.5</b>	<b>129,142</b>	<b>20,002</b>	<b>31.9</b>	<b>52,307</b>	<b>31.1</b>	<b>71,654</b>	<b>11,098</b>	<b>25.9</b>
<b>Operating expenses:</b>										
Sales and marketing expenses	7,553	2.1	5,032	780	1.2	2,585	1.5	4,062	629	1.5
General and administrative expenses	30,053	8.4	26,054	4,035	6.4	11,993	7.1	11,682	1,809	4.2
Research and development expenses	16,901	4.7	15,585	2,414	3.8	4,591	2.7	7,361	1,140	2.7
Total operating expenses	54,507	15.2	46,671	7,229	11.4	19,169	11.3	23,105	3,578	8.4
<b>Income from operations</b>	<b>76,444</b>	<b>21.3</b>	<b>82,471</b>	<b>12,773</b>	<b>20.4</b>	<b>33,138</b>	<b>19.7</b>	<b>48,549</b>	<b>7,520</b>	<b>17.6</b>
<b>Other income:</b>										
Total other income, net	8,101	2.3	4,925	763	1.1	1,936	1.2	3,333	516	1.2
<b>Income before income tax</b>	<b>84,545</b>	<b>23.6</b>	<b>87,396</b>	<b>13,536</b>	<b>21.6</b>	<b>35,074</b>	<b>20.9</b>	<b>51,882</b>	<b>8,036</b>	<b>18.8</b>
Income tax expense	986	0.3	486	75	0.1	1,011	0.6	8,062	1,249	2.9
<b>Net income</b>	<b>83,559</b>	<b>23.3</b>	<b>86,910</b>	<b>13,461</b>	<b>21.5</b>	<b>34,063</b>	<b>20.3</b>	<b>43,820</b>	<b>6,787</b>	<b>15.9</b>
Net income attributable to non-controlling interests	3,570	1.0	4,586	711	1.1	2,729	1.6	5,140	796	1.9
<b>Net income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>79,989</b>	<b>22.3</b>	<b>82,324</b>	<b>12,750</b>	<b>20.3</b>	<b>31,334</b>	<b>18.6</b>	<b>38,680</b>	<b>5,991</b>	<b>14.0</b>
<b>Net income</b>	<b>83,559</b>	<b>23.3</b>	<b>86,910</b>	<b>13,461</b>	<b>21.5</b>	<b>34,063</b>	<b>20.3</b>	<b>43,820</b>	<b>6,787</b>	<b>15.9</b>
Other comprehensive (loss)/income:										
Foreign currency translation adjustments	112	—	(35)	(6)	—	(180)	(0.1)	59	9	0.02
<b>Total other comprehensive (loss)/income</b>	<b>112</b>	<b>—</b>	<b>(35)</b>	<b>(6)</b>	<b>—</b>	<b>(180)</b>	<b>(0.1)</b>	<b>59</b>	<b>9</b>	<b>0.02</b>
<b>Total comprehensive income</b>	<b>83,671</b>	<b>23.3</b>	<b>86,875</b>	<b>13,455</b>	<b>21.5</b>	<b>33,883</b>	<b>20.2</b>	<b>43,879</b>	<b>6,796</b>	<b>15.9</b>
Net comprehensive income attributable to non-controlling interests	3,570	1.0	4,586	710	1.1	2,729	1.6	5,140	796	1.9
<b>Comprehensive (loss)/income attributable to the Jianzhi Education Technology Group Company Limited's</b>	<b>80,101</b>	<b>22.3</b>	<b>82,289</b>	<b>12,745</b>	<b>20.3</b>	<b>31,154</b>	<b>18.5</b>	<b>38,739</b>	<b>6,000</b>	<b>14.0</b>

shareholders							
Earnings (loss) per share							
Basic and diluted	0.72	0.74	0.11	0.28	0.35	0.05	
Weighted average number of shares							
Basic and diluted	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000	111,110,000	

## Six months ended June 30, 2021 compared to six months ended June 30, 2020

### **Net Revenues**

Our and the VIEs' revenue increased by 64.5% from RMB168.1 million for the six months ended June 30, 2020 to RMB276.5 million (US\$42.8 million) for the six months ended June 30, 2021. This increase was primarily driven by (i) an increase in net revenues from the provision of educational content services and other services, and (ii) an increase in revenue generated from IT related solution services.

- *Educational content service and other services.* Net revenue from the educational content service and other services increased from RMB135.2 million for the six months ended June 30, 2020 to RMB178.1 million (US\$27.6 million) for six months ended June 30, 2021. The increase was primarily due to the fact that (i) the VIEs offered the Fish Learning to the public at no cost in February 2020 and continuing throughout April 2020, resulting in revenue generated from Fish Learning for the six months ended June 30, 2020 and 2021 were RMB12.6 million and RMB37.5 million, and (ii) the COVID-19 pandemic results in more people willing to adopt alternative learning approach and switch to online learning platform. The VIEs continued to expand the VIEs' educational content business, leading to the VIEs' revenue generated from education content service in B2C model other than Fish Learning increased RMB20.8 million.
- *IT related solution services.* Net revenue from IT related solution services increased from RMB32.9 million for the six months ended June 30, 2020 to RMB98.4 million (US\$15.2 million) for the six months ended June 30, 2021, primarily because (i) we launched two new server procurement projects during the six months ended June 30, 2021; (ii) the market demand of IT related solution services increased due to the increasing penetration rate of IT solutions in finance, education, medical and other industries during the six months ended June 30, 2021 and (iii) we were unable to complete a big number of our services as many of our customers were shut down during the COVID-19 pandemic in the first half of 2020.

### **Cost of Revenues**

Our and the VIEs' cost of revenue increased by 76.8% from RMB115.8 million for the six months ended June 30, 2020 to RMB204.8 million (US\$31.7 million) for the six months ended June 30, 2021. This increase was in line with our and the VIEs' revenue growth.

### **Gross Profit**

As a result of the foregoing, our and the VIEs' gross profit increased from RMB52.3 million for the six months ended June 30, 2020 to RMB71.7 million (US\$11.1 million) for the six months ended June 30, 2021. Our and the VIEs' gross profit margin decreased from 31.1% for the six months ended June 30, 2020 to 25.9% for the six months ended June 30, 2021. The decrease was mainly due to the fact that (i) the gross profits margin for IT related solution services decreased from 60.0% for the six months ended June 30, 2020 to 46.2% for the six months ended June 30, 2021, which was primarily because we launched two new server procurement projects in the first half of 2021 which required us to bear significant equipment purchase cost; and (ii) the gross profits margin for education content services decreased from 24.1% for the six months ended June 30, 2020 to 14.7% for the six months ended June 30, 2021, primarily due to the fact that (a) the education content services revenue for the six months ended June 30, 2021 was mainly generated from Fish Learning which had a comparatively low gross profits margin; and (b) the VIEs purchased new educational content in the first half of 2021, and therefore, incurred additional amortized educational content costs.

### **Operating expenses**

Our and the VIEs' total operating expenses increased from RMB19.2 million for the six months ended June 30, 2020 to RMB23.1 million (US\$3.6 million) for the six months ended June 30, 2021.

*Sales and Marketing Expenses:* Our and the VIEs' sales and marketing expenses increased from RMB2.6 million for the six months ended June 30, 2020 to RMB4.1 million (US\$0.6 million) for the six months ended June 30, 2021. This increase was mainly driven by an increase in the service fee due to our

continued efforts to further expand our and the VIEs' user base for the six months ended June 30, 2021. Our and the VIEs' sales and marketing expenses for the six months ended June 30, 2021 primarily consisted of staff cost, travelling expenses and entertainment fee.

*General and Administrative Expenses:* Our and the VIEs' general and administrative expenses decreased from RMB12.0 million for six months ended June 30, 2020 to RMB11.7 million (US\$1.8 million) for the six months ended June 30, 2021. This decrease was due to (i) a decrease in the listing expense incurred during our attempt initial public offering on the Hong Kong Stock Exchange, which started in 2019 and ceased in 2020, and (ii) an increase in provision for bad debts in relation to the accounts receivable. Our and the VIEs' general and administrative expenses for the six months ended June 30, 2021 primarily consisted of listing expenses, staff cost, depreciation and amortization, rental expenses and other miscellaneous expenses.

*Research and Development Expenses:* Our and the VIEs' research and development expenses increased from RMB4.6 million for the six months ended June 30, 2020 to RMB7.4 million (US\$1.1 million) for the six months ended June 30, 2021. This increase was mainly because (i) we and the VIEs further enhanced our and the VIEs' AI, automatic recommendation engine and intelligent assisted learning capabilities aiming to launch two new products "Career Discovery" and "Cloud Micro-employment", (ii) we and the VIEs ceased enjoying the preferential COVID-19 policy in reduction or exemption of the housing funds and social insurances since January 1, 2021, and (iii) we and the VIEs incurred an increased staff cost due to the expansion of our research and development team. Our and the VIEs' research and development expenses for the six months ended June 30, 2021 primarily consisted of staff cost and service fee.

#### **Other Income**

Other incomes increase by 73.7% from RMB1.9 million for the six months ended June 30, 2020 to RMB3.3 million (US\$0.5 million) for the six months ended June 30, 2021. This increase was mainly driven by government grants of RMB3.2 million of tax deduction received during the six months ended June 30, 2021.

#### **Income Tax Expenses**

Our and the VIEs' income tax expenses increased from RMB1.0 million for the six months ended June 30, 2020 to RMB8.1 million (US\$1.2 million) for the six months ended June 30, 2021, due to an increase in our and the VIEs' taxable income.

#### **Year ended December 31, 2020 compared to year ended December 31, 2019**

##### **Net Revenues**

Our and the VIEs' revenue increased by 12.8% from RMB358.8 million for the year ended December 31, 2019 to RMB404.9 million (US\$62.7 million) for the year ended December 31, 2020. This increase was primarily driven by the increase in net revenues from the provision of educational content services, partially offset by i) the decrease in revenue generated from IT related solution services and ii) the decrease in net revenues from the VIEs' other services.

- *Educational content service and other services.* Net revenue from educational content services increased from RMB225.0 million in 2019 to RMB309.3 million (US\$47.9 million) in 2020. The increase of the revenues was primarily due to i) the fact that the VIEs purchased new educational content from third parties and some of the VIEs' existing licensing client in turn purchased such new content from us; and ii) net revenue from Fish Learning and Light class increases because the COVID-19 pandemic results in more people is willing to adopt alternative learning approach and switched to online learning platforms.
- *IT related solution services.* Net revenue from IT related solution services decreased from RMB103.7 million in 2019 to RMB95.6 million (US\$14.8 million) in 2020. The decrease in the revenue was primarily due to the fact that we and the VIEs were unable to provide on-site installation services during the COVID-19 pandemic.

##### **Cost of Revenues**

Our and the VIEs' cost of revenues increased 21.1 % from RMB227.8 million for the year ended December 31, 2019 to RMB275.8 million (US\$42.7 million) for the year ended December 31, 2020. This increase was driven by (i) an increase of RMB51.9 million in the cost of revenue of educational content service and other services primarily

because a) increased other direct costs of providing these services; and (b) an increase in amortization of intangible assets, which was mainly in relation to the new educational content the VIEs purchased. The increase was partially offset by a decrease of RMB3.9 million in the cost of revenue of IT related solution services, which is mainly due to a decrease in procurement and installation projects in 2020.

### **Gross Profit**

As a result of the foregoing, our and the VIEs' gross profit remained relatively stable at RMB131.0 million for the year ended December 31, 2019 and RMB129.1 million (US\$20.0 million) for the year ended December 31, 2020. Our and the VIEs' gross profit margin decreased from 36.5% for the year ended December 31, 2019 to 31.9% for the year ended December 31, 2020. The gross profit margin of educational content service and other services for the year ended December 31, 2019 and 2020 was 26.5% and 22.6%, respectively, while the gross profit margin of the IT related solution services was 61.1% and 61.9%, respectively, during the same period. The decrease in our (including the VIEs') consolidated gross profit margin was primarily a result of the increase in percentage of revenue generated from educational content service and other services business. Revenue generated from educational content service and other services component represents 71.1% and 76.4% in 2019 and 2020, respectively.

### **Operating expenses**

Our and the VIEs' total operating expenses decreased from RMB54.5 million for the year ended December 31, 2019 to RMB46.7 million (US\$7.2 million) for the year ended December 31, 2020.

*Sales and Marketing Expenses:* Our and the VIEs' selling expenses decreased from RMB7.6 million in 2019 to RMB5.0 million (US\$0.8 million) in 2020. This decrease was mainly driven by the decrease in traveling expenses due to the fact that the local government waived some of the social insurance fee and restricted the travel activities during the COVID-19 pandemic. Our and the VIEs' selling and marketing expenses for the year ended December 31, 2020 primarily consisted of staff cost, travelling expenses, service fee and entertainment fee.

*General and Administrative Expenses:* Our and the VIEs' general and administrative expenses decreased from RMB30.1 million in 2019 to RMB26.1 million (US\$4.0 million) in 2020, primarily due to (i) the decrease in expenses incurred during our attempt initial public offering on the Hong Kong Stock Exchange, which started in 2019 and ceased in 2020; and (ii) the decrease in transportation, meeting and automobile fee related expenses due to travel bans implemented by the local governments in an effort to contain COVID-19 spread in the first half of 2020; and (iii) some of the social insurance fee waived during the COVID-19 pandemic. Our and the VIEs' general and administrative expenses for the year ended December 31, 2020 primarily consisted of listing expenses, staff cost, depreciation and amortization and rental expenses.

*Research and Development Expenses:* Our and the VIEs' research and development expenses decreased from RMB16.9 million in 2019 to RMB15.6 million (US\$2.4 million) in 2020, primarily due to the fact that the local government waived some of the social insurance fee during the COVID-19 pandemic. Our and the VIEs' research and development expenses for the year ended December 31, 2020 primarily consisted of staff cost and service fee.

### **Other Income**

Other income decreased by 39.5% from RMB8.1 million for the year ended December 31, 2019 to RMB4.9 million (US\$0.8 million) for the year ended December 31, 2020. This decrease was primarily because the VIEs received a one-time government grant when the VIEs acquired Shanghai Ang'you in 2019.

### **Income Tax Expenses**

Our and the VIEs' income tax expenses were RMB1.0 million for the year ended December 31, 2019 and decreased to RMB0.5 million (US\$75,233) for the year ended December 31, 2020 due to the decrease in our and the VIEs' taxable income.

## LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth a summary of our and the VIEs' cash flows for the years and periods presented:

	For the Years Ended December 31,			For the Six Months Ended June 30,		
	2019	2020		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)			(in thousands) <i>unaudited</i>		
Net cash provided by operating activities	72,762	97,754	15,140	12,436	68,039	10,538
Net cash used in investing activities	(49,375)	(164,857)	(25,533)	(65,752)	(46,698)	(7,233)
Net cash provided by (used in) financing activities	2	49	8	7	(76)	(12)
Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies	139	(265)	(41)	(145)	(3)	(0)
Net increase (decrease) in cash and cash equivalents and restricted cash	23,528	(67,319)	(10,426)	(53,454)	21,262	3,293
Cash and cash equivalents and restricted cash at the beginning of the year/period	64,740	88,268	13,671	88,268	20,949	3,245
Cash and cash equivalents and restricted cash at the end of the year/period	88,268	20,949	3,245	34,814	42,211	6,538

To date, we and the VIEs have financed our and the VIEs' operating and investing activities primarily through cash generated from operating activities. As of December 31, 2019 and 2020 and June 30, 2021, our and the VIEs' cash, cash equivalents and restricted cash were RMB88.3 million, RMB20.9 million (US\$3.2 million) and RMB42.2 million (US\$6.5 million), respectively. Our and the VIEs' cash and cash equivalents primarily consist of cash, investments in interest bearing demand deposits accounts and time deposits with terms of and less than three months.

As of December 31, 2020, our and the VIEs' accounts receivable accounted for a comparatively large proportion of revenue for the following reasons: (i) the VIEs extended the settlement period to the customer of Guangzhou Xingzhiqiao since July 2020, resulting in a relatively high balance of accounts receivable, amounting to RMB36.1 million (US\$5.6 million) as of December 31, 2020. The customer of Guangzhou Xingzhiqiao is a subsidiary of a leading telecommunication service provider in China and is one of the VIEs' major business partners. The leading telecommunication service provider and its subsidiaries changed the payment term since July 2020 and postponed the settlement period for all its suppliers from 3 months to 5 months. As of the date of the prospectus, RMB13.6 million were collected from the subsidiary of the leading telecommunication service provider. We expect to collect the remaining outstanding balance within a year based on management's best estimate which have taken the COVID-19 impact into consideration. (ii) during the COVID-19 pandemic, we delayed collection of accounts receivables in relation to our IT related solution services due to (a) the fact that we delayed our procurement and assembling of equipment, (b) the fact that some of our and the VIEs' customers are not obligated to make payment to us until they are paid by their customers, and (c) the delays in corporate operations across China due to the COVID-19 outbreak. Consequently, we and the VIEs recognized a large amount of revenue in the fourth quarter of 2020, a big portion of which, as of December 31, 2020, is in the form of accounts receivable not yet due for payment. As of the date of the prospectus, a total of RMB74.5 million (US\$11.5 million) or 69% of the accounts receivable balance as of December 31, 2020 has been collected. Our management evaluates the collectability of our and the VIEs' accounts receivable periodically and predict reasonably when the balance could be collected based on the payment terms, the customer's payment history and current credit-worthiness, and current economic trends. Based on management's best estimate which have taken the COVID-19 impact into consideration, the remaining balance will be collected before the end of fiscal year 2021.



As of June 30, 2021, our and the VIEs' accounts receivable accounted for a comparatively large proportion of revenue as well for the reason that (i) we and the VIEs extended the settlement period to the customer of Guangzhou Xinzhiqiao since July 2020, resulting in a relatively high balance of accounts receivable, amounting to RMB51.9 million (US\$8.0 million) as of June 30, 2021. The customer of Guangzhou Xinzhiqiao is one of our and the VIEs' major business partners, which is a subsidiary of a leading telecommunication service provider in China. The leading telecommunication service provider and its subsidiaries changed the payment term since July 2020 and postponed the settlement period for all its suppliers from 3 months to 5 months. We expect to collect the outstanding balance within a year based on management's best estimate; (ii) RMB25.8 million of our accounts receivable from IT related solution services customers are not due for payment at June 30, 2021. As of June 30, 2021, accounts receivable from IT related solution services were in the amount of RMB62.2 million, among which RMB36.4 million has become due and RMB21.5 million will become due gradually from July 2021 to December 2021 in terms of the payment term. The accounts receivable from IT related solution services included quality guarantee deposit, usually 10% of contract price, which will be collected by the end of 2021. As of the date of the prospectus, a total of RMB52.9 million (US\$8.2 million) or 34.5% of the accounts receivable balance as of June 30, 2021 has been collected. Based on management's best estimate which have taken the COVID-19 impact into consideration, the remaining balance will be collected within a year.

We do not believe we and the VIEs have a material collection risk under our and the VIEs' business model that will have a negative impact on collectability, and no significant written-off occurred historically. Due to the COVID-19 pandemic, the collection of accounts receivable slowed down during the first half calendar year 2020 and 2021 temporally. However, customers gradually resumed payment after that, and our and the VIEs' business has continued to grow and the demand for our and the VIEs' services has been increasing. Therefore, we do not have substantial doubt on the collectability of the remaining accounts balances, and provision for accounts receivable has been properly assessed and provided at the end of each period.

We believe that our and the VIEs' current cash, cash equivalents and restricted cash and expected cash provided by operating activities will be sufficient to meet our and the VIEs' current and anticipated working capital requirements and capital expenditures for the next twelve months. We and the VIEs may, however, need additional cash resources in the future if we and the VIEs experience changes in business conditions or other developments. We and the VIEs may also need additional cash resources in the future if we and the VIEs identify and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions.

As of June 30, 2021, approximately 99.24% and 0.76% of our cash and cash equivalents were held in mainland China and Hong Kong, respectively, of which 99.24% were denominated in Renminbi, and 0.75% were denominated in Hong Kong Dollars. As of June 30, 2021, 43.62% of cash and cash equivalents were held by the VIEs.

The COVID-19 pandemic did not result in any material impairments, allowances, charges or changes in accounting estimates in our (including the VIEs') consolidated financial statements for the six months ended June 30, 2021. In addition, the COVID-19 pandemic did not result in any change to the terms and conditions of our and the VIEs' existing debt and other obligations, nor did it have any material negative effect on our and the VIEs' ability to timely fulfill them.

Although we consolidate the results of the VIEs, we only have access to the assets or earnings of the VIEs through the contractual arrangements with Beijing Sentu and its shareholders. See "Corporate History and Structure — Contractual Arrangements with Beijing Sentu and Its Shareholders." For restrictions and limitations on liquidity and capital resources as a result of the corporate structure, see "— Company Structure."

All of our and the VIEs' revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. 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 PRC subsidiaries 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 PRC subsidiaries to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiaries 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. Historically, our PRC subsidiaries have not paid dividends to us, and they will not be able to pay dividends until they generate accumulated profits. Furthermore, capital account transactions, which include foreign direct investment in and loans to our PRC subsidiaries, 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 PRC subsidiaries 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. This may delay us from using the proceeds from this offering to make loans or capital contributions to our PRC subsidiaries. We expect to invest substantially all of the proceeds from this offering in our PRC operations for general corporate purposes within the business scopes of our PRC subsidiaries and the VIEs. See “Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or VIE or to make additional capital contributions to Jianzhi Beijing, which could materially and adversely affect our and the VIEs’ liquidity and our and the VIEs’ ability to fund and expand our and the VIEs’ business operations.”

### ***Operating Activities***

Net cash generated from operating activities for the six months ended June 30, 2021 was RMB68.0 million (US\$10.5 million), primarily due to (i) net income of RMB43.8 million (US\$6.8 million), adjusted for adding back of amortization of educational content of RMB21.2 million (US\$3.3 million), (ii) an increase in accounts payable of RMB 27.3 million (US\$4.2 million), (iii) an increase in other payables of RMB 7.3 million (US\$1.1 million), and partially offset by an increase in accounts receivable of RMB36.6 million (US\$5.7 million).

Net cash generated from operating activities for the six months ended June 30, 2020 was RMB12.4 million, primarily due to (i) net income of RMB 34.1 million, adjusted for adding back of amortization of educational content of RMB 11.9 million, (ii) a decrease in short-term prepayments of RMB 9.5 million, partially offset by an increase in accounts receivable of RMB31.9 million, and a decrease in deferred revenue of RMB10.7 million.

The difference between the VIEs’ net cash provided by operating activities of RMB27.5 million (US\$4.3 million) and our (including the VIEs’) consolidated net cash provided by operating activities of RMB68.0 million (US\$10.5 million) for the six months ended June 30, 2021 was primarily due to the additional cash inflow of RMB40.5 million (US\$6.2 million) provided by our consolidated entities other than the VIEs. The cash inflows primarily consisted of our consolidated entities other than the VIEs’ net income adjusted for non-cash items of RMB39.6 million (US\$6.1 million), partially offset by RMB1.1 million (US\$0.2 million) used for working capital. During the first half of 2021, our consolidated entities other than the VIEs obtained a new IT related solution service customer, from whom our consolidated entities other than the VIEs generated RMB62.1 million (US\$9.6 million) in revenue. The increased revenue led to the net income of RMB23.9 million (US\$3.7 million), adjusted for adding back of amortization and depreciation of RMB15.6 million (US\$2.4 million).

The difference between the VIEs’ net cash used in operating activities of RMB8.3 million and our (including the VIEs’) consolidated net cash provided by operating activities of RMB12.4 million for the six months ended June 30, 2020 was primarily due to the additional cash inflow of RMB20.7 million provided by our consolidated entities other than the VIEs. The cash inflows primarily consisted of our consolidated entities other than the VIEs’ net income adjusted for non-cash items of RMB33.8 million partially offset by RMB14.3 million used for working capital. During the first quarter of 2020, our consolidated entities other than the VIEs were unable to complete a big number of our IT services as many of our customers were shut down and the VIEs’ institutional customers were also required lockdown due to the COVID-19 pandemic. With the work resumption starting late March 2020, our consolidated entities other than the VIEs were able to render the delayed IT services, which led to net income of RMB23.5 million adjusted for adding back of amortization and depreciation of RMB10.2 million. The cash used for working capital of the consolidated entities other than the VIEs were mainly due to (i) the impact of COVID-19 pandemic resulted in difficulty in collection of accounts receivable, leading to RMB3.2 million used in accounts receivable, (ii) the fact that our consolidated entities other than the VIEs postponed payments to IT equipment suppliers during the COVID-19 pandemic, which led to an increase in accounts payable of RMB2.5 million, and (iii) we and the VIEs disbursed tax payable in a more timely manner in the first half year of 2020, leading to RMB4.1 million and RMB2.7 million used in income tax payable, and value added tax and other tax payable, respectively.

Net cash from operating activities increased from net cash provided from operating activities of RMB12.4 million for the six months ended June 30, 2020 to net cash provided by operating activities of RMB68.0 million (US\$10.5 million) for the six months ended June 30, 2021 primarily due to the increase in net income adjusted for non-cash items

of RMB19.3 million and RMB36.3 million released from working capital. The increase in net income adjusted for non-cash items, primarily consisting of an increase in net income of RMB9.8 million and an increase in adding back of the amortization of educational content of RMB9.3 million, were mainly attributable to (i) the VIEs offered the Fish Learning product to the public at no cost in February 2020 and continuing throughout April 2020, (ii) we obtained a new IT related solution services customer, from whom we generated RMB62.1 million (US\$9.6 million) in revenue, and (iii) the VIEs continued to expand the VIEs' educational content business since the COVID-19 pandemic resulted in more people willing to adopt alternative learning approach and switched to online learning platforms. The decrease in cash used for working capital were primarily because (i) we and the VIEs didn't pay off the equipment purchased for the fore-mentioned new customer and postponed payment to some our and the VIEs' suppliers, leading to RMB23.2 million released from accounts payable, (ii) the COVID-19 pandemic in the first half of 2020 resulted in delayed advance payments from educational content services customers, leading to RMB10.7 million released from deferred revenue, and (iii) we and the VIEs disbursed taxes in a timely basis in the first half of 2020 while postponed related payment in the first half of 2021, leading to RMB11.5 million released from taxes payable, partially offset by (i) we and the VIEs extended the credit period of our and the VIEs' customers, leading to RMB4.7 million used for accounts receivable, (ii) we and the VIEs changed our and the VIEs' payment term with our and the VIEs' service provider from payment in advance to payment in arrears starting March 2020 resulting in RMB9.5 million released from short-term prepayment for the six months ended June 30, 2020 while RMB0.5 million used in short-term prepayment for the six months ended June 30, 2021. As a comparison, RMB10.0 million was used for short-term prepayment.

Net cash generated from operating activities was RMB97.8 million (US\$15.1 million) in 2020, primarily due to a net income of RMB86.9 million (US\$13.5 million), adjusted for (i) non-cash item adding back of depreciation and amortization of educational content of RMB24.3 million (US\$3.8 million); (ii) short-term prepayments of RMB12.9 million (US\$2.0 million), (iii) accounts payable of RMB7.9 million (US\$1.2 million), partially offset by (i) accounts receivable of RMB31.4 million (US\$4.9 million), and (ii) deferred revenue of RMB9.4 million (US\$1.5 million).

In 2020, the VIEs' net cash provided by operating activities was RMB12.1 million (US\$1.9 million) mainly because the net profit generated by the VIEs of RMB13.0 million (US\$2.0 million), adjusted for (i) non-cash item adding back of depreciation and amortization of RMB16.0 million (US\$2.5 million), (ii) a decrease in short-term prepayments of RMB14.9 million (US\$2.3 million), (iii) an increase in accounts payable of RMB10.2 million (US\$1.6 million), partially offset by an increase in accounts receivable of the VIEs of RMB38.5 million (US\$6.0 million).

The difference between our and the VIEs' net cash provided by operating activities by Beijing Sentu of RMB12.1 million (US\$1.9 million) and our (including the VIEs) consolidated net cash provided by operating activities of RMB97.8 million (US\$15.1 million) was primarily due to the additional cash inflows of RMB85.7 million generated from our consolidated entities other than the VIEs. The cash inflows primarily consisted of our consolidated entities other than VIE's net income adjusted for non-cash items of RMB 90.6 million, partially offset by RMB4.9 million used for working capital. The VIEs and the consolidated entities other than the VIEs had different business models. The VIEs' business focuses on educational content services in B2C model, while the consolidated entities other than the VIEs' business focuses on IT related solution services and educational content services in B2B2C model. The gross profit margin of IT related solution services and educational content services in B2B2C model were 61.9% and 60.1%, respectively, whereas the gross profit margin of educational content services in B2C model was 15.4%, which lead to the net income generated from the consolidated entities other than the VIEs much more than the one generated from the VIEs. The cash used for working capital of the consolidated entities other than the VIEs were mainly due to the fact that we disbursed tax payable in a more timely manner in 2020, leading to RMB9.4 million (US\$1.5 million) used for income tax payable, value added tax and other tax, partially offset by our and the VIEs' effort on the collection which led to RMB7.1 million (US\$1.1 million) released from accounts receivable.

Net cash generated from operating activities was RMB72.8 million in 2019, primarily due to a net income of RMB83.6 million, adjusted for (i) non-cash adding back of depreciation and amortization of educational content of RMB12.2 million; partially offset by (i) accounts receivable of RMB15.0 million, (ii) short-term prepayments of RMB15.1 million, and (iii) accounts payable of RMB16.7 million.

Net cash provided by operating activities increased from RMB 72.8 million in 2019 to RMB97.8 million (US\$15.1 million) in 2020 primarily due to the increase in net income adjusted for non-cash items of RMB 16.7 million and RMB8.3 million released from working capital. The increase in net income adjusted for non-cash items, primarily consisting of an increase in net income of RMB3.4 million and an increase in adding back of the amortization of educational content of RMB12.2 million, were mainly attributable to the reason that we and the VIEs continued to

expand the VIEs' educational content business since the COVID-19 pandemic resulted in more people willing to adopt alternative learning approach and switched to online learning platforms. The increase in cash released from working capital were primarily because (i) we and the VIEs changed our and the VIEs' payment term with our and the VIEs' service provider from payment in advance to payment in arrears, leading to RMB28.1 million released from short-term prepayment, and (ii) postponed the settlement to our and the VIEs' suppliers, leading to RMB24.6 million released from accounts payable, partially offset by (i) increase in change in account receivable of RMB16.5, due to the fact that we and the VIEs extended the credit period of our and the VIEs' customers, (ii) a decrease in changes in deferred revenue of RMB9.1 million, mainly due to the fact that the VIEs stopped the business of annual subscription, and (iii) a decrease in changes in value added tax and other tax payable of RMB9.3 million, due to our and the VIEs' disbursement of value added tax in a timely manner.

#### ***Investing Activities***

Net cash used in investing activities was RMB46.7 million (US\$7.2 million) for the six months ended June 30, 2021, primarily due to (i) purchase of short-term investments of RMB21.6 million (US\$3.3 million), (ii) RMB16.6 million (US\$2.6 million) in purchase of educational content, and (iii) RMB79.7 million (US\$12.3 million) in prepayments for educational content, partially offset by proceeds from trading of short-term investments of RMB71.2 million (US\$11.0 million).

Net cash used in investing activities was RMB65.8 million for the six months ended June 30, 2020, primarily due to (i) purchase of short-term investments of RMB48.1 million, (ii) RMB44.5 million in purchase of educational content, and (iii) RMB13.1 million in prepayments for educational content, partially offset by proceeds from trading of short-term investments of RMB40.1 million.

Net cash used in investing activities was RMB164.9 million (US\$25.5 million) in the year ended December 31, 2020, primarily due to (i) purchase of short-term investments of RMB140.1 million (US\$21.7 million) and (ii) purchase of educational content of RMB98.9 million (US\$15.3 million) offset by RMB90.3 million (US\$14.0 million) in proceeds from redemption of short-term investments.

Net cash used in investing activities was RMB49.3 million in the year ended December 31, 2019, primarily due to (i) purchase of short-term investments of RMB125.6 million and (ii) purchase of educational content of RMB44.8 million offset by RMB149.7 million in proceeds from redemption of short-term investments.

#### ***Financing Activities***

For the six months ended June 30, 2021, our and the VIEs' net cash used in financing activities was RMB75,604 (US\$11,710), which mainly represented repayment to related parties.

For the six months ended June 30, 2020, our and the VIEs' net cash provided by financing activities was RMB6,877.

For the year ended December 31, 2020, our and the VIEs' net cash provided by financing activities was RMB48,907 (US\$7,575), which mainly represented the borrowings from related parties, and offset by repayment to related parties.

For the year ended December 31, 2019, our and the VIEs' net cash provided by financing activities was RMB2,000, which represented the borrowings from related parties.

#### ***Capital Expenditure***

Our and the VIEs' capital expenditures are incurred mainly to purchase educational video content and tangible assets. We and the VIEs made capital expenditures of RMB45.3 million in 2019, RMB102.6 million (US\$15.9 million) in 2020 and RMB16.6 million (US\$2.6 million) for the six months ended June 30, 2021, respectively. Our and the VIEs' capital expenditures have been primarily funded by cash generated from our and the VIEs' operations.

We expect to continue to make capital expenditures to support the expected growth of our and the VIEs' business. We also expect that cash generated from our and the VIEs' operation activities and financing activities will meet our and the VIEs' capital expenditure needs in the foreseeable future.

**CONTRACTUAL OBLIGATIONS**

The following table sets forth our and the VIEs' contractual obligations as of June 30, 2021:

	Total	Within one year	One to three years	Three to five years	More than five years
(RMB in thousands)					
Operating lease obligation <sup>(1)</sup>	761	645	116	—	—

Note:

(1) Represents minimum payments under operating leases related to offices.

Other than as shown above, we and the VIEs did not have any significant capital and other commitments, long-term obligations, or guarantees as of June 30, 2021.

**OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

We and the VIEs have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we and the VIEs 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 (including the VIEs') consolidated financial statements. Furthermore, we and the VIEs 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 and the VIEs 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.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK****Foreign Exchange Risk**

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which we and the VIEs conduct business may affect our and the VIEs' financial position and results of operations. The foreign currency risk we have assumed mainly comes from movements in the HKD/RMB exchange rate.

We and our major overseas intermediate holding companies' functional currency is U.S. dollar. We and the VIEs are mainly exposed to foreign exchange risk arising from our and the VIEs' cash and cash equivalents and loans to subsidiaries dominated in RMB.

Our subsidiaries are mainly operating in mainland China with most of the transactions settled in RMB. We consider that our and the VIEs' business in mainland China is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of these subsidiaries denominated in the currencies other than the respective functional currency.

**Interest Rate Risk**

Our and the VIEs' exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits and financial products purchased from financial institutions. Interest-earning instruments carry a degree of interest rate risk. We and the VIEs have not been exposed to material risks due to changes in interest rates, and we and the VIEs have not used any derivative financial instruments to manage our and the VIEs' interest risk exposure.

**CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES**

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. Since the use of estimates is an integral component of the financial reporting process, our and the VIEs' actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements. You should read the following description of critical accounting policies, judgments and estimates in conjunction with our (including the VIEs') consolidated financial statements and other disclosures included in this prospectus.

### **Revenue recognition**

On January 1, 2018, the Group adopted ASC 606, Revenue from Contracts with Customers using the modified retrospective method for all contracts not completed as of the date of adoption.

Under ASC 606, the core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. This new guidance provides a five-step analysis in determining when and how revenue is recognized. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group identifies its contracts with customers and all performance obligations within those contracts. The Group then determines the transaction price and allocates the transaction price to the performance obligations within the Group's contracts with customers, recognizing revenue when, or as, the Group satisfies its performance obligations. The adoption of ASC 606 did not significantly change (1) the timing and pattern of revenue recognition for all of the Group's revenue streams, and (2) the presentation of revenue as gross versus net. Therefore, the adoption of ASC 606 did not have a significant impact on the Group's financial position, results of operations, equity or cash flows as of the adoption date and for the years ended December 31, 2019 and 2020, and six months ended June 30, 2020 and 2021.

The Group's revenue recognition policies effective upon the adoption of ASC 606 are as follows:

#### *Revenue from educational content service and other services*

The Group embeds the digital educational content into various web-based or mobile-based online learning platforms to provide comprehensive educational resources or other services to education institutions and individual customers through B2B2C model or B2C model. Specifically, the Group primarily provides subscription service, licensing service and other services.

##### (i) Subscription revenue

The Group generates subscription revenue primarily through (a) selling subscriptions to online learning platforms, to higher education institutions and other institutional customers under a B2B2C model mainly through the platform of Sentu Academy; (b) offering subscriptions concerning educational content in mobile video packages directly to end users under a B2C model through the platforms such as Fish Learning or Light Class etc.

The Group's contracts have a single performance obligation for an integrated service and the transaction price is stated in the contracts, usually as a price per end-customers or educational content. Quantity of end-customers enrolled or courses provided is determined before rendering service. The subscription period for a majority of the educational content services is less than 12 months. Customers can access to the educational content anytime during the subscription period. The performance obligation is providing educational content database access and is satisfied over the subscription period. The Group recognized revenue based on a straight-line basis over the subscription period. Subscription services cannot be cancelled and is not refundable after enrollment. All estimates are based on the Group's historical experience, complete satisfaction of the performance obligation, and the Group's best judgment at the time the estimates are made. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial.

(ii) Licensing revenue

The Group generates licensing revenue primarily through licensing select content copyrights to institutional customers based on their needs and preferences under a B2B2C model. Institutional licenses primarily include educational institutions and non-educational institutions, such as libraries, contractors of educational content and video platforms. Licensing, different from subscriptions to learning platforms, allows customers to store the licensed educational content to their system and allow their students/users to access such educational content directly through their own systems. The institutional customers pay for access by their respective students, faculty members or library patrons, as the case may be individuals and generally pay a one-time licensing fee at the fixed price stated in the contract to receive such products. The Group also licenses copyrights of the special limited content in mobile video packages directly to end mobile users under a B2C model through cooperating with China Telecom. The end mobile users redeem their reward points at China Telecom for the video packages and China Telecom compensates the Group at the fixed price for each video packages stated in the contract. Licensing revenue is recognized at the point in time when control of the select content copyrights is transferred to customer, usually at the time when their customers received the select content. The Group typically satisfies its performance obligations in contracts with customers upon control of the select content copyrights is transferred to customer, usually at the time when their customers received the select content, and the revenue is recognized at a point in time when customer is able to direct use of and obtain substantially all of the benefits from the learning platforms at the time the services are delivered.

(iii) Other services revenue

Other services mainly include mobile media services, including mobile media advertising services etc. The Group provides advertising services to customers on its mobile application in the form of pop-up ads and banners, and generates revenue from advertisements based on the posting period or based on the number of times viewers click on these advertisements etc. The promised services in each service contract are combined and accounted as a single performance obligation, as the promised services in a contract are not distinct and are considered as a significant integrated service. The Group determines pricing for each contract separately. These services are recognized over time based on a straight-line basis over the period of services rendered as customers simultaneously receive and consume the benefits of these services throughout the service period. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial. For some contracts, the mobile media advertising revenue is generated based on the number of times viewers click on these advertisements or download the sponsor's application to their phones or the number of days such advertisements are placed in the learning platform. Under much pricing model, the Group recognizes revenues at the point of time as the publishers deliver advertising services at the point in time.

Net revenues presented on the consolidated statements of income and comprehensive income are net of sales discount and sales tax.

Revenue from IT related solution services

The Group derived revenue from IT related solution services through providing (i) design and development of customized IT system service, (ii) procurement and assembling of equipment needed to operate the customer's systems, and (iii) technological support and maintenance service.

The Group contract with higher education institutions and other institutional customers to provide design and development of customized IT system service, normally within a year. The terms of pricing and payment stipulated in the contract are fixed. Revenue is recognized when the system or platform are completed and accepted by the customers. Upon delivery of services, project completion inspection and customer acceptance notice are required as proof of the completion of performance obligations, which is a confirmation of customer to its ability to direct the use of and obtain substantially all of the benefits from, the design and development service. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

From time to time, the Group enters into arrangement to provide technological support and maintenance service of online platforms to its customers at a price stated in contract. The Group's efforts are expended evenly throughout the service period. The revenues for the technological support and maintenance service are recognized over the support and maintenance services period, usually one year or less. The Group's contracts have a single performance obligation and are primarily on a fixed-price basis. No significant returns, refund and other similar obligations during each reporting period.



Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. In accordance with ASC340-40-25-1, an entity shall recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Entities sometimes incur costs to obtain a contract that otherwise would not have been incurred. Entities also may incur costs to fulfill a contract before a good or service is provided to a customer. The revenue standard provides guidance on costs to obtain and fulfill a contract that should be recognized as assets. Costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer and are periodically reviewed for impairment. Only incremental costs should be recognized as assets. The Group's revenue is recognized when control of the promised services is rendered over the service period and the payment from customers is not contingent on a future event, and the Group's right to consideration in exchange for services that the Group has transferred to a customer is only conditioned on the passage of time. Therefore, the Group does not have any contract assets.

Contract liabilities are presented as deferred revenue in the consolidated balance sheets, which represents service fee payment received from students in advance of completion of performance obligations under a contract. Deferred revenue relates to unsatisfied performance obligations at the end of each reporting period and consists of cash payment received in advance from the video content database access subscribers. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. Due to the generally short-term duration of the relevant contracts, the majority of the performance obligations are satisfied within one year.

**Cost of revenues**

Costs of revenues consist primarily of inventory cost, staff costs, video content costs, depreciation expenses and other direct costs of providing these services or goods. These costs are charged to the consolidated statements of income and comprehensive income as incurred.

**Use of estimates**

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company continually evaluates its estimates, including, but are not limited to, those related to the allowance for doubtful accounts, recoverability and useful lives of copyrights and produced content, recoverability and useful lives of certain finite-lived intangible assets, recoverability and useful.

**Functional currency and foreign currency translation**

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company and its overseas subsidiaries which incorporated in the Cayman Islands and Hong Kong is Hong Kong Dollar ("HK\$"). The functional currency of the Group's PRC entities is RMB.

In the consolidated financial statements, the financial information of the Company and other entities located outside of the PRC have been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the years. Translation adjustments are reported as foreign currency translation adjustments, and are shown as a component of other comprehensive income (loss) in the consolidated statements of income and comprehensive income.

**Convenience Translation**

The Company's business is primarily conducted in China and all of the revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, change in shareholders' deficit and cash flows from Renminbi ("RMB") into US dollars as of and for the year ended December 31, 2020 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.4566 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2021. 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, 2021, or at any other rate.



## **Taxation**

### Income taxes

Current income taxes are provided on the basis of income/(loss) 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 provided using the assets and liabilities method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statement of income and comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more-likely-than-not that some portion of, or all of the deferred tax assets will not be realized.

### Value added tax

Revenue represents the invoiced value of goods and services, net of VAT. The VAT is based on gross sales price and VAT rates range up to 6%, depending on the type of products sold or service provided. 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 taxes payable. All of the VAT returns filed by the Company's subsidiaries in PRC remain subject to examination by the tax authorities for five years from the date of filing.

### Uncertain tax positions

The Group applies the provisions of ASC topic 740 ("ASC 740"), Accounting for Income Taxes, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements. The Group recognizes in its consolidated financial statements the benefit of a tax position if a tax return position or future tax position is "more likely than not" to be sustained under examination based solely on the technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured, using a cumulative probability approach, at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group's estimated liability for unrecognized tax benefits are periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, changes and or developments with respect to tax audits, and the expiration of the statute of limitations. As each audit is concluded, adjustments, if any, are recorded in the Group's consolidated financial statements. Additionally, in future periods, changes in facts and circumstances, and new information may require the Group to adjust the recognition and measurement of estimates with regards to changes in individual tax position. Changes in recognition and measurement of estimates are recognized in the period which the change occurs.

## **Risks and uncertainties**

Beginning in late 2019, an outbreak of a novel strain of coronavirus (COVID-19) first emerged in China and has spread globally. In March 2020, the World Health Organization ("WHO") declared the COVID-19 as a pandemic. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures, which have caused material disruption to businesses globally resulting in an economic slowdown. These measures, though intended to be temporary in nature, may continue and increase depending on developments in the COVID-19 outbreak or any reoccurrence of an outbreak. The COVID-19 outbreak in China temporarily adversely impacted the Group's operating activities, especially the service providing in IT solution services in the first quarter of fiscal 2020. However, since the COVID-19 pandemic results in more people willing to adopt alternative learning approach and switched to online learning platforms, there was no significant impact on the educational content services.

## **Concentration of risks**

### Risks in relation to the VIE structure

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiary and VIE;

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- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIE;
- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate its VIE and VIE's subsidiaries in its consolidated financial statements as it may lose the ability to exert effective control over the VIE and their respective shareholders and it may lose the ability to receive economic benefits from the VIE and VIE's subsidiaries. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary and VIE.

### Concentration of credit risks

Financial instruments that potentially subject the Group to significant concentration of credit risk primarily cash and cash equivalents and restricted cash. The carrying amounts of cash and cash equivalents represent the Group's maximum exposure to credit risk. As of December 31, 2020 and June 30, 2021, the Group has RMB 20,948,687 and RMB42,211,447 (US\$6,537,721) in cash and cash equivalents, respectively, which are mainly held in cash and demand deposits with several financial institutions in the PRC and Hong Kong. In the event of bankruptcy of one of these financial institutions, the Group may not be able to claim its cash and demand deposits back in full. The Group continues to monitor the financial strength of the financial institutions.

### Currency convertibility risk

Substantially all of the Group's operating activities are settled in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with supporting documents.

### Major customers and supplying channels

The Company's suppliers primarily consist of software suppliers, IT equipment providers and advertising companies.

For the six months ended June 30, 2020, two suppliers accounted for 49% and 15% of the Group's total purchases, respectively. For the six months ended June 30, 2021, five suppliers accounted for 22%, 21%, 21%, 13% and 11% of the Group's total purchases, respectively. For the year ended December 31, 2019, three suppliers accounted for 14%, 13% and 11% of the Company's total purchases, respectively. For the year ended December 31, 2020, three suppliers accounted for 39%, 14% and 12% of the Company's total purchases, respectively. As of December 31, 2019, two suppliers accounted for 38% and 13% of the Company's total accounts payable balance, respectively. As of December 31, 2020, three suppliers accounted for 50%, 24% and 11% of the Company's total accounts payable balance, respectively. As of June 30, 2021, three suppliers accounted for 48%, 22% and 12% of the Group's total accounts payable balance, respectively.

The Company's customers primarily include higher education institutions, contractors of educational content and IT related solutions, telecommunications providers, providers of mobile Internet audio and video services, platform services providers and libraries.

For the six months ended June 30, 2020, two customers accounted for 33% and 15% of the Group's total revenue, respectively. For the six months ended June 30, 2021, three customers accounted for 27%, 22% and 11% of the Group's total revenue, respectively. For the year ended December 31, 2019, three customers accounted for 18%, 16% and 14%

of the Company's total revenue, respectively. For the year ended December 31, 2020, three customers accounted for 27%, 13% and 11% of the Company's total revenue, respectively. As of December 31, 2019, one customer accounted for 42% of the Company's total accounts receivable balance. As of December 31, 2020, two customers accounted for 31% and 16% of the Company's total accounts receivable balance, respectively. As of June 30, 2021, two customers accounted for 34% and 11% of the Group's accounts receivable balance, respectively.

#### **Fair value of financial instruments**

The Company adopted the guidance of ASC 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2 — Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 — Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets of cash and cash equivalents, restricted cash, accounts receivable, other receivable, short-term investments, accounts payable, salary and welfare payable, Value added tax ("VAT") and other taxes payable, deferred tax liabilities, accrued liabilities and other payables, approximate their fair market value based on the short-term maturity of these instruments.

#### **Noncontrolling interests**

For the Company's subsidiaries majority-owned by the Company's VIE and VIE's subsidiaries, noncontrolling interests are recognized to reflect the portion of the equity which is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests acquired through a business combination are recognized at fair value at the acquisition date, which is estimated with reference to the purchase price per share as of the acquisition date.

#### **Accounts receivable, net of allowance**

Accounts receivable are amounts due from customers for goods delivered and services performed in the ordinary course of business and are recognized and carried at the original amount less an allowance for any potential uncollectible amounts. Accounts receivable balances are written off against allowances for doubtful accounts when they are determined to be uncollectible. The Group generally does not require collateral from its customers.

The Group maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make payments on time. The Group reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Group considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

#### **Inventories**

Inventories comprise IT equipment, yet to deliver to customer at the end of the reporting period. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out basis. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Write downs, if any, are recorded in cost of revenues in the consolidated statements of income and comprehensive income.

**Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining lease term. Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of income and comprehensive income.

The estimated useful lives are as follows:

Leasehold improvement	Shorter of lease terms and estimated useful lives
Fixture and furniture	3-10 years
Office equipment	3-5 years
Motor vehicles	4 years

**Educational contents, net**

Educational contents are the copyrights owned by the Group. The Group entrusts external professional makers with producing educational contents and the Company also purchase educational contents along with licensed copyrights from external parties. Educational contents are initially recognized at cost. The Group amortizes educational content using a straight-line method based on historical and estimated usage patterns. These estimates are periodically reviewed and adjusted, if appropriate.

Educational contents that have determinable lives continue to be amortized over their estimated useful lives as follows:

Produced educational content	5 years
Licensed copyrights	Shorter of the licensed period or projected useful life of the content

The Group reviews unamortized educational content costs for impairment whenever events or circumstances indicate that the carrying value may not be fully recoverable or that the useful life is shorter than the Group had originally estimated.

**Intangible assets, net**

Intangible assets consist of software and technology and customer relationship acquired from a business combination. Intangible assets with finite lives are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets with finite lives are amortized using the straight-line method over the estimated economic lives.

Intangible assets that have determinable lives continue to be amortized over their estimated useful lives as follows:

Software and technology	3-10 years
Customer relationship	8 years

**Leases**

On January 1, 2019, the Group adopted ASU No. 2016-02, Leases (Topic 842), as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. The Group elected to apply practical expedients permitted under the transition method that allow the Group to use the beginning of the period of adoption as the date of initial application, to not recognize lease assets and lease liabilities for leases with a term of twelve months or less, to not separate non-lease components from lease components, and to not reassess lease classification, treatment of initial direct costs, or whether an existing or expired contract contains a lease. The Group used modified retrospective method and did not adjust the prior comparative periods.

Under the new lease standard, the Group determines if an arrangement is or contains a lease at inception. Right-of-use assets and liabilities are recognized at lease commencement date based on the present value of remaining lease payments over the lease terms. The Group considers only payments that are fixed and determinable at the time of lease commencement.

At the commencement date, the Group recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment annually.

#### **Impairment of long-lived assets other than goodwill**

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact 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. No impairment charge was recognized for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

#### **Recently issued accounting pronouncements**

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

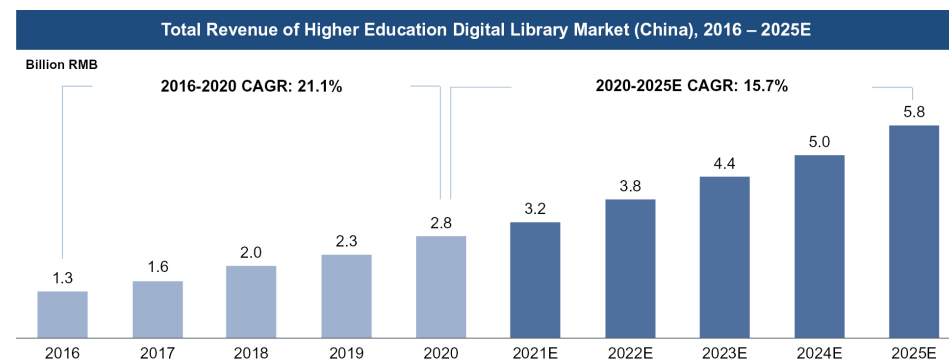
In December 2019, the FASB issued ASU No. 2019-12 "Income Taxes (Topic 740)". The amendments in this Update simplify the accounting for income taxes by removing certain exceptions, providing updated requirements and specifications in certain areas and by making minor codification improvements. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2020, including interim periods within that fiscal year. Early adoption is permitted. The Group does not believe the adoption of this guidance may have a material impact on its financial statements.

In February 2020, the FASB issued ASU 2020-02, Financial Instruments — Credit Losses (Topic 326) and Leases (topic 842) Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (topic 842). This ASU provides guidance regarding methodologies, documentation, and internal controls related to expected credit losses. This ASU is effective for interim and annual periods beginning after December 15, 2019, and early adoption is permitted. The Group is currently evaluating the impact of its pending adoption of this guidance on its consolidated financial statements but does not expect this guidance will have a material impact on its consolidated financial statements.

## Industry Overview

A higher education digital library is an online database of digital content that is provided to higher education institutions. Digital content can consist of texts, images, audios, videos, or other digital media formats. The functionalities of such digital libraries include storing, organizing, searching, and retrieving the content contained in the database. For digital libraries provided to higher education institutions in China, digital content can be categorized into five segments: (i) digital books; (ii) digital journals; (iii) digital dissertations, which refers to a digital thesis for a higher education degree; (iv) audio and video; and (v) other digital content, such as statistical databases.

According to the Ministry of Education of the PRC, there were 2,688 regular higher education institutions and 268 adult higher education institutions in China. With the deep penetration of Internet and the development of digital technology, an increasing amount of digital content would be utilized higher education institutions. As such, an increasing number of higher education institutions are willing to procure digital content to enrich their education resources and allow their students to conveniently access these abundant digital resources. Compared with printed content, digital content can be more easily stored, accessed, maintained and updated. The market size for higher education digital libraries in China increased from RMB1.3 billion in 2016 to RMB2.8 billion in 2020, representing a CAGR of 21.1%, and is expected to grow at a CAGR of 15.7% from 2020 to RMB5.8 billion in 2025, according to the Frost & Sullivan Report.



Source: Frost & Sullivan Report

As the annual budgets of higher education institutions for procuring digital education resources are relatively stable, the outbreak of COVID-19 is not expected to have a material impact on the size of the higher education digital library market in 2021 and beyond.

### Entry Barriers

**Capabilities in Developing or Procuring Digital Content:** Current higher education digital library providers have forged the competitive advantages for developing or procuring digital content. For example, they have accumulated huge amounts of self-developed content, which new entrants are unable to develop in a short period of time. At the same time, leading digital library providers also have well-established relationships with third-party content providers that new entrants do not have access to.

**Close Relationships with Higher Education Institutions:** Leading digital library providers have established close relationships with higher education institutions after years of cooperation and efforts. Higher education institutions typically prefer to continue cooperation with known providers rather than frequently changing providers. As such, it is both difficult and costly for new entrants to gain trust from higher education institutions and persuade customers to replace their existing providers.

**Market Knowledge:** Compared with potential competitors, leading higher education digital library providers with long operating periods have deeper insights into the demands of higher education institutions. As these demands vary significantly among different types of schools, new entrants need to invest significant resources to collect and analyze demand information, creating a heavy cost burden.

**Brand Recognition:** After years of operation, leading higher education digital library providers have built well-recognized brand reputation in the market, significantly supporting their leading positions.

**Market Trends**

**Growing Investment in Digital Content:** Colleges and universities in China have attached growing importance to construction of digital libraries in order to satisfy the expanding demand of teachers and students for fast and convenient access to academic resources, resulting in increasing investment. In addition, there is a significant gap in investment between different higher education institutions. In the future, higher education institutions with currently low expenditures on digital library content are expected to invest more, and the variance of expenditures by higher education institutions is expected to narrow.

**Proliferation of Digital Content:** Due to the fast emergence and development of education resources, libraries will have more access to different types of digital resources in the near future. Accessible digital resources will not be limited to digital books, journals or dissertations, but also increasingly include video content. Meanwhile, the diversity of resources will further increase. For instance, with the national initiative on college students’ entrepreneurship and innovation, there will be more higher education institutions introducing online career training courses to their students in an effort to improve student capabilities in entrepreneurship, innovation or employment.

**Closer Combination of Digital Resources and Digital Resource Management Software:** Along with the increasing digital resources in libraries, higher education institutions are expected to continue to increase their investment in digital resource management software in the future, which provides tools to higher education institutions to manage their digital resources in an effective manner, helps users of digital libraries to easily find the content they want, and improves the utilization rate of digital resources through offering personalized services to users based on data analytics.

**Competitive Landscape**

The top ten players accounted for approximately 68.8% of total revenue of the higher education digital library market in China in 2020, according to the Frost & Sullivan Report. Jianzhi ranked seventh in terms of revenue derived from providing digital contents for higher education institutions among all players in the market in 2020 and higher education institutions are not considered as market players, with a market share of 1.1%, according to the Frost & Sullivan Report.

**Top ten players in terms of revenue, 2020**

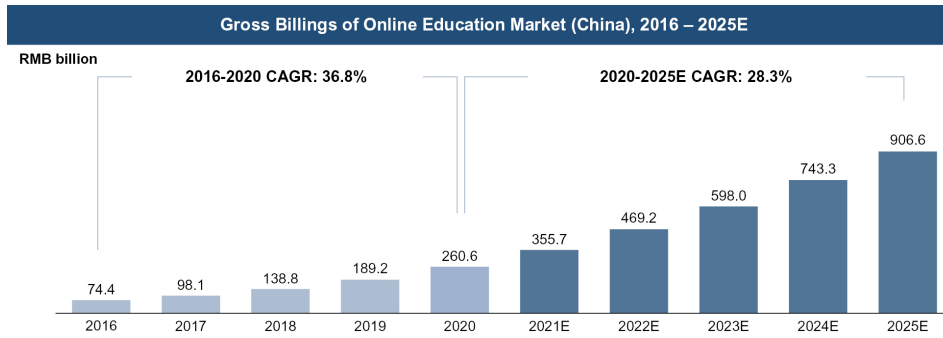
Ranking	Company	Revenue (RMB million)	Market Share
1	Company A	800	28.6%
2	Company B	700	25.0%
3	Company C	120	4.3%
4	Company D	78	2.8%
5	Company E	70	2.5%
6	Company F	46	1.6%
7	Jianzhi	31	1.1%
8	Company G	29	1.0%
9	Company H	26	0.9%
10	Company I	25	0.9%

Source: Frost & Sullivan Report

**Overview of Online Education Market in China**

Online education refers to education utilizing online delivery of study and teaching materials, including mobile apps and online platforms. Online education has a significant advantage in content distribution and delivery, flexible teaching management and scheduling. In addition, with the development of 4G and 5G mobile networks and Internet technology,

online education has been widely applied in various education segments, including K-12 after-school tutoring, language and interest classes, and professional and specialized interests education. Furthermore, due to the COVID-19 pandemic, online education has become an essential approach to meet education needs, gaining increasing market acceptance.



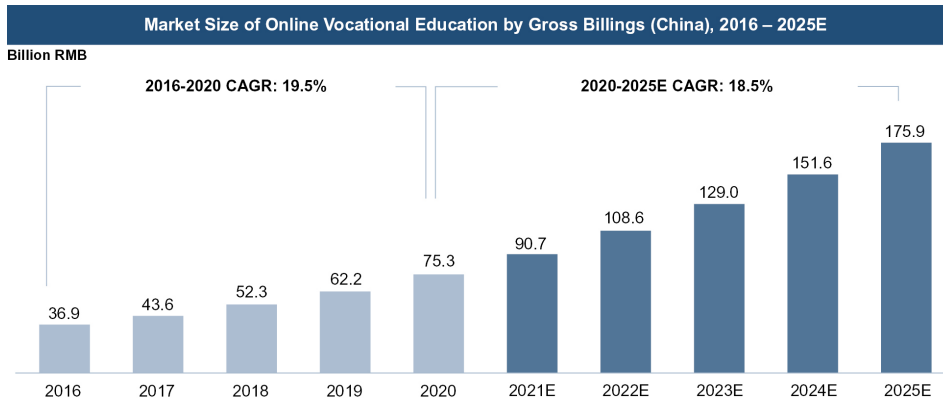
Source: Frost & Sullivan Report

Driven by rising mobile Internet penetration and the increasing online acquisition of knowledge, the gross billings of China online education market increased from RMB74.4 billion in 2016 to RMB260.6 billion in 2020, representing a CAGR of 36.8%, according to the Frost & Sullivan Report. With increasing student enrollments and rising course prices, the gross billings of China online education market are expected to reach RMB906.6 billion in 2025, representing a CAGR of 28.3% from 2020 to 2025. Online education is grabbing a greater share of the non-formal education market in China, according to the Frost & Sullivan Report. For example, during the outbreak of COVID-19, local education departments required all training institutions to suspend offline training, and individuals who needed to attend training courses chose to enroll in online courses. The total student enrollment of online courses increased rapidly in the first quarter of 2020 and is expected to drive the revenue growth of the online education industry in 2020.

**Overview of Online Vocational Education Market in China**

Online vocational education refers to online courses provided to students to improve their professional skills in workplace or prepare them for employment or vocation-related exams. Target students of online vocational education are mainly college students, fresh graduates from higher education institutions or working professionals.

Vocational education is an important component of the education system in China. Higher education institutions have placed increasing emphasis on providing students with practical training and equipping them with practical skills. The academic curricula in the current higher education system in China are comprehensive but less practical, resulting in graduates experiencing difficulties in applying what they have learned at schools into workplaces directly.





Source: Frost & Sullivan Report

Vocational education includes two segments, namely vocational certification education and vocational development education. By taking vocational courses, users seek to obtain and maintain professional certifications or to enhance their workplace skills. The online vocational education market grew from RMB36.9 billion in 2016 to RMB75.3 billion in 2020, at a CAGR of 19.5%, is expected to reach RMB175.9 billion in 2025, representing a CAGR of 18.5% from 2020 to 2025, according to the Frost & Sullivan Report.

#### *Market Trends*

***Growing penetration rate:*** As job-seeking market becomes increasingly competitive, candidates are under pressure to distinguish themselves from others. Therefore, more candidates are expected to participate in vocational education. The better performance of those who have taken the training courses will help attract more participants to take part in training in the future.

***Increasing preparation time:*** The difficulty of recruitment and vocational exams forces candidates to devote more efforts to their preparation. With the growing penetration rate of vocational training and education, candidates may find it insufficient to take short courses, and prefer to commit to longer courses to enhance their performance in exams. Increasing preparation time leads to higher spending on the vocational education.

***Fierce competition:*** The number of graduates from higher education institutions is growing every year in China, increasing the difficulty of job prospects for all candidates. This fierce competition among peers has driven the growth of vocational education. More candidates are aware of the necessity of taking vocational education and are willing to expend time and money to enhance their performance.

#### *Entry Barriers*

***Brand Awareness:*** The vocational education market has entered the era of brand competition. From the historical development of China's vocational education market, institutions that maintained sustainable growth are the ones with a good brand image. Branding has become one of the most important competition strategies for vocational education institutions. It takes time to establish the positive brand image in the minds of customers and takes more time to test the effect of the brand building. As a result, it is difficult for new entrants to build up a brand image with strong competitiveness within a short period of time.

***Teacher Resources:*** Against the rapid growth of vocational education market, the demand for high-quality teachers has been increasing while the premium teacher resources are becoming scarce. Leading players in the vocational education sector usually maintain a pool of high-quality teachers and tutors, and some players established their own training system for teachers. New entrants face difficulties of recruiting and retaining a sufficient number of high-quality teachers.

***Large-scale Operation:*** Labor demands in different industries vary over time and therefore the demands for professional training programs are subject to seasonality. Many small players can hardly bear the cost of rents and salaries of teachers throughout the year. They may hire part-time teachers, which may lead to the deterioration of education quality and the damage to the brand. Large-scale operation can leverage the cost through different professional training programs throughout the year.

***Capital Requirement:*** It is necessary to pitch in large capital to develop products, cultivate talents, improve brand images and set up branches in cities at all levels for achieving the scale development and taking a place in the market. Although individuals are able to offer online courses in specific areas of expertise without significant overhead expenses by leveraging online platforms, individual online education providers only account for a small portion of the online education market and courses offered by online education companies are the main stream in the market. For companies intending to enter the online education market, it would incur significant expenses in daily operation, staff recruitment, educational content research and development, procurement of network bandwidth and sales and marketing. The capital requirement in the vocational education sector could limit the recruitment of high-quality teachers, updates of courses and expansion of market, and become a barrier for new entrants.

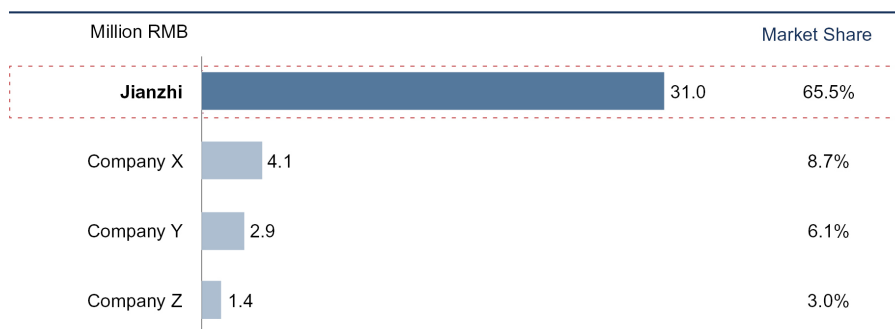
## Overview of China's Online Career Training Service Market for Higher Education Institutions

Online career training service for higher education institutions refers to online career training resources and related online platforms provided to higher education institutions to promote students' career development or entrepreneurship. Providers of such services usually leverage a B2B2C model to develop their businesses. Under a B2B2C business model, service providers provide online education resources and/or online platform services to higher education institutions that purchase these services and further deliver such services to their end users. Students can access to the services and resources without extra expenses. Vocational education is an important part of the education system in China. Higher education institutions have placed increasing emphasis on providing students with practical training and equipping them with applicable skills. The academic curriculums in current higher education system in China are comprehensive but lack of training of practical skills, as a result of which, graduates may experience difficulties in applying what they have learnt at school into practice directly.

### Competitive Landscape

In China's online career training service market for higher education institutions, Jianzhi holds the leading position in terms of revenue. In 2020, Jianzhi ranked the first with a revenue of RMB31.0 million, according to the Frost & Sullivan Report. China's online career training service market for higher education institutions is highly concentrated, with the top four players accounting for 83.3% of total revenue in 2020.

Revenue of Top Four Players in the Market, 2020



Source: Frost & Sullivan Report

### Entry Barriers

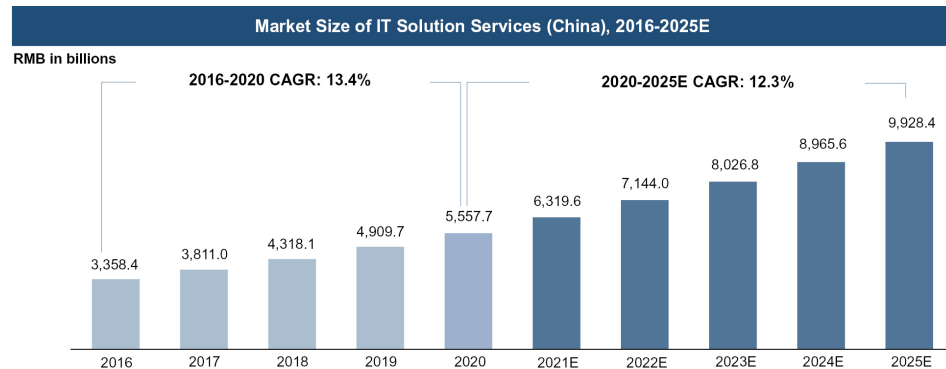
**Tight Relationship with Clients:** Pioneers in online career training service market for higher education institutions gained the first-mover advantage to build strong strategic relationship with higher education institutions. Such tight relationship is further strengthened during the cooperation by favorable and of high quality services and products provided, which sets up a barrier to new entrants.

**Educational Resources:** The quality of educational resources is the most important factor that affects the choice of educational institutions and students. First movers in the market have built their educational content development teams with industry knowhow and expertise. Additionally, such service providers have established businesses relationship with third party educational resource providers who are capable of providing various resources to enrich the service providers' educational database. It requires significant time and capital investment for new entrants to develop their proprietary educational resources and establish cooperation relationship with third party content providers.

**Technology Accumulation:** New technologies such as cloud computing and artificial intelligence have been progressively applied to educational IT solution services provided by the current service providers. Depending on advanced technologies, the current service providers can provide a full spectrum of IT related services to higher education institutions. However, new entrants usually lack such technology accumulation to support their development.

## Overview of Educational IT Solution Service Market in China

An information technology (IT) solution is an aggregation of products and/or services that are sold as a single package to clients. Institutional clients are the main target clients of IT solution providers. Nowadays, IT solutions are widely used in multiple industries. Although some large-scale enterprises and governmental departments have their in-house IT teams, most of institutions still significantly rely on IT solution providers to obtain products and services they need. With the continuous construction and improvement of IT infrastructure in China, an increasing number of enterprises consider investment in proper software tools and services as a key success factor to improve their productivity. As a result, the IT solution market in China has experienced a rapid growth in the past decades. Due to the advancement of information technologies such as 5G and cloud computing, the IT solution service market in China is expected to expand further in the next decade.



Source: Frost & Sullivan Report

### Competitive Landscape

According to the Frost & Sullivan Report, China's IT solution market is fragmented with a large number of industry players providing numerous IT solution services, including but not limited to hardware, software and integration services in various vertical industry sectors, such as government, banking, manufacturing and education.

### Market Drivers

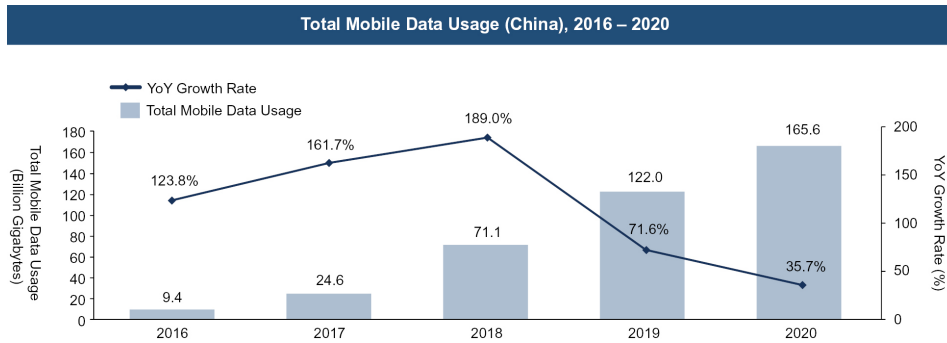
**Continuous construction and improvement of IT infrastructure, including the wide use of Internet and mobile network:** With the development of information technologies and the wide use of the Internet and mobile network in China, the Chinese governmental authorities, enterprises, and other institutions including education institutions, have been increasing their investments in the construction and improvement of their IT infrastructure. IT solutions are playing an increasingly critical role in improving an organization's operation efficiency. In particular, the rollout and commercialization of new technologies, such as 5G and Artificial Intelligence, will further promote institutions' continuous investments in upgrading their IT infrastructure.

**Strong demand from institutions for digitalizing their operating activities and automating their processes:** To improve the effectiveness and efficacy of operating activities and business processes, institutions need to further invest in advancing and upgrading their IT infrastructure. The digitalization of operating activities and automation of business processes have become an inevitable trend for institutions.

**Growing demand for online access to the information as needed:** Due to the growing penetration of the Internet and mobile network in China, people have got used to access to information via online platforms. To meet such demand, governmental departments, enterprises and other institutions provide online accesses, which drives the growth of investment in IT solutions.

### Overview of Mobile Data Management Market in China

Mobile data management refers to optional service and mobile data packages provided by telecommunication operators to customers, under which the customers can have massive or unlimited data allowance to visit all or specific mobile applications or content by paying a relatively low fee, or without paying any fee. The total mobile data usage has been significantly increasing over the past few years in China, along with the development of 4G and 5G mobile networks and internet technology.



Source: Frost & Sullivan Report

## Business

### Our Mission

Our mission is to lead the evolution of professional training in China through proprietary, localized digital education content.

### Overview

Since being established, we, together with the VIEs, have been committed to developing educational content to fulfill the massive demand for high-quality, professional development training resources in China.

We, together with the VIEs, started operations by providing educational content products and IT services to higher education institutions. After the initial growth period, our and the VIEs' products and brand have gained increasing recognition and acceptance by both higher education institutions and the general public. We, together with the VIEs, then initiated end-user business and started providing products to individual customers, and acquired companies in Shanghai and Guangzhou to facilitate further expansion in the end-user market. Today, we and the VIEs are a leading provider of digital educational content in China. According to the Frost & Sullivan Report, we and the VIEs were the seventh largest digital content provider for higher education in terms of the revenue derived from providing digital contents for higher education institutions in China in 2020, with revenues of RMB31.0 million representing a 1.1% market share. Leveraging our and the VIEs' deep understanding into and rich experience in professional development training, as well as our and the VIEs' strong curriculum development capabilities, we and the VIEs became the largest online career training services provider for higher education institutions in China in terms of revenue in 2020, with RMB31.0 million representing a market share of 65.5%, according to the Frost & Sullivan Report.

Since the beginning of 2019, the PRC Ministry of Education has issued a series of favorable policies to encourage talent development, aiming to consolidate high-quality online education resources, emphasize construction of innovative, comprehensive, and application-oriented curricula, and carry out extensive training in employability skills and employment and entrepreneurship training. At the same time, China's online education market has maintained rapid growth in recent years. Moreover, with the impact of the COVID-19 pandemic in 2020, the Ministry of Education has promulgated policies to clearly encourage schools and educational institutions at various levels to conduct online teaching, which further promoted digital education and rapidly increased the penetration rate of online education. As such, the migration from offline education to online education has become a clear trend in China's education industry. We and the VIEs have seized these market opportunities and established long-term and strategic business relationships with China's leading telecommunications operators. We and the VIEs have leveraged the advantages of us and VIEs in vocational education and successfully established a synergistic and dynamic business system with educational content services as our and the VIEs' backbone.

Leveraging our and the VIEs' strong capabilities in developing proprietary professional development training content and success in consolidating educational content resources within the industry, we and the VIEs have successfully built up a comprehensive, multi-dimensional digital educational content database. As of June 30, 2021, our and the VIEs' educational content library consisted of more than 29,700 online videos and video courses totaling approximately 5,500 hours, of which more than 71.5% were self-developed. Our and the VIEs' educational content database offers a wide range of professional development products, including employability skills and entrepreneurship guidance courses, professional skills training courses, skill improvement courses and professional certification quiz banks. We and the VIEs embed proprietary digital education content into the self-developed online learning platforms, which are provided to a wide range of customers through our and the VIE's omni-channel sales system.

The VIEs offer products and services under two primary business models:

- **B2B2C Model**
  - The VIEs sell subscriptions to proprietary online learning platforms, such as Sentu Academy, to higher education institutions and other academic institutions. The VIEs charge these institutional customers an upfront annual service fee. These subscriptions allow institutions to grant their students access to the VIEs' digital educational content database through their respective local campus networks free of charge. As of June 30, 2021, the VIEs offered online learning platform services to approximately 2,000 higher education institutions in China.

- The VIEs also license to institutional customers, primarily public libraries and video websites, specific content from Sentu Academy chosen by them. These customers pay one-time licensing fees to access content without owning the copyrights, including downloading and storing such content locally. From January 1, 2019 to December 31, 2020, the VIEs provided products and services to 3 provincial libraries, 11 city libraries and 1 county library. For the six months ended June 30, 2021, the VIEs further developed 1 provincial library, 4 city libraries and 1 county library as new library customers.
- **B2C Model**
  - The VIEs select employability skills and workplace etiquette related content from the educational content database of Sentu Academy, totaling 85.3 hours, and package them as the “Fish Learning” education database. The VIEs cooperate with Tianyi Video, a subsidiary of China Telecommunications Corporation, or China Telecom, and make the Fish Learning database available to individual customers through Tianyi Video’s platform. Individual customers can subscribe for monthly access to this content. The VIEs share revenue from this arrangement with Tianyi Video by being entitled to receive a percentage of the monthly subscription fee paid by mobile users pursuant to the cooperative agreements with Tianyi Video and based on the settlement bills issued by Tianyi Video.
  - The VIEs cooperate with of Telefen, a subsidiary of China Telecom, and provide a special mobile video package to China Telecom’s mobile users. The special mobile video package comprises six products related to artificial intelligence and big data, in total of approximately 22 hours as of June 30, 2021. China Telecom’s mobile users can redeem their reward points for permanent access to the video courses contained in the package.
  - The VIEs compiled video content on entrepreneurship, workplace and IT training from Sentu Academy’s education content database into three Light Class products. The VIEs cooperate with China United Network Communications Group Company Limited, or China Unicom, to offer such Light Class products to their mobile users. The VIEs share revenue from this arrangement with China Unicom by being entitled to receive a percentage of the monthly subscription fee paid by mobile users pursuant to the cooperative agreements with China Unicom and based on the settlement bills issued by China Unicom.
  - The VIEs also offer the Light Class products through WeChat. As of June 30, 2021, we have launched 10 products through WeChat, such as Light Class selected courses monthly subscriptions, Light Class workplace VIP monthly subscriptions and Light Class quarterly subscriptions.



(1) As of June 30, 2021

(2) In terms of revenue among all players in the China Higher Education Digital Library Market in 2020, according to the Frost & Sullivan Report

(3) In terms of revenue among all players in the China Online Career Training Services for Higher Education Institutions Market in 2020, according to the Frost & Sullivan Report

We are also fully committed to the digitalization and informatization of the education sector in China. Since 2015, we have developed a number of software applications to provide software or customized intelligent solutions tailored to meet the specific needs of educational institutions and other institutional customers. Our major IT solution services included providing (i) design and development of customized IT system service, (ii) procurement and assembling of equipment, and (iii) technological support and maintenance service. We and the VIEs maintain a strong and efficient team for research and development of educational content and software. As of June 30, 2021, our and the VIEs' R&D team included 56 employees, and we and the VIEs owned 153 proprietary software copyrights. The software used in providing design and development of customized IT systems mainly include: Sentu Desktop Virtualization Software and Sentu Online Learning Software. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, revenue derived from IT related solution services accounted for 28.9%, 23.6% and 35.6%, respectively, of our and the VIEs' total revenue.

We and the VIEs have also been actively exploring new monetization strategies. In 2016, the VIEs began to provide mobile media services. Leveraging the huge user base in the education sector that we and the VIEs have accumulated, we and the VIEs provide advertising services to third-party customers by placing advertisements in the VIEs' mobile applications or including advertisements in the VIEs' mobile videos. In addition, the VIEs help market monthly data plans by China Unicom to their mobile users. The VIEs also operate and maintain *Wo Reading*, a WeChat subscription account of China Unicom.

The revenue from us and the VIEs grew from RMB358.8 million in 2019 to RMB404.9 million (US\$62.7 million) in 2020 and grew from RMB168.1 million for the six months ended June 30, 2020 to RMB276.5 million (US\$42.8 million) for the six months ended June 30, 2021. The net income from us and the VIEs grew from RMB83.6 million in 2019 to RMB86.9 million (US\$13.5 million) in 2020 and grew from RMB34.1 million for the six months ended June 30, 2020 to RMB43.8 million (US\$6.8 million) for the six months ended June 30, 2021.

### **Our Strengths**

We believe the following strengths have contributed to our success:

#### ***Large, Diversified and Proprietary Educational Content Database***

##### Large Content Database

The VIEs have a large video content database. As of June 30, 2021, the VIEs' proprietary educational content library consisted of more than 29,700 online videos and video courses totaling approximately 5,500 hours, of which more than 71.5% were self-developed.

##### Diverse Content Database

According to Frost & Sullivan, we and the VIEs were the largest online career training services provider for higher education institutions in China in terms of revenue in 2020. The VIEs' online educational content mainly focuses on employment guidance, career planning, and professional skills education. The VIEs' flagship online learning platform, Sentu Academy, contains seven modules that provide in-depth and comprehensive employment and vocational education services for college students:

- *Employment Digital Library* provides analysis into employer demand and salary levels for different positions in different industries in the job market, as well as videos on career planning, employment regulations and policies, interview etiquette, resume preparation tips, communication strategies, hot employment topics and career assessment.
- *Entrepreneurial Digital Library* provides college students with a one-stop and thorough entrepreneurship guidance service, offering educational content on entrepreneurship plans, entrepreneurship policies, and regulations to help students and users understand all aspects of entrepreneurship, and also provides students and users with an entrepreneurship feasibility analysis system, case studies and simulation exercises.
- *Entrepreneurship Video Course Library* brings together a number of entrepreneur lecturers and offers over 1,700 online video courses, covering marketing, business opportunities, leadership, investment and financing, taxation, and many other fields.

- *Workplace Training Course Library* provides students and users with mini videos of 775 different workplace scenarios and case studies.
- *Quiz Bank for Professional Certification Exams* contains past questions from various professional certification exams.
- *Quiz Bank for Civil Service Exams* contains questions from national, provincial, and local civil service examinations in the past ten years.
- *IT Training Database* integrates extensive learning resources and offers more than 1,000 online information technology-related training video courses.

In addition, the VIEs also have other types of written resources, including over 650 industry reports, over 320 entrepreneur business plans and marketing case studies for more than 200 brands.

#### ***Cutting-edge and Practical Educational Content that Meet Market Demand***

The VIEs have been deeply devoted to the education industry for over a decade and have gained deep insight and knowledge into the industry. The VIEs monitor and analyze data and information from leading recruitment websites and attend product seminars on topics such as career planning and entrepreneurship to gather the latest employment-related information. Through analysis, the VIEs provide job seekers with accurate and timely information on job openings, industry trends and other relevant data. The VIEs upgrade the educational content database from time to time to make it more practical, user-friendly, and easy to comprehend.

To optimize the educational content, the VIEs have established an in-house educational content development team. As of June 30, 2021, our and the VIEs' content and software development team comprised 56 members, including 40 software development professionals. The VIEs' content development team cooperates with experienced instructors that are primarily corporate management personnel with extensive relevant industry experience to record online videos and courses, ensuring that the content the VIEs offer is practical and helps users acquire real-life skills. The VIEs also collaborate with experts in entrepreneurship and employment and invite them to record relevant instructional videos and build written resources, to establish online resources for college students to use in their career planning.

The VIEs also frequently communicate with students, job seekers and other users to better understand their needs and develop practical courses that are more in line with market needs. The VIEs added approximately 3,300 hours of new video courses into the educational content database from January 1, 2019 to June 30, 2021.

#### ***Established and Integrated Omni-channel Sales***

The VIEs reach users to deliver educational content through an established and integrated omni-channel sales approach:

- *Online learning platform.* The VIEs provide the Sentu Academy online learning platform to institutional customers, such as school and libraries, and reach end users through such institutional customers.
- *Third-party video platform.* The VIEs provide subscriptions to the "Fish Learning" mobile video package to users via the platform of Tianyi Video.
- *Telecommunications providers.* The VIEs expand channel coverage through telecommunications providers. The VIEs provide courses in a special limited content mobile video package to mobile users of China Telecom. Mobile users can redeem their reward points for such package. In addition, the VIEs also cooperate with China Unicom and its subsidiary platforms to offer the Light Class content.
- *Subscription accounts on WeChat.* The VIEs provide courses in the Light Class and other subscription packages to individual users via a subscription account on WeChat to further expand the ability to reach users.

In 2020, the VIEs successfully entered contracts with 48 new higher education institutions and 8 new public library customers. For the six months ended June 30, 2021, the VIEs further entered contracts with 12 new higher education institutions and 6 new public library customers. The VIEs enter contacts with both individual universities and libraries and third-party intermediaries. The VIEs have cooperated with several intermediaries but the VIEs are



not dependent on any particular intermediary. The loss of a third-party intermediary would not have material effects on the VIEs' operations, because all the third-party intermediaries the VIEs worked with are independent from each other and there are many similar third-party intermediaries available in the market with substitutability. The VIEs' contracts with higher education institutions were usually set in the term of one to three years. The VIEs permanently licensed educational content to the VIEs' library customers. The contracts between the VIEs and the higher education institution customers and library customers could be terminated for the reasons such as force majeure, customers' overdue payment and the VIEs' significant delay in delivering products or services. The VIEs require higher education institution customers and library customers to take necessary and reasonable measures to protect the VIEs' intellectual property and commit not to infringe or assist others to infringe the intellectual property. According to the contacts, higher education institution customers and library customers are prohibited to use the products or service for commercially profitable purpose expect for selling to their own end users. The VIEs set the fee charged for higher education institution customers based on the comprehensive evaluation of various factors, including the length of the contract, the type of digital content purchased, the number of students in each educational institution, the scale and the comprehensive strength of such educational institutions. The fee for library customers is comparatively higher because the VIEs grant them the one-time license for permanent use. The VIEs set the fee charged to library customers with reference to factors such as the type of digital content purchased, the scale of the libraries including the scale of possible user base, and the geographic location of the libraries. The frequency of use does not affect the VIEs' pricing.

From 2019 to 2020, the VIEs sold more than 22 million course packages and subscriptions, including approximately 13.4 million subscriptions to the Fish Learning course package on Tianyi Video, approximately 3.8 million subscriptions to the Light Class course package to China Unicom users and approximately 5.2 million times special limited content mobile video package redeemed by China Telecom users. As of June 30, 2021, the VIEs sold approximately 24.5 million subscriptions to the Fish Learning course package on Tianyi Video, approximately 4.8 million subscriptions to the Light Class course package to China Unicom users and approximately 8.8 million times special limited content mobile video package redeemed by China Telecom users.

#### ***Visionary and Experienced Management Team with Years of Devotion to the Education Industry***

Our management team has in-depth insights into the gap between the academic curriculum included in China's higher education system and the employment market, and is committed to building a bridge to bring college students to the professional workforce, presenting career training and education content to users through a variety of channels and helping students apply what they have learned to practice.

Our founder and chairwoman, Ms. Peixuan Wang, is responsible for the strategic planning of our company and has over a decade of experience in investment and management. Mr. Yong Hu, our chief executive officer and director, has eighteen years of experience in the information technology industry, including ten years of experience as general manager at Beijing branch of Fujian Rongji Software, a software company listed in China. The other members of our senior management team have extensive entrepreneurial and management experience in the education and technology industries.

Our management's experience in education has made our and the VIEs' career training and education content more authoritative and trusted by customers. Their expertise in information and technology industry has enabled us to reach users through a variety of channels, streamlining our and the VIEs' operations. In addition, their combined knowledge in education and technology enables us to provide customers with diversified and innovative products and services, and digital education content in synergy with IT solutions. We believe we and the VIEs are well-equipped to take advantage the growing prevalence of online learning and create an environment for smart education management and learning for our users.

#### **Our Strategies**

##### ***Further Improve Research and Development Capabilities and Continue to Diversify the Educational Content Database***

We have built our and the VIEs' competitive advantage with the diversified educational content database, and we plan to continuously develop educational content to better meet customers' growing demands. We also plan to continue to improve our and the VIEs' independent development capabilities and develop more educational content that meets market needs.

***Further Penetrate Existing Market and Improve Our and the VIEs' Product Coverage***

**Further Penetrate B2B2C Market and Higher Education Institutions**

We believe that the continuously expanding educational content database will attract more users. We plan to continue to provide free trial plans to higher education institutional customers so that more of their students can try and explore our and the VIEs' products. At the same time, we will also customize the database to better meet our and the VIEs' higher education institutional customers' teaching, learning, and research needs, which we believe will encourage more reliance on the content provided by us and the VIEs and help us generate more revenue from institutions.

We plan to continue to build and strengthen our and the VIEs' sales and marketing team and establish professional service teams across various regions in China. By expanding the network of higher education institutions that we and the VIEs cooperate with, we and the VIEs will further strengthen existing market position and seize new market opportunities. We also plan to address the needs for one-stop shop online education by enhancing our and the VIEs' marketing team, strengthening cross-selling capabilities and delivering IT solution services and mobile media services to educational content services customers.

**Further Penetrate B2C Market and End Users**

We plan to initiate collaboration with China Mobile, the only major telecommunications provider that we and the VIEs currently do not work with, to expand the omni-channel sales model and sell and distribute the VIEs' educational content services to more users. We also plan to offer the VIEs' educational content packages for redemption to more institutional customers, including China Unicom, China Mobile, and large banks in China, to allow their users to redeem with reward points.

We plan to further expand the VIEs' educational content services to more public libraries and further enhance the repurchase rate of the existing public library customers. We also plan to further promote the VIEs' subscription account on WeChat to attract more individual users.

***Further Promote Brand Awareness and Enhance Brand Influence***

We believe that the quality of our and the VIEs' services will continue to enhance our and the VIEs' brand. We and the VIEs regularly launch marketing campaigns and hold innovation and entrepreneurship competitions. Leveraging such promotion activities and our and the VIEs' long and stable relationships with China's leading telecommunications providers, we and the VIEs will continue to grow organically. We also plan to allocate more resources to strategic activities in order to further enhance our and the VIEs' brand awareness. Such activities include (i) organizing seminars on vocational education with higher education institutions, (ii) participating in marketing campaigns organized by relevant educational institutions and authorities, and (iii) continuing to increase our and the VIEs' exposure on social media.

***Continue to Strengthen Our and the VIEs' Technology and Data Analytics Capabilities***

We plan to further strengthen our and the VIEs' technology and data analytics capabilities to provide users with a more personalized learning experience and improve the productivity of education administrators. We plan to further optimize our and the VIEs' data collection capabilities and accumulate a wider range of education and other industry data. We will also leverage this data to improve our and the VIEs' market insights, develop new courses accurately, and provide students with more accurate employment guidance. We will also continue to invest in technology infrastructure and attract more technical talent.

***Pursue Strategic Acquisition and Investment Opportunities***

We may consider selective investments or strategic acquisitions to enhance our and the VIEs' industry position and business prospects. We may also further strengthen the educational content services, expand the educational content library, or develop other businesses through acquisitions or investments. We will continue to explore potential strategic investment and acquisition opportunities and evaluate new opportunities as they arise in the future.

## Services Provided by Us and the VIEs

### *Educational Content Services and Other Services*

#### Educational Content Services

Since being established, leveraging the strong capability to develop independent proprietary education and training courses and the ability to integrate educational content resources in the industry, the VIEs have integrated a comprehensive and multi-dimensional digital educational content database. We believe that the VIEs' strong educational content development capabilities are particularly critical for us to maintain the VIEs' market position and distinguish ourselves from competitors. As of June 30, 2021, the VIEs' educational content database contained more than 29,700 online videos and video courses, totaling approximately 5,500 hours, of which over 71.5% of the videos were independently developed by us. In addition, the VIEs also select and obtain authorized content from premium third-party educational content providers. The VIEs' educational content database covers employment, entrepreneurship guidance courses, professional skills enhancement courses, quality improvement courses, and quiz bank for professional certification exams. The VIEs embed the digital educational content with the VIEs' independent intellectual property rights into the VIEs' self-developed online learning platform, and provide comprehensive educational resources and courses to satisfy extensive market demands through various sales channels. The VIEs' online learning platforms include Sentu Academy, Entrepreneurship Education Service Platform, Sentu Innovation and Entrepreneurship Competition Service Platform, among which Sentu Academy is our flagship online learning platform, covering all of the VIEs' educational content.

The VIEs' revenue primarily derives from educational content services. The VIEs' business models include B2B2C model and B2C model. The VIEs selected educational content and launched products for different channels based on special characteristic of each channel.

#### B2B2C Model

Under B2B2C model, i) the VIEs sell content subscriptions to Sentu Academy online learning platform and other online learning platforms to higher education institution and other institution customers across the country; and ii) the VIEs sell courses in Sentu Academy to direct users through the VIEs' business partners, license selected content to video platforms, and charge a one-time fee for permanent licensed use.

Sentu Academy is the VIEs' flagship online learning platform. During the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, subscription and licensing fees for Sentu Academy accounted for approximately 99.4%, 99.6% and 100% respectively, of the total revenue from online learning platform products, and accounted for approximately 21.4%, 22.2% and 17.3% respectively, of the VIEs' total revenue from educational content services.

#### *Online Learning Platform Educational Content Subscription*

The VIEs sell content subscriptions to the VIEs' online learning platforms to higher education institution and other institution customers across the country. The VIEs' online learning platforms include Sentu Academy, and other platforms such as Entrepreneurship Education Service Platform, Sentu Innovation and Entrepreneurship Competition Service Platform. Sentu Academy, as the VIEs' flagship online learning platform, covers all of the VIEs' educational content. Sentu Academy integrates a vast amount of digital resources such as videos, data, information, laws and regulations, case studies, video courses, documentary files and reports. Sentu Academy provides online assessments, simulation tests and other practical training services to college students in relation to employment and entrepreneurship training. Sentu Academy contains the following seven modules:

Employment digital library: The VIEs' employment digital library provides users with access to extensive information and resources in connection with various positions and industries. The VIEs conduct comprehensive analysis of recruitment data to accumulate these resources and generate unique insights. The data and information the VIEs analyze primarily includes the demand of employers and the salary levels of different positions of different industries in the labor market. In addition, users are able to use career assessment tools in the employment digital library to assess their strengths and limitations. The VIEs' employment digital library also contains a vast amount of videos of career planning, employment regulations and policies, interview etiquette, resume preparation tips and communication strategies.

Entrepreneurship digital library: The VIEs' entrepreneurship digital library offers one-stop and thorough entrepreneurial guidance services to college students. It seeks to help users understand various aspects of entrepreneurship, including registering a company, writing a business plan and basic knowledge of financial and human resources systems as well as business and workplace rules. The VIEs' entrepreneurship digital library also provides entrepreneurial feasibility analysis system, entrepreneurship policies and regulations, case studies and simulation exercises to students, with the aim of helping students cultivate their basic skills and qualities required for starting a business.

Entrepreneurship video course library: The VIEs' library on entrepreneurship courses brings together a number of entrepreneur lecturers and offers over 1,700 online video courses, covering marketing, business opportunities, leadership, investment and financing, taxation and many other fields. It aims to create an online learning platform that provides users with solutions to problems arising during various stages of starting a business.

Workplace training course library: The VIEs offer a wide selection of mini videos which integrate a variety of workplace scenarios and case studies, helping users acquire relevant professional skills.

Quiz bank for professional certification exams: The quiz bank for professional certification exams is committed to assisting users to prepare for professional certification exams. Based on users' needs, the VIEs select certain types of professional certifications in the *National Vocational Qualification Catalog* adopted by Ministry of Human Resources and Social Securities of the People's Republic of China and prepare resources, such as detailed registration guidance, according to the official guidelines of such professional certifications. As an experienced company committing to the vocational education industry for decades, the VIEs also collect the past exam papers of these professional certifications over the last 10 years and provide thousands of exams prepared based on the VIEs' throughout analysis on the past exams.

Quiz bank for civil service exams: The quiz bank for PRC civil service exams is a professional examination database developed specifically for civil service examinations administered by national, provincial and local governments in the PRC. The quiz bank contains questions from national, provincial and local civil service examinations in the past ten years. Users can access applicable past exams based on test areas, types and years of the exams.

Information technology training database: The VIEs' information technology training database aims to develop vocational education and cultivate applicable skills to meet employers' needs. The database integrates extensive learning resources and offers more than 1,000 online information technology related training video courses, such as programming language, front-end development, product design, cloud computing and big data, system operation and maintenance and Internet of things, which are delivered by professional information technicians. The content of these video courses ranges from entry level to proficiency level, to cater to the needs of different levels of users.

As of June 30, 2021, the VIEs had provided online learning platform subscription services to approximately 2,000 universities and colleges. Institutional customers purchase subscriptions to their preferred online platforms and modules and are then able to allow their students/users to register on such online platforms and modules using their student identification numbers or other authorized identification codes. Registered individual users can then access the resources directly from the VIEs' online platform. As of December 31, 2019 and 2020 and June 30, 2021 the VIEs had 253, 274 and 286 paying subscribers, respectively, to the VIEs' online learning platforms. Subscription terms normally range from one to two years. Subscription fees are generally payable annually and payable in advance and are recognized over the contract term on a straight line basis. The VIEs regularly update content for subscribing customers throughout the year and make material updates every few years.

#### *Educational Content Licensing*

In addition to provision of educational content services to institutional customers by subscriptions to learning platforms, the VIEs also license select content in Sentu Academy to institutional customers according to their needs and preferences. Institutional licenses primarily include educational institutions and non-educational institutions, such as libraries, contractors of educational content and video platforms. Licensing, different from subscriptions to learning platforms, allows customers to store the licensed educational content to their system and allow their students/users to access such educational content directly through their own systems. Customers generally pay a one-time licensing fee to receive such products and the VIEs are not responsible for updating licensed materials. Customers may subsequently choose to purchase updated licensed content at additional cost.

The direct customers of the VIEs' products are mainly public libraries in various regions of the PRC and various video sharing websites. As of June 30, 2021, the VIEs have provided services to 4 provincial public libraries, 15 municipal public libraries and 2 county-level library in the aggregate.

### B2C Model

In addition to provision of educational content to institutional customers, the VIEs also offer educational content services to end users directly via “Fish Learning”, reward point redeem and “Light Class”. Based on different needs of customers, the VIEs embed required educational content in “Fish Learning” and “Light Class” platforms for direct purchase by end users.

Under B2C model, i) the VIEs have selected some content relating to employment and career development from Sentu Academy educational content database to establish “Fish Learning” database, and the VIEs cooperate with Tianyi Video, a subsidiary of China Telecom, and upload “Fish Learning” database on the platform of Tianyi Video as a content provider; ii) the VIEs have selected some video content relating to artificial intelligence and big data from Sentu Academy educational content database, and formed 6 products including reward points redemption product under cooperation with China Telecom; iii) the VIEs cooperate with China Unicom and its subsidiary platforms, and offer the content of Light Class resources database as a content provider through 3 products, such as Light Class monthly subscriptions; and iv) the VIEs also conduct sales of Light Class through the VIEs’ WeChat Official Account. The VIEs have launched 10 products, such as Light Class selected course monthly subscriptions, Light Class workplace VIP monthly subscriptions and Light Class quarterly subscriptions.

#### *“Fish Learning”*

In order to expand the VIEs’ educational content business and to offer such content to individual end customers using a B2C model, the VIEs have integrated educational content database and packaged some select employment content as “Learning on the Go” since the fourth quarter of 2017, subsequently upgraded and rebranded to “Fish Learning” in 2018.

The VIEs cooperate with Tianyi Video, a subsidiary of China Telecom, and upload “Fish Learning” resource database on the platform of Tianyi Video. China Telecom’s individual mobile phone users purchase the VIEs’ courses and pay subscription fees for monthly subscription services. The VIEs share revenue from this arrangement with Tianyi Video by being entitled to receive a percentage of the monthly subscription fee paid by mobile users pursuant to the VIEs’ cooperative agreements with Tianyi Video and based on the settlement bills issued by Tianyi Video. Individual end users who monthly subscribe to the platform of Tianyi Video are able to obtain video courses through the platform of Tianyi Video. Tianyi Video provides relevant users with instructions on how to download “Fish Learning” mobile application. Users can watch existing courses after downloading “Fish Learning” application. As of June 30, 2021, “Fish Learning” selected mobile video package contains 979 videos relating to employment, totaling 85.3 hours.

In future, the VIEs intend to directly provide individual end users with subscription to “Fish Learning” mobile application. Individual end users may monthly subscribe to video content on IT skills, employment and overseas study in “Fish Learning”. The VIEs will also receive other revenue generated from advertisements placed on the “Fish Learning” mobile application.

From October 2017 through June 30, 2021, the VIEs received a total of approximately 24.5 million monthly subscription purchases of the VIEs’ “Fish Learning” mobile video package via Tianyi Video. Total monthly subscription purchases of the “Fish Learning” mobile video package via the platform of Tianyi Video are approximately 6.2 million and 4.1 million for the year ended December 31, 2020 and the six months ended June 30, 2021, respectively. The average fee the VIEs received for every monthly subscription purchase remained stable at RMB9.2 during the year ended December 31, 2020 and the six months ended June 30, 2021.

#### *Reward Points Redeem*

To further promote the VIEs’ premium educational content, starting in late 2018, the VIEs have also offered mobile users of China Telecom the option to redeem their reward points for courses mainly related to artificial intelligence and big data, forming 6 products totaling approximately 22 hours as of June 30, 2021. In 2019, 2020 and the six months ended June 30, 2021, the VIEs’ courses were redeemed approximately 1.7 million times, 3.5 million times and 3.3 million times, respectively.

The VIEs contracted with China Telecom’s subsidiary for this arrangement, pursuant to which the VIEs are entitled to receive approximately RMB1.0 from China Telecom for every 100 reward points a customer of China Telecom redeems for the VIEs’ video content.

### *Light Class Mobile Video Package*

In April 2019, the VIEs launched Light Class. Video courses on Light Class contain content related to entrepreneurship, career development, and information technology. As of June 30, 2021, WeChat users can choose to purchase 10 products such as Light Learning Monthly Premium Subscription, Light Career Annual VIP Subscription and Light Class Membership Annual Subscription. The VIEs distribute the Light Class products through following channels: 1) the VIEs cooperate with China Unicom and its subsidiary platforms, and offer the content of Light Class resources database as a content provider through 3 products including Light Class monthly subscriptions; and 2) the VIEs also conduct sales of Light Class through our WeChat Official Account. The VIEs have launched 10 products, such as Light Class selected course monthly subscriptions, Light Class workplace VIP monthly subscriptions and Light Class quarterly subscriptions.

### Other Services

Other services include the VIEs' mobile media services. The VIEs actively explore commercial monetization models. The VIEs commenced the mobile media services business in 2016, including:

- *Mobile Media Advertising Services:* The VIEs provide advertising services to customers on the VIEs' "Fish Learning" mobile application in the form of pop-up ads and banners. The VIEs generate revenue from advertisements based on the posting period or on the number of times viewers click on these advertisements and download the sponsor's application to their phones or the number of days such advertisements are placed in the VIEs' "Fish Learning" platform.
- *Mobile Application Content Data Business System Services through SDK:* The VIEs have developed a mobile application content data business system which is also known as "Mobile Application Content Oriented Data Business System Software", containing a built-in software development kit (SDK), through which mobile applications and content providers can provide their users access to targeted data plans provided by China Unicom. Mobile users accessing designated mobile applications and content will trigger a pop-up message which prompts them to purchase such a monthly targeted data plan. Targeted data plans allow mobile users to access specific content at set prices for data usage. Under terms offered by China Unicom, mobile users can browse, stream and enjoy specific mobile applications and content by paying relatively small monthly fees, normally RMB8.0 per month. Mobile users are able to pay directly to telecommunications providers for the monthly targeted data plan in their monthly bills.
- *Wo Reading:* The VIEs also cooperate with "Wo Reading", a mobile paid-content platform of China Unicom. Wo Reading provides subscribers access to abundant learning resources developed by third parties covering various topics. The VIEs provide technical support services to the platform, for which the VIEs are entitled to service fees determined with reference to the income generated by the platform. The services the VIEs provide include (i) technical development services, for example, the initial development and subsequent upgrades for the platform; and (ii) technical maintenance services, for example, the daily technical maintenance for the platform and review for new content.

### **IT Related Solution Services**

We have developed a number of software applications to provide our software or customized intelligent solutions tailored to meet the specific needs of educational institutions and other institutional customers.

We provide IT related solution services targeting educational institutions and other kinds of institutions in China. We integrate information technologies and provide institutions with customized solutions according to their demands. Leveraging the virtualization technology and cloud computing technology, we help educational institutions create and establish intelligent education management platforms or smart campus platforms to facilitate the education management of institutions, offer an effective communication channel between parents and institutions and establish a smart learning environment for students. The intelligent education solutions and smart campus platforms we provide include, but are not limited to, school portal systems, online student management, online curriculum selection and grade management system, uploading and sharing of teaching materials, online learning, cloud campus management platform and educational resources cloud platform.

During the two years ended December 31, 2020 and the six months ended June 30, 2021, we also leveraged the expertise and know-how to provide IT related solutions to other institutional customers, such as government institutions and major state-owned enterprises, primarily including technology development companies, to establish comprehensive intelligent management and service platforms and improve their intranet. Revenue from such other institutional customers has grown to become an increasingly significant portion of our revenue. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, revenue from the provision of such solutions reached RMB103.7 million, RMB95.6 million (US\$14.8 million) and RMB98.4 million (US\$15.2 million), respectively representing 28.9%, 23.6% and 35.6% respectively of our and the VIEs' total revenue for those periods.

We derived revenue from IT related solution services through providing (i) design and development of customized IT system service, (ii) procurement and assembling of equipment, and (iii) technological support and maintenance service. And our competitive services focus on providing educational institutions and other institutional customers with customized teaching and learning solutions as well as comprehensive intelligent management and service platforms.

As of June 30, 2021, we and the VIEs had a content and software development team of 56 professionals, including 40 software developers, and 153 copyrights of software used in providing design and development of customized IT system service to our customers. Such software products mainly include:

#### Sentu Desktop Virtualization Software

Sentu Desktop Virtualization Software is our desktop virtualization product, which provides and manages virtual desktops and deploys them to local client devices. It allows application execution to take place on a remote operating system and communicates with local client devices over a network using a remote display protocol. All applications and data used are stored on the remote operating system with only display, keyboard and mouse information communicated with the local client devices.

Our Sentu Desktop Virtualization Software can utilize the desktop virtualization technology to create cloud reading rooms or cloud classrooms. As all application execution takes place on the remote operating system with only display, keyboard and mouse information communicated with local client devices, our institutional customers can build their cloud reading rooms or cloud classrooms without purchasing traditional desktop computer for each user.

#### Sentu Online Learning Software

Sentu Online Learning Software is another software product designed based on the technology of Cloud Desktop with a dual-screen mode. It allows students to access course materials, take online examinations and share ideas with classmates and teachers on online forums, and at the same time enables teachers to manage course materials and student information and administer and grade online examinations.

In addition, we are able to customize the software for clients according to their specific needs, for example, by including online programming modules which provide a virtual space for students of programming to practice relevant skills while viewing videos or course materials on the same screen. This can effectively help students facilitate better practice and master IT skills more quickly.

### **Educational Content and Content Development**

One of our and the VIEs' key competitive strengths is the huge, diversified database of educational content the VIEs have developed and collected since the VIEs' operation. This database includes video courses, industry reports and case studies, among other materials, primarily focusing on employment, entrepreneurship and IT related skills. Such educational content encompasses a variety of tools including self-evaluation, skill improvement, and job and industry recommendations for college students, which cater to the needs of the VIEs' target customers. In total, as of June 30, 2021, the VIEs had more than 29,700 videos relating to employment and entrepreneurship as well as IT related training and other subjects, totaling approximately 5,500 hours. The VIEs' self-developed content forms an important part of the VIEs' content database. As of June 30, 2021, of the approximately 29,700 online videos of the VIEs' educational content database, approximately 19,400 of such videos with a total running time of approximately 3,900 hours were developed specifically for sale by us. In addition to the VIEs' self-developed educational content, the VIEs also license content developed by third party content providers. For example, the VIEs collaborate with youmi.com, a content provider of online courses on employment and entrepreneurship. The VIEs are authorized to put certain videos developed by such providers on the VIEs' platforms to enrich and supplement the VIEs' own online



resources. The VIEs own the copyright for all the VIEs' self-developed educational content, including the content the VIEs commission third party producers to produce. The VIEs do not own copyright for content the VIEs licensed from third party content providers. This database of educational materials serves as the cornerstone of the VIEs' educational content services business, including both the VIEs' B2B2C online learning platforms and B2C mobile video package businesses, and the scope, attractiveness and quality of these materials are key to driving these businesses.

### ***Development of Educational Content***

We believe the process of continuing to build up, update and upgrade the VIEs' educational content database is crucial to remaining competitive and growing the VIEs' business and our strong in-house educational content development capabilities are critical to maintaining the quality of the VIEs' educational content services. As of June 30, 2021, we and the VIEs maintained an experienced team, consisting of 56 educational content and software development professionals, with 40 professionals specialized in software development. These educational content development professionals regularly organize and update educational content of the VIEs' products.

The VIEs develop new content using a variety of sources and methods. The VIEs collaborate with experts in entrepreneurship and employment and invite them to record relevant instructional videos and build documentary files to establish online resources for college students to use in their career planning. The VIEs design the course outlines and materials, which integrate the life experiences of well-known entrepreneurs and industry leaders. In addition, based on the demands of different job positions, such as human resources, sales and management in an enterprise and the syllabus of relevant career guidance curriculums of higher education institutions, the VIEs create short animated clips simulating real life work situations, and use such animated clips in the VIEs' courses to provide more effective training for professional skills. The VIEs outsource the production of video content the VIEs develop to Independent Third Parties. See the paragraph headed "— Research and Development Procedures" in this section for further details.

For data or statistical content relating to employment and entrepreneurship, the VIEs compile, monitor and analyze data from leading recruitment websites and, through the VIEs' analysis, provide job seekers with accurate and timely information on job openings and industry trends and other relevant data.

For the resources on literature and certain document files, the VIEs conduct research and interviews with various industry associations and local governments and have published a number of industry reports and urban employment reports, some of which were included in the Key Publication Project of the Twelfth Five-Year Period of the PRC.

In addition, the VIEs have developed abundant "Internet +" related curriculums in the form of mini-videos, covering more than 40 topics, such as career development, innovative thinking, entrepreneurial research, artificial intelligence, big data, Internet of things, cloud computing and Internet marketing.

The VIEs upgrade the VIEs' educational content database from time to time to make it more practical, user-friendly and easier to comprehend. For instance, (i) the VIEs release major updates to the VIEs' proprietary quiz banks and questions for students pursuing the professional certification exams or civil service exams each year to reflect updates in the test topics in professional certification exams and government-administered exams; and (ii) the VIEs update information for employment and entrepreneurship and the VIEs' video courses from time to time. In order to optimize the VIEs' educational content, the VIEs' course and educational content development team also seeks to collect useful information through attending product seminars on topics such as career planning and entrepreneurship.

### ***Research and Development Procedures***

The VIEs have established a research and development department which is responsible for the development of the VIEs' educational content. The VIEs' content developers firstly conduct market research to select topics and content to be presented, and then formulate specific production plans for each series of topics. The VIEs' online courses are mainly delivered through videos. As to outlines, the VIEs generally collect relevant materials and information based on the topics to write the outlines. The VIEs outsource the video production services of the VIEs' video content to third party producers. After post-production and passing internal inspection, the videos and relevant content will be uploaded to the VIEs' platforms and accessible to end users. The VIEs' content developers also produce new case studies, business plans and other non-video learning materials from time to time. To produce all these non-video new materials, the VIEs' research and development department will formulate the development requirements for every such material, including, among others, the format of data, the type and source of information and the level of difficulty. Content developers are then assigned to produce different parts of such materials. Similarly, the VIEs conduct internal review of such materials and only upload those which the VIEs believe are informative and attractive.



## Suppliers and Customers

### Suppliers

Our and the VIEs' suppliers primarily consist of software suppliers, IT equipment providers and advertising companies. To ensure the quality and stability of our and the VIEs' supplying channels, we and the VIEs have established *de facto* mutually beneficial partnerships with our and the VIEs' major suppliers. For a more detailed description of our and the VIEs' major suppliers and an overview of their business relationship with us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies, Judgments and Estimates — Concentration of Risks — Major Customers and Supplying Channels." Despite the recognition that the close bond fostered with our and the VIEs' major suppliers has contributed considerably to our and the VIEs' business development historically, we and the VIEs do not believe that our and the VIEs' business operations are inextricably dependent on our and the VIEs' major suppliers. That is because the products and services provided by our and the VIEs' major suppliers are readily available in the market and we and the VIEs may expect to secure comparable products and services with similar contract terms within a reasonable period of time.

### Customers

Our and the VIEs' customers primarily include higher education institutions, contractors of educational content and IT related solutions, telecommunications providers, providers of mobile Internet audio and video services, platform services providers and libraries. Historically, the contributions made by our and the VIEs' customers to our and the VIEs' revenue generation are not evenly distributed; instead, a handful of customers have generated much more revenues for us than the others, making them our and the VIEs' major customers on whom our and the VIEs' business operations are perceptibly dependent. For a more detailed description of our and the VIEs' major customers and an overview of their historical contributions to our and the VIEs' revenue generation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies, Judgments and Estimates — Concentration of Risks — Major Customers and Supplying Channels."

Set forth below is a summary of typical clauses contained in the contracts that the VIEs enter into with the VIEs' major customers regarding the provision of audio and video services.

- **Term:** The term of the contracts that the VIEs enter into with the VIEs' major customers is typically one year and those contracts are normally subject to annual review and will be renewed upon mutual consent.
- **Product quality:** The VIEs are typically obligated to deliver the selected or bespoke products and/or services to the VIEs' customers within an agreed period of time. The VIEs have to ensure the products and services provided for the VIEs' customers are compliant with applicable laws and regulations in the PRC and assume ultimate responsibility for the quality of the VIEs' products and services.
- **Intellectual Property:** The VIEs have to prove that the VIEs are the legitimate owner of the intellectual property rights as embodied in the products and services delivered by us or that the VIEs have managed to obtain all the necessary authorizations or licenses from the relevant right holders. The VIEs are required to indemnify the VIEs' customers for reasonable costs and expenses incurred as a result of third-party claims or alleged infringements of intellectual property rights in relation to the products and services provided by us.
- **Licensing restrictions:** By virtue of the mere provision of products and services for the VIEs' customers, the VIEs do not cause to transfer the intellectual property rights associated with those products and services. The VIEs' customers shall not use the products and services and the intellectual property rights thereupon beyond the scope and purpose as agreed by both parties in the contracts.
- **Termination provisions:** Unless otherwise specified in the contracts, contracting parties are prohibited from *ex parte* modifying, suspending, or terminating the contracts. If one contracting party fails to discharge its duties or obligations under the contract in a material manner or severely violates the terms of the contract, the other party is usually allowed to terminate the contract and entitled to damages. Under certain circumstances, the VIEs' customers may terminate the contract at any time. For instance, they may terminate the contract if it surfaces that the VIEs did not obtain the effective license or permission from relevant authorities to conduct the VIEs' business or if the VIEs provided false copyright proof in relation to the products and services delivered by us.

## **Sales and Marketing**

We believe that the VIEs' extensive educational content and our distinguished IT related solution services lead to strong word-of-mouth promotion, which drives our brand awareness and rapid organic growth and enables us to market in a cost-effective manner. We and the VIEs have built a well-trained professional sales and marketing team. As of June 30, 2021, we and the VIEs had 20 sales and marketing service personnel based in our and the VIEs' major regional markets, including Beijing, Henan, Hebei, Jiangsu, Zhejiang, Shanxi, Shaanxi and certain places in Northeastern China. We believe that our and the VIEs' customer base has grown primarily through word-of-mouth referrals by virtue of the quality and popularity of the VIEs' educational content and IT related solutions. Our and the VIEs' sales and marketing team explores new sales opportunities through sales visits to potential customers and organization of marketing activities and promotional events, such as the Book Sharing Month, an annual event held by a number of universities every April in celebration of the World Book Day with the aim of encouraging students to read more books, during which we and the VIEs invite industry experts and entrepreneurs to deliver training lectures on various topics, and also provide gifts and live demonstration of our and the VIEs' products to promote our and the VIEs' business and the "Sentu Cup" College Student Entrepreneurship Competition, which is a competition hosted by us based on the database of the VIE's online learning platforms, allowing student users to participate by answering entrepreneurship-related questions and submitting business plans. We and the VIEs also invite potential customers to try the VIE's online learning platforms for free to promote the VIE's educational content. In order to incentivize our and the VIEs' service personnel, we and the VIEs provide them with merit-based commissions based on their sales performance, measured by a wide range of internal key performance indicators (KPIs) for our and the VIEs' sales and marketing staff including guaranteed minimum task amount, sales task amount, and the ability to control cost and some non-financial indicators, such as the scale of marketing activities, the good feedbacks of customers, the number of new customers, the frequency of work reporting, and the number of customers that have been visited. Our and the VIEs' sales and marketing staff's salary consists of base salary, annual performance salary, and annual performance bonus. We and the VIEs set our and the VIEs' sales and marketing staff's annual performance salary with reference to the guaranteed minimum task completion rate and are entitled to cease employment or downgrade base salary if the guaranteed minimum task completion rate is far below average. We and the VIEs also offer annual performance bonus based on the the completion of the aforementioned KPIs. For our and the VIEs' mobile media services, we and the VIEs maintain the cooperative relationships with China Unicom's Guangdong subsidiary and Guangzhou 5G Information Technology Co., Ltd., or Guangzhou 5G, primarily through our and the VIEs' proprietary technologies and comprehensive customer services.

Sales of our and the VIEs' products such as Sentu Academy and certain IT related solution services such as software development and system integration projects may be designated to us by other contractors. Educational institutions in China generally rely on state fiscal funds to procure the educational solutions or services. Some educational IT solution projects are subject to a number of laws and regulations in China from initiation to the tendering process. Due to the large scale of certain projects, we believe that our and the VIEs' products and services may only account for a small portion of the entire project. In addition, many requirements set out for tenderers in such projects, such as system integration qualifications, CMMI qualifications and registered capital, which are all bidding evaluation indicators, may make us less competitive in the tendering process. Therefore, we and the VIEs normally obtain such projects through the main contractors who win the bid with required qualifications and partially or entirely subcontract the work to us. In addition, we and the VIEs promote and sell the VIEs' Sentu Academy and certain online learning platforms through an agent, as the agent has a wide customer base in certain regions in China that our and the VIEs' sales personnel are not able to cover effectively. We and the VIEs normally engage third party promotion companies to promote our and the VIEs' B2C products. For our and the VIEs' mobile video packages, which provide educational content to individual end users via a B2C model, we and the VIEs engage third party promotional service companies to help promote our and the VIEs' products, for example, by sending promotional information of our and the VIEs' products to potential subscribers. We and the VIEs plan to continue to engage promotion companies to promote direct sales of the content on the VIE's "Fish Learning" mobile application once we and the VIEs begin direct sales of subscriptions in the future.

### **Tender Process**

We and the VIEs are generally required to go through a tender process to secure certain projects for the VIEs' sale of educational content to institutional customers and our IT related solution services. The local competent authority responsible for the tender process publishes tender information on the public tendering website of the local government or professional tendering agent. Then tenderers go through a preliminary review, and qualified tenderers are notified to prepare tender documents to bid for the projects. Generally, each tenderer is required to submit a quote for the project

based in part on their estimated cost for the project. We estimate our and the VIEs' expected cost for each project on the basis of available information about the project, costs of labor and raw materials, procurement cost of equipment and ancillary components, and expenses we expect to incur in connection with the project.

Tender authorities generally evaluate each tenderer under a point-based system. Under such system, a number of criteria, which vary among different projects, are taken into account, such as: (i) relevant IT related qualifications that a tenderer has obtained, including system integration qualification, capability maturity model integration certificate and ISO qualifications; (ii) prior experience in providing IT related solution services; (iii) product portfolios and technologies; (iv) registered capital; and (v) industry reputation and compliance with relevant laws and regulations. The authorities initiating the tender process submit tenderers' documents to an evaluation group to assess and determine the bid winner. Notice will be issued to the bid winner and relevant tender results will be published on the public website of the authorities.

### Intellectual Property

We and the VIEs rely on a combination of patents, copyrights, trademarks and trade secret laws and restrictions on disclosure to protect our and the VIEs' intellectual property rights. We and the VIEs own copyrights to the educational content and software we and the VIEs developed in-house. We and the VIEs also own copyrights to the educational content we and the VIEs commission third parties to develop for us. For the educational content that third parties have authorized us to put on the VIEs' platforms, we and the VIEs do not own the copyrights. As of June 30, 2021, we and the VIEs had 33 registered trademarks in the PRC, 153 registered software copyrights with the PRC State Copyright Bureau, and 54 registered domain names.

Despite our and the VIEs' efforts to protect ourselves from infringement or misappropriation of our and the VIEs' intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our and the VIEs' intellectual property. In the event of a successful claim of infringement and our and the VIEs' failure or inability to develop non-infringing intellectual property or license the infringed or similar intellectual property on a timely basis, our and the VIEs' business could be harmed. See "Risk Factors — Risks Related to The Business and Industry of us and the VIEs — We and the VIEs may from time to time be subject to infringement claims relating to intellectual properties of third parties." and "Risk Factors — If we and the VIEs fail to protect our and the VIEs' intellectual property rights, our and the VIEs' brand and business may suffer." in this document for details. During the three years ended December 31, 2020 and for the six months ended June 30, 2021, we and the VIEs were not a party to any material disputes relating to intellectual property infringement or misappropriation.

### Employees

We and the VIEs had 95, 99 and 102 full-time employees as of December 31, 2019 and 2020 and June 30, 2021, respectively. As of June 30, 2021, most of our and the VIEs' employees were in Beijing, Shanghai and Guangzhou, China.

The following table sets forth a breakdown of our and the VIEs' employees by function as of June 30, 2021:

Function	Number of Employees	Percentage
Management	8	8%
Sales and marketing	20	19%
Operation and production	4	4%
Administrative	5	5%
Finance staff	9	9%
Technology, products, research and development	56	55%
<b>Total</b>	<b>102</b>	<b>100%</b>

Our and the VIEs' success depends on our and the VIEs' ability to attract, retain and motivate qualified employees. We and the VIEs recruit most of our and the VIEs' employees in China through on-campus job fairs, recruitment agencies and online channels. We and the VIEs are dedicated to the training and development of our and the VIEs' employees. We and the VIEs enter into employment contracts with our and the VIEs' full-time employees which contain standard confidentiality provisions. For senior management and certain core employees, we and the VIEs enter into separate non-competition agreements with them. In addition to salaries and benefits, we and the VIEs provide performance-based bonuses for our and the VIEs' full-time employees and commission-based compensation for our and the VIEs' sales and marketing force.

Under PRC law, we and the VIEs participate in various employee social security plans that are organized by municipal and provincial governments for our and the VIEs' PRC-based full-time employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance and medical insurance, as well as housing provident fund. We and the VIEs are required under PRC laws to make contributions from time to time to employee benefit plans for our and the VIEs' PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We believe that we and the VIEs maintain a good working relationship with our and the VIEs' employees, and we and the VIEs have not experienced any material labor disputes in the past. None of our and the VIEs' employees are represented by labor unions. We and the VIEs did not experience strikes or significant labor disputes which have had or are likely to have a material and adverse effect on our and the VIEs' business operation during the two years ended December 31, 2020 and the six months ended June 30, 2021.

#### **Environmental, Social and Governance (ESG) Initiatives**

We and the VIEs strive to incorporate social values into our and the VIEs' business. We and the VIEs pay close attention to environmental, social and corporate governance matters and take actions in our and the VIEs' day-to-day operations to maximize our and the VIEs' impact. Our and the VIEs' commitment to all our and the VIEs' stakeholders and the society as a whole are the foundation upon which we and the VIEs build-in our and the VIEs' values to establish a sustainable ecosystem.

Since being established, we and the VIEs have established various social and governance initiatives to comprehensively improve our and the VIEs' corporate governance and benefit society. We and the VIEs have been actively supporting and participating in socially responsible programs that reflect our and the VIEs' core values.

Our and the VIEs' major social and corporate governance initiatives include:

#### ***Social Responsibility Initiatives***

We and the VIEs endeavor to make meaningful contributions to the greater social good. We and the VIEs give back to the communities through a series of initiatives to effectuate our and the VIEs' mission.

We and the VIEs promote diversity and inclusion through efforts to integrate people with disabilities by providing them with equitable job opportunities. To promote the employability of graduates, we and the VIEs invited experts in different industries to give free online streaming seminars on entrepreneurship to college students and provided them with internship opportunities with us.

#### ***Initiatives to Support the COVID-19 Campaign***

Our and the VIEs' commitment to society is also evidenced by our and the VIEs' efforts during the COVID-19 outbreak. We and the VIEs proactively supported China's nationwide efforts to contain the spread of COVID-19 and launched a variety of initiatives to combat the pandemic including:

- Providing personal hygiene and health protection training sessions to our and the VIEs' employees;
- Taking body temperature of all employees before they enter the workspace;
- Requiring all employees to wear facial masks before entering the workspace and to sit one meter away from each other;
- Adjusting working hours and permitting our and the VIEs' employees to work from home;
- Providing employees with sterilization products;
- Cleaning and disinfecting our and the VIEs' workspace and other public areas on a regular basis; and
- Using video conference or teleconference instead of on-site meetings;

In addition, we and the VIEs have donated face masks and other supplies to a university in Wuhan province. In order to help the public to keep studying at home during the pandemic, we and the VIEs have also provided the public with free access to the Fish Learning platform between February and April 2020.

**Data Privacy and Security**

We and the VIEs are committed to protecting our and the VIEs' users' personal information and privacy. We and the VIEs collect personal information and data only with users' prior consent. We and the VIEs have established and implemented policy on data collection, processing and usage.

To ensure the confidentiality and integrity of our and the VIEs' data, we and the VIEs maintain a comprehensive and rigorous data security program. We and the VIEs anonymize and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We and the VIEs have also established stringent internal protocols under which we and the VIEs grant classified access to confidential personal data only to limited employees with strictly defined and layered access authority.

See "Risk Factors — Risks Related to the Business and Industry of Us and the VIEs — If our and the VIEs' security measures are breached or failed and result in unauthorized disclosure or unintended leakage of data, we and the VIEs could lose existing clients, fail to attract new clients and be exposed to protracted and costly litigation."

**Competition**

The markets in which we and the VIEs and our and the VIEs' business partners operate are competitive and evolving. We and the VIEs primarily compete with other players in the higher education digital library market and online education services for educational content market. Additionally, we expect to face competition as a result of new entrants to the post-secondary and vocational education market in China, including established education service providers that had not previously offered educational content online. We and the VIEs compete with competitors for users' engagement, diversity of educational content, advanced technologies, and sales and marketing effectiveness, among other things.

We believe that the principal competitive factors in China's IT related solution services market, educational content market and mobile media services market include (i) brand awareness and reputation; (ii) scope and diversity of online course offerings; (iii) product pricing; (iv) interactive, engaging and customized learning experience; (v) technology support and content development capabilities; (vi) ease of deployment and use of the course delivery format; (vii) expertise in sales and marketing, and customer acquisition and retention; and (viii) proven track record of performance.

We believe that we and the VIEs are well-positioned to effectively compete on the factors listed above. For a discussion of risks relating to competition, see "Risk Factors — Risks Related to the Business and Industry of Us and the VIEs — We and the VIEs face intense competition within each of the business segments of us and the VIEs. If we and the VIEs are unable to compete effectively, we and the VIEs could face pricing pressure and loss of market share, the revenue and gross profit of us and the VIEs may be significantly reduced, which may materially and adversely affect the business, financial condition and results of operations of us and the VIEs."

**Insurance**

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

**Properties and Facilities**

Our principal regional executive offices are located in Beijing, China, and we and the VIEs have also leased offices and studios in a number of other cities in China. Information on our and the VIEs' leased properties as of June 30, 2021 is summarized below.

Location	Space (in square meters)	Lease Term (years)
Beijing	1,040.3	1 to 3
Shanghai	352.5	6
Guangzhou	116.0	3
<b>Total</b>	<b>1,508.8</b>	

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We and the VIEs lease our and the VIEs' premises under lease agreements from independent third parties. We believe that our and the VIEs' existing facilities are generally adequate to meet our and the VIEs' current needs, but we expect to seek additional space as needed to accommodate future growth.

**Legal Proceedings**

We and the VIEs may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our and the VIEs' business. We and the VIEs are currently not a party to any material legal or administrative proceedings.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Related to the Business and Industry of Us and the VIEs — We and the VIEs may be subject to regulatory actions or legal proceedings in the ordinary course of our and the VIEs' business. If the outcomes of these regulatory actions or legal proceedings are adverse to us, it could have a material adverse effect on the business, results of operations, and financial condition of us and the VIEs."

**Licenses and Approvals**

The following table sets forth licenses and approvals that our WFOE and the VIEs are required to obtain for our and the VIEs' operations in China as of the date of this prospectus.

<b>Name</b>	<b>Type</b>	<b>Licenses and Approvals</b>	<b>PRC Regulatory Authority</b>
Jianzhi Century Technology (Beijing) Co., Ltd.	WFOE	Permit for Publications	Haidian District Cultural Commission of Beijing Municipality
Beijing Sentu Technology Co., Ltd.	VIE Entity	Permit for Publications  Internet Content Provider License (the "ICP License")  Permit to Produce and Distribute Radio or Television Programmes	Haidian District Cultural Commission of Beijing Municipality  Beijing Communications Administration  Beijing Municipal Radio and Television Bureau
Guangzhou Xingzhiqiao Information Technology Co., Ltd.	VIE Entity's Principal Subsidiary	Value-added Telecommunications Business Operating License (the "SP License")	Guangdong Communications Administration
Guangzhou Lianhe Education Technology Co., Ltd.	VIE Entity's Principal Subsidiary	ICP License	Guangdong Communications Administration
Sentu Guoxin Education Technology (Beijing) Co., Ltd.	VIE Entity's Principal Subsidiary	ICP License	Beijing Communications Administration
Shanghai Ang'you Internet Technology Co., Ltd.	VIE Entity's Principal Subsidiary	Permit to Produce and Distribute Radio or Television Programmes  SP License  ICP License	Shanghai Municipal Radio and Television Bureau  Ministry of Industry and Information Technology of the People's Republic of China  Shanghai Communications Administration

## Regulations

This section sets forth a summary of the most significant rules and regulations that affect the business activities of us and the VIEs in China.

### Foreign Investment Law

The *Foreign Investment Law* was formally adopted by the 2<sup>nd</sup> session of the thirteenth National People's Congress on March 15, 2019, which came into effect on January 1, 2020. According to the *Foreign Investment Law*, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises.

Investment activities in the PRC by foreign investors were principally governed by the *Catalogue for the Guidance of Foreign Investment Industries*, or the *Catalogue*, which was promulgated and is amended from time to time by the Ministry of Commerce (the "MOFCOM") and the NDRC. Industries listed in the *Catalogue* were divided into three categories: encouraged, restricted and prohibited. Industries not listed in the *Catalogue* were generally deemed as constituting a fourth "permitted" category. The *Catalogue* was replaced by the *Special Administrative Measures for Access of Foreign Investment (Negative List)* and the *Catalogue of Industries for Encouraging Foreign Investment* in 2018 and 2019, respectively. On June 23, 2020, the NDRC and MOFCOM issued the latest *Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition)* (the "*Negative List 2020*"), which came into effect on July 23, 2020. The *Negative List 2020* sets out the areas where foreign investment is prohibited and the areas where foreign investment is allowed only on certain conditions. Foreign investment in areas not listed in the *Negative List 2020* is permitted and treated equally with domestic investment.

### Regulations on Value-added Telecommunication Services

The business of us and the VIEs is regarded as telecommunications services, which are primarily regulated by Ministry of Industry and Information Technology (the "MIIT"), MOFCOM and State Administration for Market Regulation of the PRC (the "SAMR", which was previously known as State Administration for Industry and Commerce of the People's Republic of China, i.e. the "SAIC" prior to March, 2018). Among all of the applicable laws and regulations, the *Telecommunications Regulations of the People's Republic of China* (the "*Telecom Regulations*") promulgated by the PRC State Council on September 25, 2000 and most recently amended on February 6, 2016, is the primary governing law, and sets out the general framework for the provision of telecommunications services by domestic PRC companies. Under the *Telecom Regulations*, telecommunications services providers are required to procure operating licenses prior to their commencement of operations. The *Telecom Regulations* distinguish "basic telecommunications services" from "value-added telecommunication services" (the "VATS"). VATS are defined as telecommunications and information services provided through public networks. The *Telecom Catalogue* was issued as an attachment to the *Telecom Regulations* to categorize telecommunications services as either basic or value-added. In February 2003, December 2015 and June 2019, the *Telecom Catalogue* was updated respectively, further categorizing value-added telecommunication services into two classes: class I value-added telecommunication services and class II value-added telecommunication services. Information services provided via cable networks, mobile networks, or Internet fall within class II value-added telecommunications services.

The *Administrative Measures on Telecommunications Business Operating Licenses* or the *Licenses Measures*, issued on March 1, 2009 and newly amended on July 3, 2017, which set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of VATS must first obtain a VATS License, otherwise such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains and, in the case of significant non-compliance, the related websites may be ordered to close. With respect to licenses for VATS businesses, the *Licenses Measures* distinguish between licenses for business conducted in a single province, which are issued by the



provincial-level counterparts of the MIIT and licenses for cross-regional businesses, which are issued by the MIIT. The licenses for foreign invested telecommunications business operators need to be applied with MIIT. An approved telecommunications services operator must conduct its business in accordance with the specifications stated on its telecommunications business operating license. Pursuant to the *Licenses Measures*, cross-regional VATS licenses shall be approved and issued by the MIIT with five-year terms. On July 3, 2017, the MIIT amended the *Licenses Measures*, which took effect on September 1, 2017. The amendment mainly includes, among others, (i) the establishment of a telecommunications business integrated administration online platform; (ii) provisions allowing the holder of a telecommunications business license (including the IDC license) to authorize a company, of which such license holder holds at least 51% of the equity interests indirectly, to engage in the relevant telecommunications business; and (iii) the cancellation of the requirement of an annual inspection of telecommunications business licenses, instead requiring license holders to complete an annual report.

Pursuant to the *Provisions on Administration of Foreign Invested Telecommunications Enterprises* (the “*FITE Regulation*”) promulgated by the PRC State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016 respectively, the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors. Moreover, for the major foreign investor in a foreign-invested telecommunications enterprise that is engaged in value-added telecommunications business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas. The *Negative List 2020* also imposes the 50% restrictions on foreign ownership in value-added telecommunications business except for operating e-commerce business, domestic multi-communication, storage and forwarding class and call center.

### **Favorable Policies to Encourage Talent Development and High Quality Online Education Resources**

The PRC Ministry of Education and certain other PRC government authorities have enacted several regulations to promote the healthy, standardized and orderly development of online education, including the Guiding Opinions of Eleven Departments Including the Ministry of Education on Promoting the Healthy Development of Online Education issued on September 19, 2019 and the Opinions on Promoting the Development of “Internet Plus Social Services” issued on December 6, 2019. The favorable policies contained in the aforementioned regulations mainly include: (i) social forces are encouraged to set up online educational institutions, develop online educational resources, and provide high-quality educational services; (ii) high-quality online education resources will be cultivated through the implementation of “Educational Resources Sharing Plan”, gathering Internet teaching, scientific research and cultural resources, and expanding and improving the public service system of national digital education resources; (iii) online education enterprises are encouraged to set up research and development institutions and experimental centers in vocational colleges and universities to promote the positive interaction between research and teaching; (iv) local governments shall improve the relevant systems for purchasing high-quality online educational resources and services and include online education resources and services in the instructive catalogue of services purchased by local governments. Existing funding channels shall be used as a whole to strengthen the construction of online education platforms and demonstration applications; (v) banks and other financial institutions are encouraged to develop financial products that meet the characteristics of online education and social capital will be guided to support the development of online education through various channels such as venture capital fund, angel investment and capital market financing; and (vi) in areas such as online education, the pilot application of the 5th generation mobile networks (5G) industry will be accelerated, the coordinated development of 4G, 5G, and Narrow Band Internet of Things (NB-IoT) will be promoted, and the construction of cloud computing infrastructure that supports big data applications and massive information processing will be accelerated.

### **Regulations on Intellectual Property Rights**

#### ***Regulations on Copyright***

The *Copyright Law of the PRC*, or the *Copyright Law*, which took effect on June 1, 1991 and was amended in 2001, 2010 and 2020 (the current effective revision became effective on April 1, 2010 while the latest revision has not yet come into effect until June 1, 2021), provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The *Copyright Law*



as revised in 2001 extends copyright protection to Internet activities and products disseminated over the Internet. In addition, PRC laws and regulations provide for a voluntary registration system administered by the Copyright Protection Center of China, or the CPCC. According to the *Copyright Law*, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

The *Computer Software Copyright Registration Measures*, or the *Software Copyright Measures*, promulgated by the National Copyright Administration, or the NCA on April 6, 1992 and latest amended on February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The NCA administers software copyright registration and the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the *Software Copyright Measures* and the *Computer Software Protection Regulations* (Revised in 2013).

The *Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Infringement of the Information Network Dissemination Rights* specifies that disseminating works, performances or audio-video products by the internet users or the internet service providers via the internet without the permission of the copyright owners shall be deemed to have infringed the right of dissemination of the copyright owner.

The *Measures for Administrative Protection of Copyright Related to Internet*, which was jointly promulgated by the NCA and the MII on April 29, 2005 and became effective on May 30, 2005, provides that upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement that harms public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the *Regulations on the Protection of the Right to Network Dissemination of Information* (as amended in 2013). Under these regulations, an owner of the network dissemination rights with respect to written works, performance or audio or video recordings who believes that information storage, search or link services provided by an Internet service provider infringe his or her rights may require that the Internet service provider delete, or disconnect the links to, such works or recordings.

#### **Patent Law**

According to the *Patent Law of the PRC* (Revised in 2008), the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous region or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person file different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention and ten years in the case of utility models and designs.

#### **Trademark Law**

Trademarks are protected by the *Trademark Law of the PRC* which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively as well as by the *Implementation Regulations of the PRC Trademark Law* adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office of the State Administration for Market Regulation of the PRC handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application

may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

### **Regulations on Domain Names**

The MIIT promulgated the *Measures on Administration of Internet Domain Names*, or the *Domain Name Measures* on August 24, 2017, which took effect on November 1, 2017 and replaced the *Administrative Measures on China Internet Domain Names* promulgated by MII on November 5, 2004. According to the *Domain Name Measures*, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

### **Regulations on Taxation**

#### **Enterprise Income Tax**

On March 16, 2007, the NPC promulgated the *Law of the PRC on Enterprise Income Tax*, or the *EIT Law*, which was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council enacted the *Regulations for the Implementation of the Law on Enterprise Income Tax*, which came into effect on January 1, 2008 and was amended on April 23, 2019. Under the *EIT Law* and its implementing regulations, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of a foreign country (region) but where actual management functions are conducted in China. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the *EIT Law* and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed establishments or premises in the PRC, or if they have formed establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

#### **Value-added Tax**

The *Provisional Regulations of the PRC on Value-added Tax* were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were subsequently amended on November 10, 2008 and came into effect on January 1, 2009 and most recently amended on November 19, 2017. The *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, the *VAT Law*. On November 19, 2017, the State Council promulgated *The Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax*, or Order 691. According to the *VAT Law* and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates*, or the *Notice*, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the *Notice*, the VAT tax rate of 17% and 11% are changed into 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the *Relevant Policies Notice on Deepening Reform of VAT Tax*, or the *Notice 39*, which came into effect on April 1, 2019. The *Notice 39* further changes the VAT tax rate of 16% and 10% into 13% and 9%.

## **Regulations on Employment and Social Welfare**

### **Employment**

Pursuant to the *PRC Labor Law* (as amended in 2018) and the *PRC Labor Contract Law* (as amended in 2012), a written labor contract shall be executed by an employer and an employee when the employment relationship is established. All employers must compensate their employees equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with appropriate workplace safety training. In addition, the PRC government has continued to introduce various new labor-related regulations after the PRC Labor Contract Law. Amongst other things, new annual leave requirements mandate that annual leave ranging from 5 to 15 days is available to nearly all employees and further require that the employer compensate an employee for any annual leave days the employee is unable to take in the amount of three times his daily salary, subject to certain exceptions. Moreover, all PRC enterprises are generally required to implement a standard working time system of eight hours a day and forty hours a week, and if the implementation of such standard working time system is not appropriate due to the nature of the job or the characteristics of business operation, the enterprise may implement a flexible working time system or comprehensive working time system after obtaining approvals from the relevant authorities.

### **Social Insurance and Housing Fund**

As required under the *Regulation of Insurance for Labor Injury* implemented on January 1, 2004 and amended in 2010, the *Provisional Measures for Maternity Insurance of Employees of Corporations* implemented on January 1, 1995, the *Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council* issued on July 16, 1997, the *Decisions on the Establishment of the Medical Insurance Program for Urban Workers* of the State Council promulgated on December 14, 1998, the *Unemployment Insurance Measures* promulgated on January 22, 1999 and the *Social Insurance Law of the PRC* implemented on July 1, 2011 and amended on December 29, 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance.

In accordance with the *Regulations on the Management of Housing Fund* which was promulgated by the State Council in 1999 and subsequently amended in 2002, 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

### **Regulations on Foreign Exchange and Offshore Investment**

Under the *Administrative Regulations of the PRC on Foreign Exchange* promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the SAFE and other relevant PRC government authorities, payments of current account items, such as profit distributions 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 regulatory authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as activities which may be conducted by our PRC subsidiaries in the future, including direct overseas investment, repayment of foreign currency-denominated loans, repatriation of investment and investment in securities outside of China.

On March 30, 2015, the SAFE issued the Circular of the SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. Pursuant to SAFE Circular 19, up to 100% of foreign currency capital of a FIE may be converted into RMB capital according to the actual operation, and within the business scope, of the enterprise at its will. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to FIEs' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. On June 9, 2016, SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a FIE to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. On October 23, 2019, the SAFE issued the Notice of the SAFE on Further Facilitating Cross-border Trade

and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects. If the VIEs require financial support from us or our wholly owned subsidiary in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, we shall be subject to statutory limits and restrictions described above. Violations of such SAFE regulations could result in administrative penalties.

Under the *Circular of the SAFE on Foreign Exchange Administration of the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles*, or the *SAFE Circular 37*, issued by the SAFE and effective on July 4, 2014, and *Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration for Direct Investment*, or the *SAFE Circular No. 13*, effective from June 1, 2015, PRC residents are required to register with the local SAFE branch or a qualified bank prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. Following the initial registration, such PRC residents are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV. As of the date of this prospectus, all of our beneficial owners who are PRC individuals have completed their initial registration in accordance with SAFE Circular 37 and SAFE Circular No. 13.

In addition, based on the *SAFE Circular No.13* and other laws and regulations relating to foreign exchange, if we setting up a new foreign-invested enterprise in the PRC in the future, the foreign invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including without limitation any increase in its registered capital or total investment, the foreign invested enterprise shall register such changes with the bank located at its registered place after obtaining the approval from or completing the filing or reporting with competent authorities.

Failure to comply with the registration procedures set forth in the *SAFE Circular 37* and *SAFE Circular No. 13* or making misrepresentation on or failure to disclose controllers of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject our beneficial owners who are PRC residents to penalties under PRC foreign exchange administration regulations.

## **Regulations on Loans by Foreign Companies to their PRC Subsidiaries**

### ***Former Foreign Debt Mechanism***

Loans made by foreign investors as shareholders in foreign invested enterprises established in China are considered to be foreign debts and are mainly regulated by the *Administrative Regulations of the PRC on Foreign Exchange*, the *Interim Provisions on the Management of Foreign Debts*, the *Statistical Monitoring of Foreign Debts Tentative Provisions*, and the *Administrative Measures for Registration of Foreign Debts*. Pursuant to these regulations and rules, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE, but such foreign debt must be registered with and recorded by SAFE or its local branches within 15 business days after entering into the foreign debt contract. Under these regulations and rules, the balance of the foreign debts of a foreign invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign invested enterprise, or Total Investment and Registered Capital Balance.

### ***PBOC No. 9 Foreign Debt Mechanism***

The PBOC Notice No. 9 issued by the PBOC on January 12, 2017, provides another foreign debt administration mechanism (the "PBOC No. 9 Foreign Debt Mechanism"). According to the PBOC Notice No. 9, enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. According to the PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or Risk-Weighted Approach, and shall not exceed the specified upper limit,

namely: risk-weighted outstanding cross-border financing  $\leq$  the upper limit of risk-weighted outstanding cross-border financing. Risk-weighted outstanding cross-border financing =  $\sum$  outstanding amount of RMB and foreign currency denominated cross-border financing x maturity risk conversion factor x type risk conversion factor +  $\sum$  outstanding foreign currency denominated cross-border financing x exchange rate risk conversion factor. Maturity risk conversion factor shall be 1 for medium- and long-term cross-border financing with a term of more than one year and 1.5 for short-term cross-border financing with a term of less than one year. Type risk conversion factor shall be 1 for on-balance-sheet financing and 1 for off-balance-sheet financing (contingent liabilities) for the time being. Exchange rate risk conversion factor shall be 0.5. The PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be its net assets x the leverage rate of cross-border financing x the macro-prudential adjustment parameters, or Net Asset Limits. The leverage rate of cross-border financing for enterprise is 2, and the macro-prudential adjustment parameters is 1. The People's Bank of China, or PBOC, may adjust the leverage rate for cross-border financing and the macro-prudential adjustment parameters as it deems appropriate. The PBOC adjusted the macro-prudential adjustment parameters up to 1.25 in March 2020 and down to 1 in January 2021. Enterprises shall file with SAFE in its capital item information system after entering into a cross-border financing agreement, but no later than three business days before making a withdrawal. PBOC Notice No. 9 provides that within a transition period of one year from January 12, 2017, the foreign invested enterprises may choose to adopt either Former Foreign Debt Mechanism or the PBOC No. 9 Foreign Debt Mechanism, at their own discretion.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Former Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits and we will need to file the loans with SAFE in its information system in the event that the PBOC No. 9 Foreign Debt Mechanism applies. Under the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the PBOC and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the PBOC nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries.

Moreover, according to the Notice on Pushing Forth Administrative Reform for Filing and Registration for Issuance of Foreign Debt by Enterprises issued by the NDRC on September 14, 2015, any foreign debt provided by foreign entities to PRC entities with a term of more than 1 year must be filed and registered with the NDRC.

#### **Regulations on Dividend Distribution**

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in the PRC include the *Company Law* of the PRC, as amended in 1999, 2004, 2005, 2013 and 2018, and the *Foreign Investment Law*, which came into effect on January 1, 2020. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not 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.

#### **M&A Rules and Overseas Listing**

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also requires that an offshore SPV formed for overseas listing purposes and controlled directly or indirectly by the PRC Citizens shall obtain the approval of the CSRC prior to overseas listing and trading of such SPV's securities on an overseas stock exchange.

## Management

### Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Peixuan Wang	46	Chairwoman of the Board
Yong Hu	45	Director and Chief Executive Officer
Li Sun	41	Director
Jingru Li	37	Director
Man Lung Everett Chui	57	Independent Director
Wai Leung Alfred Lau	40	Independent Director
Keikyo Haribayashi	53	Independent Director
Xiaolei Ni	36	Chief Financial Officer

*Ms. Peixuan Wang*, the founder of the Group, was appointed as the chairwoman of the board on September 18, 2018. Ms. Wang has more than ten years of experience in investment and management and is responsible for the strategic planning of the Group. From May 2011, Ms. Wang worked in two positions at Beijing Sentu including as president and chairwoman of the board of directors. Ms. Wang also served as director of Rongde Times from February 2010. From September 2008 to July 2009, Ms. Wang worked as financial officer of Huaxia Western China Economic Development Co., Ltd. Ms. Wang graduated from Guilin University of Electronic Technology (formerly known as Guilin Electronic Industry College) with a degree in applied electronic technology and graduated from Renmin University of China with a bachelor degree in finance in July 2006.

*Mr. Yong Hu* joined the Group in February 2017 as the chief executive officer and general manager of Beijing Sentu and was appointed as a Director on September 18, 2018. Mr. Yong Hu has more than twelve years of experience in corporate management and is responsible for the overall operation and business management development of the Group. From November 2006 to January 2017, Mr Hu worked as general manager of Rongji Wuyi (Beijing) Information Technology Co., Ltd. (Beijing branch of Fujian Rongji Software, a listed company in China). From March 2004 to November 2006, Mr. Hu worked as sales manager of Beijing Donglan Digital Technology Co., Ltd. (formerly known as Beijing Huashen Huizheng Information Technology Co., Ltd.). Prior to that, Mr. Hu worked as sales manager at Cailian (Beijing) Information Technology Company Limited from March 2000 to January 2004. Mr. Hu graduated from Renmin University of China with a master degree in business management in December 2003 and graduated from University of Northern Virginia with a master degree in business administration in January 2004.

*Ms. Li Sun* joined the Group in May 2011 and was appointed as a Director on September 18, 2018. Ms. Sun has more than seven years of experience in IT industry and is responsible for the human resources management, listing related matters and administration and qualification application of the Group. From May 2011, Ms. Sun worked in several positions at Beijing Sentu including as human resource manager and director. From July 2006 to March 2011, Ms. Sun served as human resource director of Beijing Rongde Information Technology Co., Ltd. Prior to that, Ms. Sun worked as human resources assistant at Beijing Donglan Digital Technology Co., Ltd. (formerly known as Beijing Huashen Huizheng Information Technology Co., Ltd.) from July 2004 to June 2006. Ms. Sun graduated from University of International Business and Economics with bachelor degrees in administrative management and finance in July 2004.

*Ms. Jingru Li* joined the Group in May 2011 and was appointed as a Director on March 12, 2018. Ms. Li has more than seven years of experience in IT industry and is responsible for the day-to-day administrative and operational management of the Group and overseeing the senior management team of the Group. From May 2011, Ms. Li worked in two positions at Beijing Sentu including as head of executive department and director. From July 2005 to March 2011, Ms. Li worked as manager of administrative and finance department at Beijing Rongde Information Technology Co., Ltd. Ms. Li graduated from Beijing Youth Politics College with a bachelor degree in business operations and management in July 2005.



*Mr. Man Lung Everett Chui* was appointed as an independent non-executive Director on September 18, 2018. Mr. Chui founded Cen-1 Partners Limited in July 2008 and served as its director since then. Prior to that, Mr. Chui worked as financial controller, company secretary and a member of the management committee of Yau Lee Holdings Limited (HKEX: 0406) from February 1995 to June 2008. From October 1987 to May 1993, Mr. Chui worked as assistant manager at KPMG Peat Marwick. Mr. Chui served as independent non-executive director of multiple companies whose shares are listed on the Hong Kong Stock Exchange, including Mingyuan Medicare Development Company Limited (HKEX: 0233), China Ocean Fishing Holdings Limited (HKEX: 8047), New Sports Group Limited (HKEX: 0299), Taung Gold International Limited (HKEX: 0621), Million Star Holdings Limited (HKEX: 8093) and Up Energy Development Group Limited (HKEX: 0307). Mr. Chui has been a member of the Hong Kong Institute of Certified Public Accountants since January 1991 and has been a fellow member of the Chartered Association of Certified Accountants since January 1996. He has been a fellow member of the Institute of Chartered Accountants in England and Wales since January 2018. Mr. Chui graduated from University of Southampton with a bachelor degree in business economics & accounting in July 1986.

*Mr. Wai Leung Alfred Lau* was appointed as an independent non-executive Director on September 18, 2018. From July 2020, Mr. Lau served as company secretary and authorized representative at Risecomm Group Holdings Limited (HKEX: 1679). Prior to that, Mr. Lau served as non-executive directors at several companies whose shares are listed on the Hong Kong Stock Exchange, including Samson Paper Holdings Limited (HKEX: 731), Sau San Tong Holdings Limited (HKEX: 8200) and Risecomm Group Holdings Limited (HKEX: 1679). Mr. Lau is a member of the American Institute of Certified Public Accountants since July 2013 and also certified as a certified public accountant in Washington State of the United States of America since June 2012. Mr. Lau graduated from the City University of Hong Kong with a bachelor degree in business administration in July 2002.

*Mr. Keikyo Haribayashi* was appointed as an independent non-executive Director on September 18, 2018. Mr. Haribayashi joined EPS Holdings Inc. (TOPIX: 4282) and worked as a manager of business strategy department global business management office. From January 2016 to March 2018, Mr. Haribayashi served as manager of business planning division of SRA Holding Inc. (TOPIX: 3817). From August 2001 to January 2016, Mr. Haribayashi worked as manager of finance and accounting division of CAICA Inc (TOPIX: 2315). Prior to that, Mr. Haribayashi worked as senior associate at KPMG Peat Marwick from April 1995 to July 2001. Mr. Haribayashi graduated from Fuzhou University with a bachelor degree in accounting in July 1989 and graduated from Yokohama National University with a master degree in business administration in March 1995.

*Mr. Xiaolei Ni* joined the Group in September 2018 and was appointed as the Chief Financial Officer of our Company on September 18, 2018. Mr. Ni has more than nine years of experiences in the field of accounting and finance. Mr. Ni is responsible for financial management of the Group. From January 2015 to December 2017, Mr. Ni served as senior auditor of Deloitte Touché Tohmatsu Huayong CPA LLP. Prior to that, Mr. Ni worked as senior auditor of ShineWing CPA LLP from November 2012 to December 2014. Mr. Xiaolei Ni graduated from Lingnan University in Hong Kong with a bachelor degree in business administration in October 2008.

#### **Board of Directors**

Our board of directors will consist of 7 directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1, in which this prospectus forms is included. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested, provided that (i) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice and (ii) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, mortgage or charge its undertaking, property, and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any debt, liability, or obligation of the company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

## Committees of the Board

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, in which this prospectus is included: an audit committee, a compensation committee and corporate governance and nominating committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

*Audit Committee.* Our audit committee will consist of Man Lung Everett Chui, Wai Leung Alfred Lau and Keikyo Haribayashi, and will be chaired by Man Lung Everett Chui. Man Lung Everett Chui, Wai Leung Alfred Lau and Keikyo Haribayashi satisfy the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Listing Rules and meet the independence standards under Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Man Lung Everett Chui qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

*Compensation Committee.* Our compensation committee will consist of Man Lung Everett Chui, Wai Leung Alfred Lau and Yong Hu and will be chaired by Man Lung Everett Chui. Man Lung Everett Chui, Wai Leung Alfred Lau satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Listing Rules. Our compensation committee will assist 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 upon, save for the exceptions as may be set forth. The compensation committee will be 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; and
- selecting and receiving advice from compensation consultants, legal counsel or other advisors only after taking into consideration all factors relevant to that person's independence from management.

*Corporate Governance and Nominating Committee.* Our corporate governance and nominating committee will consist of Peixuan Wang, Man Lung Everett Chui and Wai Leung Alfred Lau, and will be chaired by Peixuan Wang. Man Lung Everett Chui and Wai Leung Alfred Lau satisfy the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Listing Rules. The corporate governance and nominating committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board of directors and its committees. The corporate governance and nominating committee will be responsible for, among other things:

- selecting and recommending nominees for election by the shareholders or appointment by the board;



- reviewing annually with our board its current composition with regards to the characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any remedial action to be taken.

#### **Duties of Directors**

Under Cayman Islands law, our directors owe fiduciary duties to our company, 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 owe to our 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 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 post-offering memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain limited circumstances have the right to seek damages if a duty owed by the 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 in our company, including the registering of such shares in our share register.

#### **Terms of Directors and Executive Officers**

Our directors may be elected by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as they are removed from office by an ordinary resolution of our shareholders. In addition, a director will 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. Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

#### **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with our executive officers. Each of our executive officers is employed for a continuous term, or a specified time period which will be automatically extended, unless either we or the executive officer gives prior notice to terminate such employment. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to the commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offense other than one which in the opinion of the board does not affect the executive's

position, willful disobedience of a lawful and reasonable order, misconduct being inconsistent with the due and faithful discharge of the executive officer's material duties, fraud or dishonesty, or habitual neglect of his or her duties. An executive officer may terminate his or her employment at any time with written notice sixty days prior.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information or trade secrets. Each executive officer has also agreed to disclose in confidence to us all inventions, intellectual and industry property rights and trade secrets which they made, discover, conceive, develop or reduce to practice during the executive officer's employment with us and to assign to our company all of his or her associated titles, interests, patents, patent rights, copyrights, trade secret rights, trademarks, trademark rights, mask work rights and other intellectual property and rights anywhere in the world which the executive officer may solely or jointly conceive, invent, discover, reduce to practice, create, drive, develop or make, or cause to be conceived, invented, discovered, reduced to practice, created, driven, developed or made, during the period of the executive officer's employment with us that are either related to the business of us and the VIEs, actual or demonstrably anticipated research or development or any of the services of us and the VIEs being developed, manufactured, marketed, sold, or are related to the scope of the employment or make use of the resources of us and the VIEs. In addition, all executive officers have agreed to be bound by non-competition and non-solicitation restrictions set forth in their agreements. Each executive officer has agreed to devote all his or her working time and attention to the business and use best efforts to develop the business and interests of us and the VIEs. Moreover, each executive officer has agreed not to, for a certain period following termination of his or her employment or expiration of the employment agreement: (i) carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with us, (ii) solicit or entice away any of the business partners, representatives or agents of us and the VIEs, or (iii) employ, solicit or entice away or attempt to employ, solicit or entice away any of the officers, managers, consultants or employees of us and the VIEs.

We have entered into indemnification agreements with our directors and executive officers, pursuant to which we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

#### **Compensation of Directors and Executive Officers**

For the year ended December 31, 2020, we paid an aggregate of RMB1.0 million (US0.2 million) in cash and benefits to our executive officers and we did not pay any compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

### Principal Shareholders

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers; and
- each person known to us to beneficially own 5% or more of our ordinary shares.

The calculations in the table below are based on 111,110,000 ordinary shares issued and outstanding on an as-converted basis as of the date of this prospectus, assuming an initial public offering price of US\$ per ADS, the mid-point of the estimated initial public offering price range on the front cover page of this prospectus, and ordinary shares issued and outstanding immediately after the completion of this offering, assuming the underwriters do not exercise their option to purchase additional 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.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Beneficially Owned Immediately After This Offering		Percentage of aggregate voting power**
	Number	%*	Number	%	
<b>Directors and Executive Officers†:</b>					
Peixuan Wang <sup>(1)</sup>	54,790,000	49.31			
Yong Hu	—	—			
Li Sun	—	—			
Jingru Li <sup>(2)</sup>	22,990,000	20.69			
Chui Man Lung Everett	—	—			
Lau Wai Leung Alfred	—	—			
Haribayashi Keikyo	—	—			
Xiaolei Ni	—	—			
<b>All Directors and Executive Officers as a Group</b>	<b>77,780,000</b>	<b>70.00</b>			
<b>Principal Shareholders:</b>					
RongDe Holdings <sup>(3)</sup>	54,790,000	49.31			
ZhongSiZhiDa <sup>(4)</sup>	22,990,000	20.69			
RoseFinch Aquarius <sup>(5)</sup>	19,160,000	17.24			
Dongxing Securities (Hong Kong) <sup>(6)</sup>	11,110,000	10			

\* For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by 111,110,000, being the number of ordinary shares as of the date of this prospectus.

\*\* For each person or group included in this column, percentage of total voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class.

† The business address of our directors and executive officers is 27/F, Tower A, Yingdu Building Zhichun Road, Haidian District, Beijing, 100086, the People's Republic of China.

(1) Represents 54,790,000 ordinary shares held by RongDe Holdings Limited, a British Virgin Islands company wholly-owned by Ms. Peixuan Wang.

(2) Represents 22,990,000 ordinary shares held by ZhongSiZhiDa Limited, a British Virgin Islands company controlled by Ms. Li Jingru.

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- (3) Represents 54,790,000 ordinary shares held by RongDe Holdings Limited, a British Virgin Islands company wholly-owned by Ms. Peixuan Wang. The registered address of RongDe Holdings Limited is Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. .
- (4) Represents 22,990,000 ordinary shares held by ZhongSiZhiDa Limited, a British Virgin Islands company controlled by Ms. Jingru Li. The registered address of ZhongSiZhiDa Limited is Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.
- (5) Represents 19,160,000 ordinary shares held by RoseFinch Aquarius Limited, a British Virgin Islands company controlled by Mr. Li Meiliang. The registered address of RoseFinch Aquarius Limited is Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.
- (6) Represents 11,110,000 preferred shares held by Dongxing Securities (Hong Kong) Financial Holdings Limited, a Hong Kong company wholly-owned by Dongxing Securities Co., Ltd.\*, which in turn is 52.74% owned by China Orient Asset Management Corporation. Dongxing Securities, through its subsidiaries, is primary engaged in provision of investment and financial services in Hong Kong. The registered address of Dongxing Securities (Hong Kong) Financial Holdings Limited is Room 6805-6806A, 68<sup>th</sup> Floor, World Trade Plaza, 1 Kirstyon Road West, Kowloon, Hong Kong. All the preferred shares held by Dongxing Securities (Hong Kong) Financial Holdings Limited will be automatically re-designated as ordinary shares immediately prior to the completion of this offering.

As of the date of this prospectus, none of our outstanding 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.

## **Related Party Transactions**

### **Contractual Arrangements**

See “Corporate History and Structure” for a description of the Contractual Arrangements by and among our WFOE, Beijing Sentu and the shareholders of Beijing Sentu.

### **Shareholders Agreement**

See “Description of Share Capital — History of Securities Issuances — Shareholders Agreement.”

### **Employment Agreements and Indemnification Agreements**

See “Management — Employment Agreements and Indemnification Agreements.”

### **Other Transactions with Related Parties**

Xinyutong Kezhuyong Enterprise Management Center is an entity partially owned by Mr. Li Qizhang, a member of our VIEs’ management team. As of June 30, 2021, we had RMB 24.7 million (US\$3.8 million), representing the outstanding payables to Xinyutong Kezhuyong Enterprise Management Center, for the purchase of 51% equity interests of Guangzhou Xingzhiqiao on September 30, 2017 and remaining 49% equity interests of Guangzhou Xingzhiqiao on August 31, 2018.

### Description of Share Capital

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association, as amended from time to time, and the Companies Act (2021 Revision) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of Cayman Islands.

As of the date of this prospectus, our authorized share capital is US\$50,000 divided into 500,000,000 shares, par value of US\$0.0001 each, comprising of 500,000,000 ordinary shares of a par value of US\$0.0001 each. As of the date of this prospectus, 111,110,000 ordinary shares are issued and outstanding.

Immediately prior to the completion of this offering, we will have \_\_\_\_\_ ordinary shares issued and outstanding, assuming the underwriters do not exercise the option to purchase additional ADSs. All of our shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

#### Our Post-Offering Memorandum and Articles of Association

We will adopt an amended and restated memorandum and articles of association, which will become effective and replace our current memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

*Objects of Our Company.* Under our post-offering memorandum and articles of association, the objects of our company are unrestricted, and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

*Ordinary Shares.* Our 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 non-residents of the Cayman Islands may freely hold and vote their shares.

*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 post-offering memorandum and articles of association provide that dividends may be declared and paid out of the funds of our Company lawfully available therefor. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account; provided that in no circumstances may a dividend be paid out of above premium 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 demanded. A poll may be demanded by the chairwoman of such meeting or any one shareholder holding not less than 10% of the votes attaching to the shares present in person or by proxy.

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 issued and outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering 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 post-offering 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 chairwoman of our board of directors or by our directors (acting by a resolution of our board). Advance notice of at least ten clear 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, at the time when the meeting proceeds to business, one or more of our shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to issued and outstanding shares in our company entitled to vote at such 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 post-offering memorandum and articles of association provide that upon the requisition of any one or more of our shareholders holding shares which carry in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to 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 post-offering 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 below, any of our shareholders may transfer all or any of his or her 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 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 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 in accordance with the rules of the Nasdaq, 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 days in any 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, such the assets will be distributed so that, as nearly as may be, 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, before the issue of such shares, by our board of directors or by our shareholders by special resolution. 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 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.* Whenever the capital of our company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of two-thirds of all of the issued shares of that class or with the sanction of a resolution passed by a majority of two-thirds of the votes cast 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, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with such existing class of shares.

*Issuance of Additional Shares.* Our post-offering memorandum and articles of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our post-offering memorandum and articles of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including, among other things:

- 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 preference shares without action by our shareholders to the extent authorized but unissued. 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. 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 post-offering 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 preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference 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 post-offering 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 issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- 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 that shareholder’s 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).

### **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 the 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, (a) “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 (b) 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 plan must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of 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 ninety percent (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 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 majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are 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 a dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% 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, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, 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 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 courts 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 post-offering memorandum and articles of association provide that we shall indemnify our directors and officers, and their personal representatives, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such persons, 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 post-offering 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 towards 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 post-offering amended and restated articles of association provide that 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 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 post-offering amended and restated articles of association allow our shareholders holding shares which carry in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company 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 post-offering amended and restated articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands 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 post-offering amended and restated 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 outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering amended and restated articles of association, subject to certain restrictions as contained therein, directors may be removed with or without cause, 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's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated or; (v) is removed from office pursuant to any other provisions of our post-offering memorandum and 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 share 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, it does provide that 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.

*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 the board.

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 post-offering amended and restated 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 two-thirds of the holders of the issued shares of that class or with the sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.

*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 Cayman Islands law, our post-offering memorandum and articles of association may only be amended with a special resolution of our shareholders.

*Rights of Non-resident or Foreign Shareholders.* There are no limitations imposed by our post-offering 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 post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

### **History of Securities Issuances**

The following is a summary of our securities issuances in the past three years.

#### ***Share Split***

On July 8, 2021, we effected a 10000-for-1 share split whereby each of our then authorized and outstanding ordinary shares, par value US\$1.00 each, was divided into ten thousand ordinary shares, par value US\$0.0001 each. The share split has been retroactively reflected for all periods presented in this prospectus.

#### ***Ordinary Shares***

As of the date of the incorporation of our Company, the authorized share capital of our Company was US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each. At the time of incorporation, the issued share capital of our Company was US\$1.00, with one Share of US\$1.00 and held by Sertus Nominees (Cayman) Limited, an independent third party. On the same date, the said one Share was transferred to RongDe Holdings for a consideration at par value. On March 12, 2018, our Company issued and allotted 5,478, 2,299, 1,916 and 306 Shares to RongDe Holdings Limited, ZhongSiZhiDa Limited, RoseFinch Aquarius Limited and JianXian Holdings Limited, respectively, for US\$1.00 per Share. On July 19, 2018, our Company issued and allotted 1,111 Shares to Dongxing Securities for a consideration of HK\$53,400,000.

## Description of American Depositary Shares

### American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent \_\_\_\_ [shares] (or a right to receive \_\_\_\_ [shares]) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. The laws of the Cayman Islands governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Directions on how to obtain copies of those documents are provided on page 178.

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

**Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See page 163. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

**Shares.** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

**Other Distributions.** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

## **Deposit, Withdrawal and Cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

### ***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## Voting Rights

### How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

*Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares.* However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If (i) we asked the depositary to solicit your voting instructions to be received by a specified date before the meeting date, (ii) the depositary does not receive voting instructions from you by the specified date and (iii) we confirm to the depositary that:

- we wish to receive a proxy to vote uninstructed shares;
- we reasonably do not know of any substantial shareholder opposition to a particular question; and
- the particular question is not materially adverse to the interests of shareholders,

the depositary will consider you to have authorized and directed it to give, and it will give, a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs as to that question.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 40 days in advance of the meeting date.

### Fees and Expenses

#### *Persons depositing or withdrawing shares or ADS holders must pay:*

	<i>For:</i>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares



**Persons depositing or withdrawing shares or ADS holders must pay:**

**For:**

Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary 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 by it or its affiliate 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 obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from the us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

**Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

## **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

## **Amendment and Termination**

### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

### ***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;

- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

#### **Limitations on Obligations and Liability**

##### ***Limits on our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

### **Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### **Your Right to Receive the Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

### **Shareholder communications; inspection of register of holders of ADSs**

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to the business of us and the VIEs or the ADSs.

**Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

### Shares Eligible for Future Sale

Upon the completion of this offering, we will have ADSs outstanding, representing ordinary shares, or approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and while the ADSs have been approved for listing on the Nasdaq, we cannot assure you that a regular trading market for ADSs may develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

#### Lock-up Agreements

We, our directors and executive officers and our existing shareholders have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any of our ordinary shares, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, in the form of ADSs or otherwise, for a period of 180 days after the date of this prospectus. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, executive officers and our existing shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

#### Rule 144

All of our ordinary shares outstanding prior to this offering are “restricted shares” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements. Under Rule 144 as currently in effect, a person who has beneficially owned our restricted shares for at least six months is generally entitled to sell the restricted securities without registration under the Securities Act beginning 90 days after the date of this prospectus, subject to certain additional restrictions.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which will equal approximately ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our ordinary shares in the form of ADSs or otherwise on the Nasdaq during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they are also subject to notice requirements and the availability of current public information about us.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of current public information about us, and this additional restriction does not apply if they have beneficially owned our restricted shares for more than one year.

#### Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of the employees, consultants or advisors of us and the VIEs who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

## Taxation

*The following summary of Cayman Islands, the PRC and U.S. federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws, or tax laws of jurisdictions other than the Cayman Islands, the PRC and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers Dill & Pearman, our Cayman Islands counsel. To the extent that the discussion relates to matters of the PRC tax law, it represents the opinion of Commerce & Finance Law Offices, our PRC counsel.*

### Cayman Islands Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

Further, no stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land 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.

### PRC Taxation

Under the PRC Enterprise Income Tax Law, which became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, an enterprise established outside the PRC with “de facto management bodies” within the PRC 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. Under the implementation rules to the PRC Enterprise Income Tax Law, 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.

In addition, the SAT Circular 82 issued by the State Administration of Taxation in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: (a) senior management personnel and core management departments that are responsible for daily production, operation and management; (b) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) key properties, accounting books, company seal, minutes of board meetings and shareholders’ meetings; and (d) half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation), or SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on resident status and administration on post-determination matters. Our company is incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe our other entities outside China are not PRC resident enterprises either. 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.” There can be no assurance that the PRC government will ultimately take a view that is consistent with our position. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the

ADS holders) if such dividends are deemed to be sourced within the PRC. In addition, non-PRC resident enterprise shareholders (including the ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares at a rate of 10%, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us) if such dividends or gains are deemed to be sourced within the PRC. These rates may be reduced by an applicable tax treaty, but 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. See “Risk Factors — 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.”

#### **United States Federal Income Tax Considerations**

The following discussion describes the material United States federal income tax consequences to a United States Holder (as defined below), under current law, of an investment in the ADSs or ordinary shares in the offering. This discussion is based on the federal income tax laws of the United States as of the date of this prospectus, including the United States Internal Revenue Code of 1986, as amended, or the Code, existing and proposed Treasury Regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service, or the IRS, and other applicable authorities, all as of the date of this prospectus. All of the foregoing authorities are subject to change, which change could apply retroactively and could significantly affect the tax consequences described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements and conclusions. This discussion, moreover, does not address the United States federal estate, gift, Medicare, and alternative minimum tax considerations, or any state, local and non-United States tax considerations, relating to the ownership or disposition of the ADSs or ordinary shares. Except as specifically described below, this discussion does not address any of the consequences of holding the ADSs or ordinary shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States, including withholding taxes or reporting obligations applicable to accounts maintained with non-United States financial institutions (through which a United States Holder may hold the ADSs or ordinary shares).

This discussion applies only to a United States Holder (as defined below) that holds ADSs or ordinary shares as capital assets for United States federal income tax purposes (generally, property held for investment). The discussion neither addresses the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations, such as:

- banks and certain other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- brokers or dealers in stocks and securities, or currencies;
- persons who use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the United States anti-inversion rules;
- tax-exempt organizations and entities;
- persons subject to the alternative minimum tax provisions of the Code;
- persons whose functional currency is other than the United States dollar;
- persons holding ADSs or ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own ADSs or ordinary shares representing 10% or more of our voting power or value;



- persons who acquired ADSs or ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding ADSs or ordinary shares through such entities;
- persons required to accelerate the recognition of any item of gross income with respect to the ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement; or
- persons that held, directly, indirectly or by attribution, ADSs or ordinary shares or other ownership interests in us prior to this offering.

If a partnership (including an entity or arrangement treated as a partnership for United States federal income tax purposes) holds the ADSs or ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership or partner in a partnership holding ADSs or ordinary shares should consult its own tax advisors regarding the tax consequences of investing in and holding the ADSs or ordinary shares.

**THE FOLLOWING DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX LAWS OR THE LAWS OF ANY STATE, LOCAL OR NON-UNITED STATES TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

For purposes of the discussion below, a “United States Holder” is a beneficial owner of the ADSs or ordinary shares that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury Regulations to treat such trust as a domestic trust.

The discussion below assumes that the representations contained in the deposit agreement and any related agreement are true and that the obligations in such agreements will be complied with in accordance with their terms.

#### **ADSs**

For United States federal income tax purposes, it is generally expected that a United States Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a United States Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to United States federal income tax.

#### ***Dividends and Other Distributions on the ADSs or Ordinary Shares***

Subject to the passive foreign investment company rules discussed below, the gross amount of any distribution that we make to you with respect to the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as a dividend, to the extent paid out of the current or accumulated earnings of us and the VIEs and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in your gross income on the day actually or constructively received by you, if you own the ordinary shares, or by the depository, if you own ADSs. Because we do not intend to determine the earnings and profits of us and the VIEs on the basis of United States federal income tax principles, any distribution paid generally will be reported as a “dividend” for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to qualifying corporations under the Code.

Dividends received by a non-corporate United States Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-United States corporation is treated as a qualified foreign corporation (i) with respect to dividends paid by that corporation on shares (or American depositary shares backed by such shares) that are readily tradable on an established securities market in the United States or (ii) if such non-United States corporation is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program. However, a non-United States corporation will not be treated as a qualified foreign corporation if it is a passive foreign investment company in the taxable year in which the dividend is paid or the preceding taxable year.

Under a published IRS Notice, common or ordinary shares, or American depositary shares representing such shares, are considered to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq, as the ADSs (but not our ordinary shares) are expected to be. Based on existing guidance, it is unclear whether the ordinary shares will be considered to be readily tradable on an established securities market in the United States, because only the ADSs, and not the underlying ordinary shares, will be listed on a securities market in the United States. We believe, but we cannot assure you, that dividends we pay on the ordinary shares that are represented by ADSs, but not on the ordinary shares that are not so represented, will, subject to applicable limitations, be eligible for the reduced rates of taxation. In addition, if we are treated as a PRC resident enterprise under the PRC tax law (see “Taxation — PRC Taxation”), then we may be eligible for the benefits of the income tax treaty between the United States and the PRC. If we are eligible for such benefits, then dividends that we pay on our ordinary shares, regardless of whether such shares are represented by ADSs, would, subject to applicable limitations, be eligible for the reduced rates of taxation.

Even if dividends would be treated as paid by a qualified foreign corporation, a non-corporate United States Holder will not be eligible for reduced rates of taxation if it does not hold the ADSs or ordinary shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date or if the United States Holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate United States Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property.

You should consult your own tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to the ADSs or ordinary shares, as well as the effect of any change in applicable law after the date of this prospectus.

Any PRC withholding taxes imposed on dividends paid to you with respect to the ADSs or ordinary shares generally will be treated as foreign taxes eligible for credit against your United States federal income tax liability, subject to the various limitations and disallowance rules that apply to foreign tax credits generally. For purposes of calculating the foreign tax credit, dividends paid to you with respect to the ADSs or ordinary shares will be treated as income from sources outside the United States and generally will constitute passive category income. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

#### ***Disposition of the ADSs or Ordinary Shares***

You will recognize gain or loss on a sale or exchange of the ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or exchange and your tax basis in the ADSs or ordinary shares. Subject to the discussion under “— Passive Foreign Investment Company” below, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate United States Holder, including an individual, that has held the shares for more than one year currently are eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of the ADSs or ordinary shares generally will be treated as United States-source income or loss for foreign tax credit limitation purposes. However, if we are treated as a PRC resident enterprise for PRC tax purposes and PRC tax is imposed on gain from the disposition of the ADSs or ordinary shares (see “Taxation — PRC Taxation”), then a United States Holder that is eligible for the benefits of the income tax treaty between the United States and the PRC may elect to treat the gain as PRC-source income for foreign tax credit purposes. If such an election is made, the gain so treated will be treated as a separate class or “basket” of income for foreign tax credit purposes. You should consult your tax advisors regarding the proper treatment of gain or loss, as well as the availability of a foreign tax credit, in your particular circumstances.

***Passive Foreign Investment Company***

We will be treated as a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of our Group's gross income for such year is passive income; or
- at least 50% of the value of our Group's assets (determined based on a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

Although the law in this regard is not entirely clear, we treat the VIEs as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we consolidated their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of Beijing Sentu or its subsidiaries for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the consolidated VIE and its subsidiaries for U.S. federal income tax purposes, and based on the current and anticipated value of the assets of us and the VIEs and composition of the income and assets of us and the VIEs (taking into account the expected cash proceeds from, and the anticipated market capitalization of us and the VIEs following, this offering), we do not presently expect to be a PFIC for the current taxable year or the foreseeable future. However, while we do not expect to be or become a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made annually after the close of each taxable year that depends, in part, upon the composition of the income and assets of us and the VIEs. Fluctuations in the market price of the ADSs may cause us to be or become a PFIC for the current or subsequent taxable years because the value of the assets of us and the VIEs for the purpose of the asset test, including the value of the goodwill and other unbooked intangibles of us and the VIEs, may be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of the income and assets of us and the VIEs may also be affected by how, and how quickly, we use the liquid assets and the cash raised in this offering. If we determine not to deploy significant amounts of cash for active purposes or if it were determined that we do not own the stock of Beijing Sentu or its subsidiaries for U.S. federal income tax purposes, our risk of being a PFIC may substantially increase.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or ordinary shares, unless we were to cease to be a PFIC and you make a "deemed sale" election with respect to the ADSs or ordinary shares. If such election is made, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any "excess distribution" you receive from us or any gain from an actual sale or other disposition of the ADSs or ordinary shares. You are strongly urged to consult your 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 you.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, then, unless you make a "mark-to-market" election (as discussed below), you generally will be subject to special adverse tax rules with respect to any "excess distribution" that you receive from us and any gain that you recognize from a sale or other disposition, including a pledge, of ADSs or ordinary shares. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares and any of our non-United States subsidiaries or other corporate entities in which we own equity interests (including our consolidated VIE or any subsidiaries of the consolidated VIE) is also a PFIC, you would be treated as owning a proportionate amount (by value) of the shares of each such non-United States entity classified as a PFIC (each such entity, a lower tier PFIC) for purposes of the application of these rules. You should consult your own tax advisor regarding the application of the PFIC rules to any of our lower tier PFICs.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on the ADSs or ordinary shares as ordinary income under a mark-to-market method, provided that the ADSs or ordinary shares constitute “marketable stock.” Marketable stock is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. We expect that the ADSs, but not our ordinary shares, will be listed on the Nasdaq, which is a qualified exchange or other market for these purposes. Consequently, if the ADSs are listed on the Nasdaq and are regularly traded, and you are a holder of ADSs, we expect that the mark-to-market election would be available to you if we became a PFIC, but no assurances are given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a United States Holder that makes the mark-to-market election may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such United States Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In certain circumstances, a shareholder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to the ADSs or ordinary shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable Treasury regulations. We currently do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A United States Holder that holds the ADSs or ordinary shares in any year in which we are a PFIC will be required to file an annual report containing such information as the United States Treasury Department may require.

You should consult your own tax advisor regarding the application of the PFIC rules to your ownership and disposition of the ADSs or ordinary shares and the availability, application and consequences of the elections discussed above.

#### ***Information Reporting and Backup Withholding***

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of the ADSs or ordinary shares, and the proceeds from the sale or exchange of the ADSs or ordinary shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9 or you otherwise establish an exemption from information reporting and backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your United States federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

United States Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

#### ***Information with Respect to Foreign Financial Assets***

United States Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in the ADSs or ordinary shares as is necessary to identify the class or issue of which the ADSs or ordinary shares are a part. These requirements are subject to exceptions, including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all “specified foreign financial assets” (as defined in the Code) does not exceed \$50,000.

United States Holders should consult their tax advisors regarding the application of these information reporting rules.

### Underwriting

Under the terms and subject to the conditions contained in an underwriting agreement dated \_\_\_\_\_, 2021, the underwriters named below, AMTD Global Markets Limited and Loop Capital Markets LLC, acting as the representatives, have agreed to purchase, and we have agreed to sell, the number of ADSs indicated below. The address of AMTD Global Markets Limited is 23/F-25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong. The address of Loop Capital Markets LLC is 111 W. Jackson Boulevard, Suite 1901, Chicago, Illinois 60604, United States.

<b>Name of Underwriter</b>	<b>Number of ADSs</b>
AMTD Global Markets Limited	
Loop Capital Markets LLC	
<b>Total</b>	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, including the absence of any material adverse change in the business of us and the VIEs and the receipt of certain certificates, opinions and letters from us, our counsel and the independent registered public accounting firm. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. The underwriters are not required, however, to take or pay for the ADSs covered by the underwriters’ option to purchase additional ADSs described below.

The underwriters initially propose to offer part of the ADSs directly to the public at the initial public offering price listed on the front cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of US\$ \_\_\_\_\_ per ADS under the initial public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. AMTD Global Markets Limited is not a broker-dealer registered with the SEC and does not intend to make any offers or sales of the ADSs within the U.S. or to any U.S. persons.

#### Option to Purchase Additional ADSs

We have granted the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of \_\_\_\_\_ additional ADSs at the public offering price listed on the front cover page of this prospectus less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ADSs as the number listed next to the underwriter’s name in the preceding table bears to the total number of ADSs listed in the preceding table. If the underwriters’ option is exercised in full, the total price to the public would be US\$ \_\_\_\_\_, the total underwriters’ discounts and commissions would be US\$ \_\_\_\_\_ and the total proceeds to us (before expenses) would be US\$ \_\_\_\_\_.

#### Commissions and Expenses

The table below shows the per ADS and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. The underwriting discounts and commissions are determined by negotiations among us and the underwriters and are a percentage of the offering price to the public. Among the factors considered in determining the discounts and commissions are the size of the offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions. [These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional \_\_\_\_\_ ADSs.]

	Per ADS	Total	
		No Exercise	Full Exercise
Public offering price	US \$	US \$	US \$
Underwriting discounts and commissions to be paid by us	US \$	US \$	US \$
Proceeds, before expenses, to us	US \$	US \$	US \$

The estimated total expenses of the offering payable by us, excluding underwriting discounts and commissions, are approximately US\$ million. We have agreed to reimburse the underwriters for certain out-of-pocket expenses and fees, which will not exceed \$20,000.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

#### **Listing**

We have applied to list the ADSs on Nasdaq under the trading symbol “JZ.”

#### **Lock-Up Agreements**

We, our directors, executive officers, existing shareholders holding substantially all of our issued ordinary shares prior to this offering and holders of share-based awards have agreed, subject to certain exceptions, during the period commencing on the date hereof and ending 180 days after the date of this prospectus, not to, directly or indirectly, without the prior written consent of the representatives on behalf of the underwriters, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exchangeable or exercisable for the ordinary shares or ADSs beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs, whether any such transaction described in the foregoing is to be settled by delivery of the ordinary shares or ADSs or such other securities in cash or otherwise, or (3) publicly disclose the intention to make any such offer, sale, pledge or disposition, or enter into any such swap or other arrangements, or (4) make any demand for or exercise any right with respect to, the registration of any ordinary shares or ADSs.

The restrictions described in the preceding paragraph are subject to certain exceptions.

Subject to compliance with the notification requirements under FINRA Rule 5131 applicable to lockup agreements with our directors or officers, if the representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lockup agreement for an officer or director of us and provides us with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, we agree to announce the impending release or waiver by issuing a press release through a major news service at least two business days before the effective date of the release or waiver. Currently, there are no agreements, understandings or intentions, tacit or explicit, to release any of the securities from the lockup agreements prior to the expiration of the corresponding period.

In addition, we have instructed The Bank of New York Mellon, as depositary, not to accept any deposit of any ordinary shares or issue any ADSs for 180 days after the date of this prospectus (other than in connection with this offering), unless we instruct the depositary otherwise.

#### **Stabilization, Short Positions and Penalty Bids**

To facilitate this offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position

is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the ADSs, the underwriters may bid for, and purchase, ADSs in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the ADSs in this offering, if the syndicate repurchases previously distributed ADSs to cover syndicate short positions or to stabilize the price of the ADSs. Any of these activities may raise or maintain the market price of the ADSs above independent market levels or prevent or retard a decline in the market price of the ADSs. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

#### **Indemnification**

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

#### **Relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may, at any time, hold or recommend to clients that they acquire, long or short positions in such securities and instruments.

#### **Electronic Offer, Sale and Distribution of Shares**

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

#### **Pricing of the Offering**

Prior to this offering, there has been no public market for the ordinary shares or ADSs. The initial public offering price is determined by negotiations between us and the representatives. Among the factors considered in determining



the initial public offering price are the future prospects of us and the VIEs and those of the industry of us and the VIEs in general, the sales, earnings, certain other financial and operating information of us and the VIEs in recent periods, the price-earnings ratios, price-sales ratios and market prices of securities and certain financial and operating information of companies engaged in activities similar to ours and the VIEs', the general condition of the securities markets at the time of this offering, the recent market prices of, and demand for, publicly traded ordinary share of generally comparable companies, and other factors deemed relevant by the representatives and us. Neither we nor the underwriters can assure investors that an active trading market will develop for the ADSs, or that the ADSs will trade in the public market at or above the initial public offering price.

#### **Selling Restrictions**

No action may be taken in any jurisdiction other than the U.S. that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

**Australia.** This document has not been lodged with the Australian Securities & Investments Commission and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- (a) you confirm and warrant that you are either:
  - (i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act 2001 (C<sup>th</sup>) of Australia, or the Corporations Act;
  - (ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  - (iii) a person associated with the company under section 708(12) of the Corporations Act; or
  - (iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act;

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance; and

- (b) you warrant and agree that you will not offer any of the ADSs issued to you pursuant to this document for resale in Australia within 12 months of those ADSs being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

**Canada.** The ADSs may be sold in Canada only to purchasers resident or located in the Provinces of Ontario, Québec, Alberta and British Columbia, purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.



Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

**Cayman Islands.** This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

**Dubai International Financial Center (“DIFC”).** This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The ADSs to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the content of this prospectus, you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

**European Economic Area and United Kingdom.** In relation to each Member State of the European Economic Area and the United Kingdom (each a “Relevant State”), no shares have been offered or will be offered pursuant to this offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Shares shall require us or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

**Hong Kong.** The ADSs may not be offered or sold in Hong Kong by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the content of

which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

**Israel.** The ADSs offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (the ISA), nor has it been registered for sale in Israel. The ADSs may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the ADSs being offered. Any resale in Israel, directly or indirectly, to the public of the ADSs offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

**Japan.** The ADSs have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and ADSs will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

**Korea.** The ADSs have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “FSCMA”), and the ADSs have been and will be offered in Korea as a private placement under the FSCMA. None of the ADSs may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “FETL”). The ADSs have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the ADSs shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the ADSs. By the purchase of the ADSs, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the ADSs pursuant to the applicable laws and regulations of Korea.

**Kuwait.** Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 “Regulating the Negotiation of Securities and Establishment of Investment Funds,” its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

**Malaysia.** No prospectus or other offering material or document in connection with the offer and sale of the ADSs has been or will be registered with the Securities Commission of Malaysia, or the Commission, for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the ADSs, as principal, if the offer is on terms that the ADSs may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding 12 months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding 12 months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent

in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the ADSs is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

**People's Republic of China.** This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

**Qatar.** In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Center Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

**Singapore.** This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (2) to a relevant person or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

**Switzerland.** The ADSs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the ADSs or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, the issuer or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ADSs.

**Taiwan.** The ADSs have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the ADSs in Taiwan.

**United Arab Emirates.** The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

**United Kingdom.** Each underwriter has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA, received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply to us; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

**Expenses Related to This Offering**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which we expect to incur in connection with the offer and sale of the ADSs. With the exception of the SEC registration fee and the Financial Industry Regulatory Authority, or FINRA, filing fee, and the stock exchange market entry and listing fee, all amounts are estimates.

<b>SEC registration fee</b>	<b>US\$</b>
Stock exchange market entry and listing fee	
FINRA filing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
<b>Total</b>	<b>US\$</b>

These expenses will be borne by us.

### **Legal Matters**

The validity of the ADSs and certain other legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for us by Kirkland & Ellis International LLP. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for the underwriters by Sidley Austin LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and other certain legal matters as to Cayman Islands law will be passed upon for us by Conyers Dill & Pearman. Legal matters as to PRC law will be passed upon for us by Commerce & Finance Law Offices and for the underwriters by DeHeng Law Offices. Kirkland & Ellis International LLP may rely upon Conyers Dill & Pearman with respect to matters governed by Cayman Islands law and Commerce & Finance Law Offices with respect to matters governed by PRC law. Sidley Austin LLP may rely upon DeHeng Law Offices with respect to matters governed by PRC law.

### **Experts**

The consolidated financial statements as of December 31, 2019 and 2020, included in this prospectus have been so included in reliance on the report of Friedman LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The office of Friedman LLP is located at 165 Broadway, 21<sup>st</sup> Floor, New York, NY 10006.

### **Where You Can Find Additional Information**

We have filed a registration statement on Form F-1, including exhibits with the SEC, under the Securities Act with respect to the underlying ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing, among other things, the furnishing and content of proxy statements to shareholders, and Section 16 short swing profit reporting for our officers and directors and for holders of more than 10% of our ordinary shares.

All information filed with the SEC can be obtained over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov).

JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Jianzhi Education Technology Group Company Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Jianzhi Education Technology Group Company Limited and its subsidiaries (collectively, the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2020, and 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 December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, 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 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 statement. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company’s auditor since 2021.

New York, New York

March 26, 2021, except for Notes 1 and 17, as to which the date is April 30, 2021, Note 18, as to which the date is July 13, 2021, the convenience translation described in Note 2, as to which the date is October 29, 2021



## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

## CONSOLIDATED BALANCE SHEETS

	As of December 31,		
	2019	2020	2020
	RMB	RMB	US\$
			(Note 2)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	88,143,749	20,948,687	3,244,538
Restricted cash	124,500	—	—
Accounts receivable, net	83,574,920	114,804,432	17,780,942
Inventories	3,853,652	1,975,932	306,033
Prepaid expenses and other current assets	3,381,242	2,926,385	453,240
Short-term prepayments	15,604,329	2,664,222	412,635
Short-term investments	20,840,000	70,680,000	10,946,938
<b>Total current assets</b>	<b>215,522,392</b>	<b>213,999,658</b>	<b>33,144,326</b>
Non-current assets:			
Right-of-use assets, net	6,260,528	2,663,785	412,568
Deferred tax assets, net	862,628	323,643	50,126
Property and equipment, net	714,760	216,437	33,522
Educational contents, net	65,580,905	140,105,131	21,699,522
Intangible assets, net	27,978,790	23,843,505	3,692,889
Goodwill	7,712,011	7,712,011	1,194,438
Long-term prepayments	39,063,584	51,566,790	7,986,678
<b>Total non-current assets</b>	<b>148,173,206</b>	<b>226,431,302</b>	<b>35,069,743</b>
<b>Total assets</b>	<b>363,695,598</b>	<b>440,430,960</b>	<b>68,214,069</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	15,305,715	23,227,252	3,597,443
Salary and welfare payable	2,986,007	3,401,655	526,849
Deferred revenue	16,760,154	7,394,648	1,145,285
Income taxes payable	1,824,005	920,979	142,641
Value added tax (“VAT”) and other tax payable	8,116,781	3,791,643	587,251
Other payables	6,063,168	6,444,450	998,119
Customer deposits	1,061,381	903,824	139,985
Lease liabilities, current	3,567,924	2,033,929	315,015
Amount due to related parties	24,728,844	24,777,604	3,837,562
<b>Total current liabilities</b>	<b>80,413,979</b>	<b>72,895,984</b>	<b>11,290,150</b>
Non-current liabilities:			
Deferred tax liabilities	3,360,300	2,775,900	429,932
Lease liabilities, non-current	2,320,110	282,867	43,811
<b>Total non-current liabilities</b>	<b>5,680,410</b>	<b>3,058,767</b>	<b>473,743</b>
<b>Total liabilities</b>	<b>86,094,389</b>	<b>75,954,751</b>	<b>11,763,893</b>

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

## CONSOLIDATED BALANCE SHEETS — (Continued)

	As of December 31,		
	2019	2020	2020
	RMB	RMB	US\$
<b>Commitments and contingencies</b>			(Note 2)
<b>Mezzanine equity:</b>			
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of December 31, 2019 and 2020)*	45,984,876	45,984,876	7,122,150
<b>Equity</b>			
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of December 31, 2019 and 2020)*	63,291	63,291	10,000
Additional paid-in capital	52,927,738	52,927,738	8,197,265
Statutory reserves	18,896,987	20,977,351	3,248,978
Retained earnings	155,103,985	235,347,520	36,450,689
Accumulated other comprehensive income	224,130	188,739	29,232
Total Jianzhi Education Technology Group Company Limited's shareholders' equity	227,216,131	309,504,639	47,936,164
Noncontrolling interests	4,400,202	8,986,694	1,391,862
<b>Total equity</b>	<b>231,616,333</b>	<b>318,491,333</b>	<b>49,328,026</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>363,695,598</b>	<b>440,430,960</b>	<b>68,214,069</b>

\* Retrospectively restated for effect of stock split (see Note 18).

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

	As of December 31,		
	2019	2020	2020
	RMB	RMB	US\$ (Note 2)
<b>Net revenues</b>	<b>358,762,157</b>	<b>404,931,954</b>	<b>62,715,973</b>
Cost of revenues	(227,810,849)	(275,790,112)	(42,714,449)
<b>Gross profit</b>	<b>130,951,308</b>	<b>129,141,842</b>	<b>20,001,524</b>
<b>Operating expenses:</b>			
Sales and marketing expenses	7,552,736	5,031,526	779,284
General and administrative expenses	30,052,811	26,054,063	4,035,260
Research and development expenses	16,901,480	15,584,738	2,413,769
Total operating expenses	54,507,027	46,670,327	7,228,313
<b>Income from operations</b>	<b>76,444,281</b>	<b>82,471,515</b>	<b>12,773,211</b>
<b>Other income (expenses):</b>			
Investment income	803,044	407,827	63,164
Interest income, net	23,223	53,596	8,301
Other expenses	(87,884)	(19,614)	(3,038)
Government grants	7,363,035	4,482,816	694,300
Total other income, net	8,101,418	4,924,625	762,727
<b>Income before income tax</b>	<b>84,545,699</b>	<b>87,396,140</b>	<b>13,535,938</b>
Income tax expense	986,318	485,749	75,233
<b>Net income</b>	<b>83,559,381</b>	<b>86,910,391</b>	<b>13,460,705</b>
Net income attributable to noncontrolling interests	3,569,751	4,586,492	710,357
<b>Net income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>79,989,630</b>	<b>82,323,899</b>	<b>12,750,348</b>
<b>Net income</b>	<b>83,559,381</b>	<b>86,910,391</b>	<b>13,460,705</b>
<b>Other comprehensive income (loss):</b>			
Foreign currency translation adjustments	111,463	(35,391)	(5,481)
<b>Total other comprehensive income (loss)</b>	<b>111,463</b>	<b>(35,391)</b>	<b>(5,481)</b>
<b>Total comprehensive income</b>	<b>83,670,844</b>	<b>86,875,000</b>	<b>13,455,224</b>
Net comprehensive income attributable to noncontrolling interests	3,569,751	4,586,492	710,357
<b>Comprehensive income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>80,101,093</b>	<b>82,288,508</b>	<b>12,744,867</b>
Earnings per share			
Basic and diluted*	<b>0.72</b>	<b>0.74</b>	<b>0.11</b>
Weighted average number of shares			
Basic and diluted*	<b>111,110,000</b>	<b>111,110,000</b>	<b>111,110,000</b>

\* Retrospectively restated for effect of stock split (see Note 18).

JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY

Jianzhi Education Technology Group Company Limited shareholders' equity								
	Ordinary shares		Additional paid-in capital	Statutory reserves	Retained earnings	Accumulated other comprehensive income	Non controlling interests	Total equity
	Shares*	Amount						
<b>Balance at December 31, 2018 in RMB</b>	100,000,000	63,291	52,927,738	12,090,998	81,920,344	112,667	830,451	147,945,489
Net income	—	—	—	—	79,989,630	—	3,569,751	83,559,381
Appropriation to statutory reserves	—	—	—	6,805,989	(6,805,989)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	111,463	—	111,463
<b>Balance at December 31, 2019 in RMB</b>	<b>100,000,000</b>	<b>63,291</b>	<b>52,927,738</b>	<b>18,896,987</b>	<b>155,103,985</b>	<b>224,130</b>	<b>4,400,202</b>	<b>231,616,333</b>
Net income	—	—	—	—	82,323,899	—	4,586,492	86,910,391
Appropriation to statutory reserves	—	—	—	2,080,364	(2,080,364)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(35,391)	—	(35,391)
<b>Balance at December 31, 2020 in RMB</b>	<b>100,000,000</b>	<b>63,291</b>	<b>52,927,738</b>	<b>20,977,351</b>	<b>235,347,520</b>	<b>188,739</b>	<b>8,986,694</b>	<b>318,491,333</b>
<b>Balance at December 31, 2020 in USD</b>	<b>100,000,000</b>	<b>10,000</b>	<b>8,197,265</b>	<b>3,248,978</b>	<b>36,450,689</b>	<b>29,232</b>	<b>1,391,862</b>	<b>49,328,026</b>

\* Retrospectively restated for effect of stock split (see Note 18).

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2019	2020	2020
	RMB	RMB	US\$ (Note 2)
<b>Cash flows from operating activities:</b>			
Net income	83,559,381	86,910,391	13,460,705
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	763,652	538,303	83,373
Amortization of educational contents	12,182,138	24,375,147	3,775,230
Amortization of intangible assets	7,240,041	7,805,096	1,208,855
Amortization of operating lease right-of-use assets	3,076,493	3,592,290	556,375
Allowance for doubtful accounts	617,742	210,433	32,592
Deferred tax benefits	(782,441)	(45,415)	(7,034)
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(14,966,482)	(31,439,946)	(4,869,429)
Inventories	2,266,591	1,877,720	290,822
Prepaid expenses and other current assets	7,219,880	357,319	55,342
Short-term prepayments	(15,127,055)	12,940,022	2,004,154
Accounts payable	(16,686,878)	7,921,537	1,226,890
Salary and welfare payable	(122,277)	415,648	64,376
Deferred revenue	(289,239)	(9,365,507)	(1,450,533)
Income taxes payable	(812,320)	(903,026)	(139,861)
Value added tax ("VAT") and other tax payable	4,978,734	(4,325,138)	(669,879)
Other payables	2,759,036	612,899	94,926
Operating lease liabilities	(3,182,682)	(3,566,734)	(552,417)
Customer deposits	68,134	(157,557)	(24,402)
Net cash provided by operating activities	<u>72,762,448</u>	<u>97,753,482</u>	<u>15,140,085</u>
<b>Cash flows from investing activities:</b>			
Purchase of short-term investments	(125,626,208)	(140,145,000)	(21,705,696)
Proceeds from trading of short-term investments	149,696,000	90,305,000	13,986,463
Purchase of property and equipment	(253,390)	(39,980)	(6,192)
Purchase of Educational contents	(44,811,321)	(98,899,372)	(15,317,562)
Purchase of intangible assets	(232,586)	(3,669,811)	(568,381)
Prepayment for educational contents	(28,316,806)	(12,407,962)	(1,921,749)
Proceeds from disposal of intangible assets	169,308	—	—
Net cash used in investing activities	<u>(49,375,003)</u>	<u>(164,857,125)</u>	<u>(25,533,117)</u>
<b>Cash flows from financing activities:</b>			
Borrowings from related party	2,000	75,604	11,710
Repayment to related party	—	(26,697)	(4,135)
Net cash provided by financing activities	<u>2,000</u>	<u>48,907</u>	<u>7,575</u>

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

## CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	Years ended December 31,		
	2019	2020	2020
	RMB	RMB	US\$
			(Note 2)
<b>Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies</b>	138,657	(264,826)	(41,016)
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	23,528,102	(67,319,562)	(10,426,473)
<b>Cash and cash equivalents and restricted cash at beginning of the year</b>	64,740,147	88,268,249	13,671,011
Including:			
Cash and cash equivalents at beginning of the year	64,390,647	88,143,749	13,651,728
Restricted cash at beginning of the year	349,500	124,500	19,283
<b>Cash and cash equivalents and restricted cash at end of the year</b>	88,268,249	20,948,687	3,244,538
Including:			
Cash and cash equivalents at end of the year	88,143,749	20,948,687	3,244,538
Restricted cash at end of the year	124,500	—	—
<b>Supplemental disclosures of cash flows information:</b>			
Cash paid for income taxes	2,786,477	1,436,662	222,511
<b>Supplemental schedule of non-cash investing and financing activities:</b>			
Educational contents purchase financed by accounts payable	943,396	—	—
Right of use assets obtained in exchange for operating lease obligations	1,957,397	—	—

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION**

Jianzhi Education Technology Group Company Limited (The “Company”) was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands on March 12, 2018.

The Company, its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries are hereinafter collectively referred to as the “Group”. The Group are mainly engaged in the provision of IT related solution services, educational content services and mobile media services. The Group’s principal geographic market is in the People’s Republic of China (“PRC”). The Company does not conduct any substantive operations of its own but conducts its primary business operations through its wholly-owned subsidiaries, VIE and VIE’s subsidiaries in the PRC.

On March 20, 2018, the Company established a wholly-owned subsidiary under the laws of the British Virgin Islands (“BVI”), Jianzhi Education Group Company Limited (“Jianzhi Education (BVI)”), an investment holding company with limited liability.

On April 3, 2018, Jianzhi Education (BVI), established a wholly-owned subsidiary in Hong Kong, Jianzhi Education Technology (HK) Company Limited (“Jianzhi Education (HK)”), an investment holding company with limited liability.

On November 14, 2016, Hong Kong Sentu Education Technology Ltd. (“Sentu HK”) was incorporated in Hong Kong. On April 23, 2018, Jianzhi Education (HK) acquired 100% equity interest of Sentu HK.

On April 17, 2018, Jianzhi Education (HK) established a wholly-owned subsidiary, Jianzhi Century Technology (Beijing) Co., Ltd. (“Jianzhi Beijing”), a wholly-owned foreign enterprise (“WFOE”) incorporated in the People’s Republic of China (“PRC”), as part of a restructure of the Company.

Prior to the incorporation of the Company and the completion of the Corporate Reorganization (as defined below), the main operating activities of the Group were carried out by Beijing Sentu Education Technology Co., Ltd. (“Beijing Sentu”) and its subsidiaries, Shanghai Ang’you Internet Technology Co., Ltd. (“Shanghai Ang’you”) and Guangzhou Xingzhiqiao Information Technology Co., Ltd. (“Guangzhou Xingzhiqiao”), which were all established in the PRC.

As of December 31, 2020, the Company’s major subsidiaries, VIE and VIE’s subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Percentage of ownership/interest/ voting rights		Issued and fully paid ordinary share capital	Principal activities
		Directly	Indirectly		
Jianzhi Education Group Company Limited	British Virgin Islands (“BVI”), limited liability company March 20, 2018	100%	—	USD1	Investment holding
Jianzhi Education Technology (HK) Company Limited	Hong Kong, limited liability company April 3, 2018	—	100% owned by Jianzhi Education (BVI)	HKD1	Investment holding
Hong Kong Sentu Education Technology Ltd.	Hong Kong, November 14, 2016	—	100% owned by Jianzhi Education (HK)	HKD10,000,000	Provision of training service
Jianzhi Beijing	PRC, April 17, 2018	—	100% owned by Jianzhi Education (HK)	HKD10,000,000	Provision of technical and management consultancy services

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

Name	Place and date of incorporation/ establishment	Percentage of ownership/interest/ voting rights		Issued and fully paid ordinary share capital	Principal activities
		Directly	Indirectly		
Beijing Sentu Lejiao Information Technology Co., Ltd	PRC, June 13, 2016		100% owned by Jianzhi Beijing	RMB10,000,000	Provision of IT related solution service
Beijing Sentu	PRC, May 27, 2011		Contractual arrangements	RMB26,100,000	Provision of educational content and IT related solution services
Shanghai Ang'you	PRC, January 11, 2016	—	51.2% owned by Beijing Sentu	RMB10,500,000	Provision of mobile media services and educational content
Guangzhou Xingzhiqiao	PRC, May 6, 2011		100% owned by Beijing Sentu	RMB1,000,000	Provision of mobile media services
Sentu Guoxin Education Technology (Beijing) Co., Ltd	PRC, December 5, 2016		70% owned by Beijing Sentu	RMB2,000,000	Provision of technology, education consultancy (excluding agent services) services
Guangzhou Lianhe Education Technology Co., Ltd	PRC, September 28, 2016	—	100% owned by Guangzhou Xingzhiqiao	RMB300,000	Provision of mobile media services and educational content

The Company and its subsidiaries, VIE and VIE's subsidiaries comprising the Group are under the control of Ms. Wang Peixuan ("Ms. Wang"), of which Ms. Wang effectively owns 54.78% interests in Beijing Sentu. In preparation for listing in a stock market of the United States of America, the Group underwent a reorganization through entering into various contractual arrangements (the "Contractual Arrangements"), which, effective from June 26, 2018, between Jianzhi Beijing, Beijing Sentu and their respective equity holders (the "Corporate Reorganization") due to regulatory restrictions on foreign ownership in the radio and television program production and operation business and value-added telecommunications business in the PRC. The described contractual arrangements are as follows:

- **Exclusive Business Cooperation Agreement.** Pursuant to the Exclusive Business Cooperation Agreement, Beijing Sentu is obliged to pay service fee to Jianzhi Beijing for the exclusive services such as technical services, Internet support, business consulting, marketing consulting, system integration, product development and system maintenance. The service fee shall consist of 100% of the profit before tax of Beijing Sentu, after the deduction of all costs, expenses, taxes and other fee required under PRC laws and regulations. Beijing Sentu agrees not to accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party, except with the prior written consent of Jianzhi Beijing. Beijing Sentu has unconditionally and irrevocably authorized Jianzhi Beijing or its designated person as its agent to (i) sign any necessary documents with third parties (including but not limited to customers and suppliers) on behalf of Beijing Sentu; and (ii) to handle all necessary documents and matters which will enable Jianzhi Beijing to exercise all or part of its rights under the Exclusive Business Cooperation Agreement on behalf of Beijing Sentu. And Jianzhi Beijing shall have exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by itself and Beijing Sentu. The Exclusive Business Cooperation Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Business Cooperation Agreement; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.



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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

- Exclusive Call Option Agreement. Pursuant to the Exclusive Call Option Agreement, the Registered Shareholders have unconditionally and irrevocably granted Jianzhi Beijing or its designated purchaser the right to purchase all or part of their equity interests in Beijing Sentu (“Equity Call Option”). The purchase price payable by Jianzhi Beijing in respect of the transfer of equity interests upon exercise of the Equity Call Option shall be the higher of (a) the lowest price permitted under PRC laws and regulations or (b) the capital contribution in relation to the equity interests. Jianzhi Beijing or its designated purchaser shall have the right to purchase such proportion of equity interests in Beijing Sentu as it decides at any time. The Registered Shareholders shall return any amount of purchase price they received in the event that Jianzhi Beijing acquires the equity interests in Beijing Sentu.

The Registered Shareholders and Beijing Sentu have jointly and severally further undertaken to Jianzhi Beijing that, without the prior written consent of Jianzhi Beijing, they shall not (i) in any manner supplement, change or amend the constitutional documents of Beijing Sentu, increase or decrease its share capital, or change the structure of its registered capital in other manner; (ii) sell, pledge, transfer or otherwise dispose of any assets, business or lawful revenue or create encumbrance over Beijing Sentu; (iii) incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan and for debts disclosed to and agreed in writing by Jianzhi Beijing; (iv) cause Beijing Sentu to execute any material contract with a value above RMB100,000, except the contracts executed in the ordinary course of business; (v) cause Beijing Sentu to provide any person with any loan, credit or guarantee; (vi) cause or permit Beijing Sentu to merge, consolidate with, acquire or invest in any person, or sell assets of Beijing Sentu with a value above RMB100,000; (vii) cause Beijing Sentu to enter into any transaction which may have substantial impact on the assets, liabilities, business operation, shareholding structure and other legal rights of Beijing Sentu, except the contracts executed in the ordinary course of business; and (viii) in any manner distribute dividends to their shareholders, provided that upon the written request of Jianzhi Beijing, Beijing Sentu shall immediately distribute all distributable profits to its shareholders.

The Exclusive Call Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Call Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

- Exclusive Assets Option Agreement. Pursuant to the Exclusive Assets Option Agreement, Beijing Sentu unconditionally and irrevocably granted an exclusive option to Jianzhi Beijing or its designated person to purchase all or any of its assets at the higher price of (a) the lowest price permitted under PRC laws and regulations or (b) the net book value of the assets. Jianzhi Beijing shall have absolute discretion as to when and in what manner to exercise the option to purchase assets of Beijing Sentu permitted by PRC laws and regulations. The Exclusive Assets Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Assets Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.
- Voting Rights Proxy Agreement. Pursuant to the Voting Rights Proxy Agreement, each of the Registered Shareholders, unconditionally and irrevocably appoints Jianzhi Beijing, the authorized director and successor of Jianzhi Beijing or any liquidator replacing the director of Jianzhi Beijing (but excluding those who are shareholders of Beijing Sentu or who may give rise to conflict of interests) to exercise such shareholder’s rights in Beijing Sentu in accordance with PRC laws and the articles of Beijing Sentu, including without limitation to, the rights to (i) convene and participate in shareholders meetings; (ii) present proposed resolutions to the shareholders meetings; (iii) exercise the voting rights and adopt and execute resolutions, on matters to be discussed and resolved at shareholders meetings; (iv) nominate and

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

appoint the legal representative (chairwoman of the board of directors), director(s), supervisor(s), chief executive officer (or general manager) and other senior management; (v) instruct the director(s) and legal representative of Beijing Sentu, as the case may be, to act in accordance with the instruction of Jianzhi Beijing; and (vi) set up the liquidation group and exercise all the rights the liquidation group may have during the liquidation period when Beijing Sentu encounters winding up, liquidation or dissolution.

- **Equity Pledge Agreement.** Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his/her/its equity interests in Beijing Sentu together with all related rights thereto to Jianzhi Beijing as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Jianzhi Beijing as a result of any event of default on the part of the Registered Shareholders, Beijing Sentu and all expenses incurred by Jianzhi Beijing as a result of enforcement of the obligations of the Registered Shareholders and/or Beijing Sentu under the Contractual Arrangements. Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), Jianzhi Beijing shall have the right to (i) require the Registered Shareholders to immediately pay any amount payable under the Contractual Arrangements; or (ii) to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests.

The said equity pledge under the Equity Pledge Agreement takes effect upon the completion of registration with the relevant administrative department of industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Beijing Sentu under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and/or Beijing Sentu under the relevant Contractual Arrangements have been fully paid.

The Company believes that Beijing Sentu is considered a VIE under Accounting Codification Standards (“ASC”) 810 “Consolidation”, because the equity investors in Beijing Sentu no longer have the characteristics of a controlling financial interest, and the Company, through Jianzhi Beijing, is the primary beneficiary of Beijing Sentu and controls Beijing Sentu’s operations. Accordingly, Beijing Sentu has been consolidated as a deemed subsidiary into the Company as a reporting company under ASC 810.

As required by ASC 810-10, the Company performs a qualitative assessment to determine whether the Company is the primary beneficiary of Beijing Sentu which is identified as a VIE of the Company. A quality assessment begins with an understanding of the nature of the risks in the entity as well as the nature of the entity’s activities including terms of the contracts entered into by the entity, ownership interests issued by the entity and the parties involved in the design of the entity. The Company’s assessment of the involvement with Beijing Sentu reveals that the Company has the absolute power to direct the most significant activities that impact the economic performance of Beijing Sentu. Jianzhi Beijing is obligated to absorb a majority of the loss from Beijing Sentu activities and receive a majority of Beijing Sentu’s expected residual returns. In addition, Beijing Sentu’s shareholders have pledged their equity interest in Beijing Sentu to Jianzhi Beijing, irrevocably granted Jianzhi Beijing an exclusive option to purchase, to the extent permitted under PRC Law, all or part of the equity interests in Beijing Sentu and agreed to entrust all the rights to exercise their voting power to the person(s) appointed by Jianzhi Beijing. Under the accounting guidance, the Company is deemed to be the primary beneficiary of Beijing Sentu and the financial positions, the operating results and cash flows of Beijing Sentu and Beijing Sentu’s subsidiaries are consolidated in the Company’s consolidated financial statements for financial reporting purposes.

Additionally, pursuant to ASC 805, as the Company and Beijing Sentu are under the common control, the corporate reorganization was accounted for in a manner similar to a pooling of interests. As a result, the Company’s historical amounts in the accompanying consolidated financial statements give retrospective effect to the Corporate

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

Reorganization, whereby the assets and liabilities of the Beijing Sentu and its subsidiaries are reflected at the historical carrying values and their operations are presented as if the Corporate Reorganization had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements.

The carrying amounts of the assets, liabilities and the results of operations of the VIE and VIE's subsidiaries included in the Company's consolidated balance sheets and statements of income and comprehensive income, which are prepared before eliminating the inter-company balances and transactions between the VIE, the subsidiaries of the VIE and other entities within the Group, are as follows:

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	51,825,023	20,714,952
Restricted cash	124,500	—
Accounts receivable, net	22,712,137	61,254,537
Inventories	3,853,652	1,968,411
Prepaid expenses and other current assets	3,851,102	2,430,817
Short-term prepayment	15,602,882	712,745
Short-term investments	20,840,000	68,080,000
<b>Total current assets</b>	<b>118,809,296</b>	<b>155,161,462</b>
<b>Non-current assets:</b>		
Right-of-use assets, net	3,350,898	1,516,153
Deferred tax assets, net	862,628	244,758
Property and equipment, net	614,993	200,574
Educational contents, net	65,580,905	31,433,359
Intangible assets, net	27,978,790	23,843,505
Goodwill	7,712,011	7,712,011
Long-term prepayments	19,290,000	—
<b>Total non-current assets</b>	<b>125,390,225</b>	<b>64,950,360</b>
<b>Amount due from the Company and its subsidiaries</b>	<b>—</b>	<b>274,412</b>
<b>Total assets</b>	<b>244,199,521</b>	<b>220,386,234</b>
<b>LIABILITIES</b>		
<b>Third-party liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	10,170,342	20,406,963
Salary and welfare payable	1,022,325	1,161,767
Deferred revenue	16,756,991	7,394,648
Income taxes payable	392,549	920,979
Value added tax (“VAT”) and other tax payable	40,983	3,707,235
Other payable	2,645,812	1,322,145
Customer deposits	1,061,381	903,824
Lease liabilities, current	1,824,025	1,087,177
Amount due to related parties	24,702,000	24,777,604
<b>Total current liabilities</b>	<b>58,616,408</b>	<b>61,682,342</b>

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
<b>Non-current liabilities:</b>		
Lease liabilities, non-current	1,370,094	282,867
Deferred tax liabilities	3,360,300	2,775,900
<b>Total non-current liabilities</b>	<b>4,730,394</b>	<b>3,058,767</b>
<b>Amounts due to the Company and its subsidiaries</b>	<b>42,234,231</b>	<b>—</b>
<b>Total liabilities</b>	<b>105,581,033</b>	<b>64,741,109</b>
	<b>For the Years ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
Total revenues	251,465,306	300,249,445
Net income	3,816,586	13,000,820
	<b>For the Years ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
Net cash provided by (used in) operating activities	29,286,725	12,053,164
Net cash used in investing activities	(29,832,603)	(5,244,697)
Net cash provided by financing activities	24,446,842	(38,042,039)

There are no pledge or collateralization of the VIE and VIE's subsidiaries' assets that can only be used to settled obligations of the VIE and VIE's subsidiaries, except for the restricted net assets disclosed in Note 14. Relevant PRC laws and regulations restrict the VIE from transferring a portion of its net assets to the Company in the form of loans and advances or cash dividends.

As the VIE is incorporated as limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE in normal course of business.

*Risks in relation to the VIE structure*

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiary and VIE;
- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIE;
- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate its VIE and VIE's subsidiaries in its consolidated financial statements as it may lose the ability to exert effective control over the VIE

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

and their respective shareholders and it may lose the ability to receive economic benefits from the VIE and VIE's subsidiaries. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary and VIE.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of consolidation**

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") pursuant to the rules and regulations of the Securities Exchange Commission ("SEC"). The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, VIE and VIE's subsidiaries in which the Company is the primary beneficiary. The results of the subsidiaries are consolidated from the date on which the Group obtained control and continues to be consolidated until the date that such control ceases. A controlling financial interest is typically determined when a company holds a majority of the voting equity interest in an entity. However, if the Company demonstrates its ability to control the VIE through power to govern the activities which most significantly impact VIE's economic performance and is obligated to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, then the entity is consolidated. All intercompany balances and transactions between the Company, its subsidiaries, VIE and VIE's subsidiaries have been eliminated in consolidation.

**Use of estimates**

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company continually evaluates its estimates, including, but are not limited to, those related to the allowance for doubtful accounts, recoverability and useful lives of copyrights and produced content, recoverability and useful lives of certain finite-lived intangible assets, recoverability and useful lives of long-lived assets, recoverability of indefinite-lived intangible assets, income taxes, and the valuation of equity transactions. The Company bases its estimates on historical experience and on various other assumptions that it believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

**Functional currency and foreign currency translation**

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company and its overseas subsidiaries which incorporated in the Cayman Islands and Hong Kong is Hong Kong Dollar ("HK\$"). The functional currency of the Group's PRC entities is RMB.

In the consolidated financial statements, the financial information of the Company and other entities located outside of the PRC have been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the years. Translation adjustments are reported as foreign currency translation adjustments, and are shown as a component of other comprehensive income (loss) in the consolidated statements of income and comprehensive income.

Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing at the balance sheet date.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Convenience translation**

The Company's business is primarily conducted in China and all of the revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, change in shareholders' deficit and cash flows from Renminbi ("RMB") into US dollars as of and for the year ended December 31, 2020 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.4566 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2021. 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, 2021, or at any other rate.

**Fair value of financial instruments**

The Company adopted the guidance of ASC 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2 — Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 — Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets of cash and cash equivalents, restricted cash, accounts receivable, other receivable, short-term investments, accounts payable, salary and welfare payable, value added tax ("VAT") and other taxes payable, deferred tax liabilities, accrued liabilities and other payables, approximate their fair market value based on the short-term maturity of these instruments. The Company did not have any non-financial assets or liabilities that are measured at fair value on a recurring basis as of December 31, 2019 and 2020.

**Noncontrolling interests**

For the Company's subsidiaries majority-owned by the Company's VIE and VIE's subsidiaries, noncontrolling interests are recognized to reflect the portion of the equity which is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests acquired through a business combination are recognized at fair value at the acquisition date, which is estimated with reference to the purchase price per share as of the acquisition date.

**Cash and cash equivalents**

Cash and cash equivalents primarily consist of cash, money market funds, investments in interest bearing demand deposit accounts, time deposits with terms of and less than three months.

**Restricted cash**

Cash that is restricted as to withdrawal or for use or pledged as security is reported separately on the consolidated balance sheets. The Group's restricted cash mainly represents restricted deposits pledged to a bank to secure bank guarantee granted to the Group.

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**Short-term investments**

All highly liquid investments with maturities of greater than three months, but less than twelve months, are classified as short-term investments. Short-term investments primarily include wealth management financial products with variable interest issued by commercial banks with the intention to be sold within twelve months. The Group accounts for short-term investments in accordance with ASC 320 and records at fair value. Interest income are reflected on the consolidated statements of income and comprehensive income.

**Accounts receivable, net of allowance**

Accounts receivable are amounts due from customers for goods delivered and services performed in the ordinary course of business and are recognized and carried at the original amount less an allowance for any potential uncollectible amounts. Accounts receivable balances are written off against allowances for doubtful accounts when they are determined to be uncollectible. The Group generally does not require collateral from its customers.

The Group maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make payments on time. The Group reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Group considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

**Inventories**

Inventories comprise IT equipment, yet to deliver to customer at the end of the reporting period. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out basis. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Write downs, if any, are recorded in cost of revenues in the consolidated statements of income and comprehensive income.

As of December 31, 2019 and 2020, the Group had inventory in the amount of RMB3,853,652 and RMB1,975,932, respectively without any inventory write-down.

**Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining lease term. Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of income and comprehensive income.

The estimated useful lives are as follows:

Leasehold improvement	Shorter of lease terms and estimated useful lives
Fixture and furniture	3 – 10 years
Office equipment	3 – 5 years
Motor vehicles	4 years

As of December 31, 2019 and 2020, the Company had property and equipment, net in the amount of RMB714,760 and RMB216,437, respectively. For the years ended December 31, 2019 and 2020, depreciation expenses were in the amount of RMB763,652 and RMB538,303, respectively.

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**Educational contents, net**

Educational contents are the copyrights owned by the Group. The Group entrusts external professional makers with producing educational contents and the Company also purchase educational contents along with licensed copyrights from external parties. Educational contents are initially recognized at cost. The Group amortizes educational content using a straight-line method based on historical and estimated usage patterns. These estimates are periodically reviewed and adjusted, if appropriate.

Educational contents that have determinable lives continue to be amortized over their estimated useful lives as follows:

Produced educational content	5 years
Licensed copyrights	Shorter of the licensed period or projected useful life of the content

The Group reviews unamortized educational content costs for impairment whenever events or circumstances indicate that the carrying value may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. No impairment charge was recognized for the years ended December 31, 2019 and 2020, respectively.

**Intangible assets, net**

Intangible assets consist of software and technology and customer relationship acquired from a business combination. Intangible assets with finite lives are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets with finite lives are amortized using the straight-line method over the estimated economic lives.

Intangible assets that have determinable lives continue to be amortized over their estimated useful lives as follows:

Software and technology	3 – 10 years
Customer relationship	8 years

No impairment charge was recognized for the years ended December 31, 2019 and 2020, respectively.

**Leases**

On January 1, 2019, the Group adopted ASU No. 2016-02, Leases (Topic 842), as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. The Group elected to apply practical expedients permitted under the transition method that allow the Group to use the beginning of the period of adoption as the date of initial application, to not recognize lease assets and lease liabilities for leases with a term of twelve months or less, to not separate non-lease components from lease components, and to not reassess lease classification, treatment of initial direct costs, or whether an existing or expired contract contains a lease. The Group used modified retrospective method and did not adjust the prior comparative periods. The Group recognized approximately RMB7.4 million of right-of-use assets and approximately RMB7.1 million of operating lease liabilities upon the adoption of ASU No. 2016-02.

Under the new lease standard, the Group determines if an arrangement is or contains a lease at inception. Right-of-use assets and liabilities are recognized at lease commencement date based on the present value of remaining lease payments over the lease terms. The Group considers only payments that are fixed and determinable at the time of lease commencement.

At the commencement date, the Group recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized



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initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment annually. No impairment for right-of-use lease assets as of December 31, 2019 and 2020.

**Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company's acquisitions of interests in its consolidated VIE's subsidiaries. Goodwill is not depreciated or amortized but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when an event or circumstances change occurs that indicate the asset might be impaired. Under ASC 350-20-35, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly.

If the Group believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the quantitative impairment test described above is required. Otherwise, no further testing is required. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. If the quantitative analysis indicates the carrying value of a reporting unit exceeds its fair value, the Company measures any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The goodwill of RMB7,712,011 and RMB7,712,011 as of December 31, 2019 and 2020 represented the goodwill generated from the acquisition of Guangzhou Xingzhiqiao by the Group in 2018. The Group performed the qualitative assessment as of December 31, 2019 and 2020. No indicator demonstrating that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount. And therefore no further testing is required.

**Impairment of long-lived assets other than goodwill**

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact 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. No impairment charge was recognized for the years ended December 31, 2019 and 2020.

**Revenue recognition**

On January 1, 2018, the Group adopted ASC 606, Revenue from Contracts with Customers using the modified retrospective method for all contracts not completed as of the date of adoption.

Under ASC 606, the core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. This new guidance provides a five-step analysis in determining when and how revenue is recognized. Under the new guidance, revenue is recognized when a customer

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obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group identifies its contracts with customers and all performance obligations within those contracts. The Group then determines the transaction price and allocates the transaction price to the performance obligations within the Group's contracts with customers, recognizing revenue when, or as, the Group satisfies its performance obligations. The adoption of ASC 606 did not significantly change (1) the timing and pattern of revenue recognition for all of the Group's revenue streams, and (2) the presentation of revenue as gross versus net. Therefore, the adoption of ASC 606 did not have a significant impact on the Group's financial position, results of operations, equity or cash flows as of the adoption date and for the years ended December 31, 2020 and 2019.

The Group's revenue recognition policies effective upon the adoption of ASC 606 are as follows:

Revenue from educational content service and other services

The Group embeds the digital educational content into various web-based or mobile-based online learning platforms to provide comprehensive educational resources or other services to education institutions and individual customers through B2B2C model or B2C model. Specifically, the Group primarily provides subscription service, licensing service and other services.

(i) Subscription revenue

The Group generates subscription revenue primarily through (a) selling subscriptions to online learning platforms, to higher education institutions and other institutional customers under a B2B2C model mainly through the platform of Sentu Academy; (b) offering subscriptions concerning educational content in mobile video packages directly to end users under a B2C model through the platforms such as Fish Learning or Light Class etc..

The Group's contracts have a single performance obligation for an integrated service and the transaction price is stated in the contracts, usually as a price per end-customers or educational content. Quantity of end-customers enrolled or courses provided is determined before rendering service. The subscription period for a majority of the educational content services is less than 12 months. Customers can access to the educational content anytime during the subscription period. The performance obligation is providing educational content database access and is satisfied over the subscription period. The Group recognized revenue based on a straight-line basis over the subscription period. Subscription services cannot be cancelled and is not refundable after enrollment. All estimates are based on the Group's historical experience, complete satisfaction of the performance obligation, and the Group's best judgment at the time the estimates are made. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial.

(ii) Licensing revenue

The Group generates licensing revenue primarily through licensing select content copyrights to institutional customers based on their needs and preferences under a B2B2C model. Institutional licenses primarily include educational institutions and non-educational institutions, such as libraries, contractors of educational content and video platforms. Licensing, different from subscriptions to learning platforms, allows customers to store the licensed educational content to their system and allow their students/users to access such educational content directly through their own systems. The institutional customers pay for access by their respective students, faculty members or library patrons, as the case may be individuals and generally pay a one-time licensing fee at the fixed price stated in the contract to receive such products. The Group also licenses copyrights of the special limited content in mobile video packages directly to end mobile users under a B2C model through cooperating with a leading telecommunications provider in China. The end mobile users redeem their reward points at the telecommunications provider for the video packages and the telecommunications provider compensates the Group at the fixed price for each video packages stated in the contract. Licensing revenue is recognized at the point in time when control of the select content copyrights

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is transferred to customer, usually at the time when their customers received the select content. The Group typically satisfies its performance obligations in contracts with customers upon control of the select content copyrights is transferred to customer, usually at the time when their customers received the select content, and the revenue is recognized at a point in time when customer is able to direct use of and obtain substantially all of the benefits from the learning platforms at the time the services are delivered.

(iii) Other services revenue

Other services mainly include mobile media services, including mobile media advertising services etc.. The Group provides advertising services to customers on its mobile application in the form of pop-up ads and banners, and generates revenue from advertisements based on the posting period or based on the number of times viewers click on these advertisements etc. The promised services in each service contract are combined and accounted as a single performance obligation, as the promised services in a contract are not distinct and are considered as a significant integrated service. The Group determines pricing for each contract separately. These services are recognized over time based on a straight-line basis over the period of services rendered as customers simultaneously receive and consume the benefits of these services throughout the service period. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial. For some contracts, the mobile media advertising revenue is generated based on the number of times viewers click on these advertisements or download the sponsor's application to their phones or the number of days such advertisements are placed in the learning platform. Under much pricing model, the Group recognizes revenues at the point of time as the publishers deliver advertising services at the point in time.

Net revenues presented on the consolidated statements of income and comprehensive income are net of sales discount and sales tax.

Revenue from IT related solution services

The Group derived revenue from IT related solution services through providing (i) design and development of customized IT system service; (ii) procurement and assembling of equipment needed to operate the customer's systems; and (iii) technological support and maintenance service.

The Group contract with higher education institutions and other institutional customers to provide design and development of customized IT system service, normally within a year. The terms of pricing and payment stipulated in the contract are fixed. Revenue are recognized when the system or platform are completed and accepted by the customers. Upon delivery of services, project completion inspection and customer acceptance notice are required as proof of the completion of performance obligations, which is a confirmation of customer to its ability to direct the use of and obtain substantially all of the benefits from, the design and development service. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

The Group generate revenue from procurement and assembling of equipment needed to operate the customer's systems. The terms of pricing and payment stipulated in the contract are fixed. Revenue are recognized when the systems are completed and accepted by the customers, normally within a year. Project completion inspection and customer acceptance notice are required as proof of the completion of performance obligations, which is a conformation of customer to its ability to direct the use of and obtain substantially all of the benefits from the systems. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

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From time to time, the Group enters into arrangement to provide technological support and maintenance service of online platforms to its customers at a price stated in contract. the Group's efforts are expended evenly throughout the service period. The revenues for the technological support and maintenance service are recognized over the support and maintenance services period, usually one year or less. The Group's contracts have a single performance obligation and are primarily on a fixed-price basis. No significant returns, refund and other similar obligations during each reporting period.

The following table summarizes disaggregated revenue from contracts with customers by service type:

	For the Years Ended	
	December 31, 2019	December 31, 2020
	RMB	RMB
Revenue from educational content service and other services		
– Subscription revenue	135,153,151	131,047,390
– Licensing revenue	97,106,069	164,489,755
– Other services revenue	22,790,561	13,765,490
<b>Subtotal</b>	<b>255,049,781</b>	<b>309,302,635</b>
Revenue from IT related solution services	103,712,376	95,629,319
<b>Total</b>	<b>358,762,157</b>	<b>404,931,954</b>

The core principle underlying the revenue recognition ASU is that the Company will recognize revenue to represent the transfer of services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in such exchange. This will require the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when services are provided to a customer.

The following table summarizes disaggregated revenue from contracts with customers by timing of revenue recognition:

	For the Years Ended	
	December 31, 2019	December 31, 2020
	RMB	RMB
Services transferred at a point in time		
– Revenue from educational content service	97,106,069	164,489,755
– Revenue from IT related solution services	99,693,458	95,579,979
Services transferred over time		
– Revenue from educational content service	157,943,712	144,812,880
– Revenue from IT related solution services	4,018,918	49,340
<b>Total</b>	<b>358,762,157</b>	<b>404,931,954</b>

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. In accordance with ASC340-40-25-1, an entity shall recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Entities sometimes incur costs to obtain a contract that otherwise would not have been incurred. Entities also may incur costs to fulfill a contract before a good or service is provided to a customer. The revenue standard provides guidance on costs to obtain and fulfill a contract that should be recognized as assets. Costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer, and are periodically reviewed for impairment. Only incremental costs should be recognized as assets.

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The Group's revenue is recognized when control of the promised services is rendered over the service period and the payment from customers is not contingent on a future event, and the Group's right to consideration in exchange for services that the Group has transferred to a customer is only conditioned on the passage of time. Therefore, the Group does not have any contract assets. The Group also does not have significant capitalized commissions or other costs as of December 31, 2019 and 2020.

Contract liabilities are presented as deferred revenue in the consolidated balance sheets, which represents service fee payment received from students in advance of completion of performance obligations under a contract. Deferred revenue relates to unsatisfied performance obligations at the end of each reporting period and consists of cash payment received in advance from the video content database access subscribers. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. Due to the generally short-term duration of the relevant contracts, the majority of the performance obligations are satisfied within one year. The amount of revenue recognized that was included in the receipts in advance balance at the beginning of the year were RMB 15,730,645 and RMB16,422,760 for the years ended December 31, 2019 and 2020.

The details of deferred revenue are as follows:

	As of December 31,	
	2019	2020
	RMB	RMB
Advance from educational content service and other services		
– Subscription service	12,661,032	6,269,314
– Licensing service	127,192	—
– Other services	661,314	—
	<u>13,449,538</u>	<u>6,269,314</u>
Advance from IT related solution services	3,310,616	1,125,334
<b>Total</b>	<u><u>16,760,154</u></u>	<u><u>7,394,648</u></u>

**Cost of revenues**

Costs of revenues consist primarily of inventory cost, staff costs, video content costs, depreciation expenses and other direct costs of providing these services or goods. These costs are charged to the consolidated statements of income and comprehensive income as incurred.

**Related party transactions**

A related party is generally defined as (i) any person and or their immediate family hold 10% or more of the company's securities (ii) the Company's management and or their immediate family, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related parties may be individuals or corporate entities.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

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**Comprehensive income**

Comprehensive income is defined to include all changes in equity 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. Accumulated other comprehensive income, as presented on the consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

**Taxation**

**Income taxes**

Current income taxes are provided on the basis of income/(loss) 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 provided using the assets and liabilities method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statement of income and comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more-likely-than-not that some portion of, or all of the deferred tax assets will not be realized.

**Value added tax**

Revenue represents the invoiced value of goods and services, net of VAT. The VAT is based on gross sales price and VAT rates range up to 16%, depending on the type of products sold or service provided. 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 taxes payable. All of the VAT returns filed by the Company's subsidiaries in PRC remain subject to examination by the tax authorities for five years from the date of filing.

**Uncertain tax positions**

The Group applies the provisions of ASC topic 740 ("ASC 740"), Accounting for Income Taxes, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements. The Group recognizes in its consolidated financial statements the benefit of a tax position if a tax return position or future tax position is "more likely than not" to be sustained under examination based solely on the technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured, using a cumulative probability approach, at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group's estimated liability for unrecognized tax benefits are periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, changes and or developments with respect to tax audits, and the expiration of the statute of limitations. As each audit is concluded, adjustments, if any, are recorded in the Group's consolidated financial statements. Additionally, in future periods, changes in facts and circumstances, and new information may require the Group to adjust the recognition and measurement of estimates with regards to changes in individual tax position. Changes in recognition and measurement of estimates are recognized in the period which the change occurs.

**Advertising expenses**

Advertising expenses, primarily marketing spend and content related promotion, are included in "Selling, general and administrative" and are expensed when incurred. Advertising expenses for the years ended December 31, 2019 and 2020 were RMB 44,046 and RMB82,312, respectively.

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**Research and development expenses**

Research and development expenses consist primarily of personnel-related expenses incurred for the development of, enhancement to, and maintenance of the Group's websites and internal use software as well as costs associated with new video contents development. Depreciation expenses and other operating costs that are directly related to research and development are also included in research and development expenses. The Group recognizes research and development expenses when incurred.

**Government grants**

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government grants of non-operating nature with no further conditions to be met are recorded as government grants when received. The government grants with certain operating conditions are recorded as "other liabilities/other non-current liabilities" when received and will be recorded as other income when the conditions are met.

**Earnings per share**

Earnings per share ("EPS") is computed in accordance with ASC topic 260 ("ASC 260"), *Earnings per Share*. The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company's redeemable shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis. As a result, and in accordance with ASC 260, the undistributed earnings for each year is allocated based on the contractual participation rights of the ordinary shares and redeemable shares, respectively. As the liquidation and dividend rights are identical, the undistributed earnings is allocated on a proportionate basis.

Diluted earnings per share is calculated by dividing net income attributable to ordinary shareholders, including the redeemable shares, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. As of December 31, 2019 and 2020, there were no dilutive shares.

**Commitments and contingencies**

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that a potential loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

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***Risks and uncertainties***

Beginning in late 2019, an outbreak of a novel strain of coronavirus (COVID-19) first emerged in China and has spread globally. In March 2020, the World Health Organization (“WHO”) declared the COVID-19 as a pandemic. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures, which have caused material disruption to businesses globally resulting in an economic slowdown. These measures, though intended to be temporary in nature, may continue and increase depending on developments in the COVID-19 outbreak or any reoccurrence of an outbreak. The COVID-19 outbreak in China temporarily adversely impacted the Group’s operating activities, especially the service providing in IT solution services in the first quarter of fiscal 2020. However, since the COVID-19 pandemic results in more people willing to adopt alternative learning approach and switched to online learning platforms, there was no significant impact on the educational content services.

**Concentration of risks**

**Concentration of credit risks**

Financial instruments that potentially subject the Group to significant concentration of credit risk primarily cash and cash equivalents and restricted cash. The carrying amounts of cash and cash equivalents represent the Group’s maximum exposure to credit risk. As of December 31, 2020, the Group has RMB 20,948,687 in cash and cash equivalents, which is mainly held in cash and demand deposits with several financial institutions in the PRC and Hong Kong. In the event of bankruptcy of one of these financial institutions, the Group may not be able to claim its cash and demand deposits back in full. The Group continues to monitor the financial strength of the financial institutions.

**Currency convertibility risk**

Substantially all of the Group’s operating activities are settled in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People’s Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People’s Bank of China. Approval of foreign currency payments by the People’s Bank of China or other regulatory institutions requires submitting a payment application form together with supporting documents.

**Major customers and supplying channels**

The Company’s suppliers primarily consist of software suppliers, IT equipment providers and advertising companies.

For the year ended December 31, 2019, three suppliers accounted for 14%, 13% and 11% of the Company’s total purchases, respectively. For the year ended December 31, 2020, three suppliers accounted for 39%, 14% and 12% of the Company’s total purchases, respectively. As of December 31, 2019, two suppliers accounted for 38% and 13% of the Company’s total accounts payable balance, respectively. As of December 31, 2020, three suppliers accounted for 50%, 24% and 11% of the Company’s total accounts payable balance, respectively.

The Company’s customers primarily include higher education institutions, contractors of educational content and IT related solutions, telecommunications providers, providers of mobile Internet audio and video services, platform services providers and libraries.

For the year ended December 31, 2019, three customers accounted for 18%, 16% and 14% of the Company’s total revenue, respectively. For the year ended December 31, 2020, three customers accounted for 27%, 13% and 11% of the Company’s total revenue, respectively. As of December 31, 2019, one customer accounted for 42% of the Company’s total accounts receivable balance. As of December 31, 2020, two customers accounted for 31% and 16% of the Company’s accounts receivable balance, respectively.



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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Statutory reserves**

In accordance with China's Company Laws, the Company's VIEs in PRC must make appropriations from their after-tax profit, as determined under the accounting principles generally acceptable in the People's Republic of China ("PRC GAAP"), to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

Pursuant to the laws applicable to China's FIEs, the Company's subsidiaries that are FIEs in China have to make appropriations from their after-tax profit (as determined under PRC GAAP) to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the respective companies' discretion.

As of December 31, 2019 and 2020, the Company's PRC subsidiaries, VIE and VIE's subsidiaries had appropriated RMB 18,896,987 and RMB20,977,351, respectively, in its statutory reserves.

**Recently issued accounting pronouncements**

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In December 2019, the FASB issued ASU No. 2019-12 "Income Taxes (Topic 740)". The amendments in this Update simplify the accounting for income taxes by removing certain exceptions, providing updated requirements and specifications in certain areas and by making minor codification improvements. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2020, including interim periods within that fiscal year. Early adoption is permitted. The Group does not believe the adoption of this guidance may have a material impact on its financial statements.

In February 2020, the FASB issued ASU 2020-02, Financial Instruments — Credit Losses (Topic 326) and Leases (topic 842) Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (topic 842). This ASU provides guidance regarding methodologies, documentation, and internal controls related to expected credit losses. This ASU is effective for interim and annual periods beginning after December 15, 2019, and early adoption is permitted. The Group is currently evaluating the impact of its pending adoption of this guidance on its consolidated financial statements but does not expect this guidance will have a material impact on its consolidated financial statements.

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**NOTE 3 — ACCOUNTS RECEIVABLE, NET**

	As of December 31,	
	2019	2020
	RMB	RMB
Accounts receivable	85,290,027	116,729,972
Allowance for doubtful accounts	(1,715,107)	(1,925,540)
Accounts receivable, net	<u>83,574,920</u>	<u>114,804,432</u>

The following table presents movement of the allowance for doubtful accounts:

	As of December 31,	
	2019	2020
	RMB	RMB
Balance at the beginning of the year	1,097,365	1,715,107
Provisions	617,742	210,433
Balance at the end of the year	<u>1,715,107</u>	<u>1,925,540</u>

**NOTE 4 — SHORT-TERM INVESTMENTS**

As of December 31, 2019 and 2020, the Group had short-term investments, which mainly consists of wealth management products purchased from commercial banks, in the amount of RMB 20,840,000 and RMB 70,680,000, respectively. These wealth management products bear an expected rate of return ranging from 2.3 – 3.5%, either can be redeemed at any time or bear an initial maturity of more than three months but less than one-year.

For the years ended December 31, 2019 and 2020, the Group recorded investment income of RMB803,044 and RMB 407,827 on the consolidated statements of income and comprehensive income, respectively.

**NOTE 5 — PREPAID EXPENSES AND OTHER CURRENT ASSETS**

The prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2019	2020
	RMB	RMB
Other receivables	515,188	656,978
Deposits	2,361,745	1,860,342
Prepaid expenses	504,309	409,065
Total	<u>3,381,242</u>	<u>2,926,385</u>

**NOTE 6 — EDUCATIONAL CONTENTS, NET**

Educational contents, net consist of the following:

	As of December 31,	
	2019	2020
	RMB	RMB
Produced educational contents	82,547,170	181,446,541
Licensed copyrights	3,243,381	3,243,383
Less: Accumulated amortization	(20,209,646)	(44,584,793)
	<u>65,580,905</u>	<u>140,105,131</u>

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**NOTE 6 — EDUCATIONAL CONTENTS, NET (cont.)**

No impairment charge was recognized for the years ended December 31, 2019 and 2020, respectively.

Amortization expense was RMB12,182,138 and RMB24,375,147 for the years ended December 31, 2019 and 2020, respectively. Estimated amortization expense relating to the educational contents for each of the next five years is as follows:

	<b>RMB</b>
2021	36,250,969
2022	35,415,094
2023	33,506,289
2024	25,669,811
2025	9,262,968
Total expected amortization expense	<u>140,105,131</u>

**NOTE 7 — INTANGIBLE ASSETS, NET**

Intangible assets, stated at cost less accumulated amortization, consisted of the following:

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
Software and technology	13,276,376	16,946,187
Customer relationship	31,168,000	31,168,000
Less: accumulated amortization	(16,465,586)	(24,270,682)
Intangible assets, net	<u>27,978,790</u>	<u>23,843,505</u>

The customer relationship was acquired from the acquisition of Guangzhou Xingzhiqiao by the Group in 2018. No impairment charges were recognized on intangible assets for the years ended December 31, 2019 and 2020, respectively.

Amortization expense was RMB7,240,041 and RMB7,805,096 for the years ended December 31, 2019 and 2020, respectively. Estimated amortization expense relating to the existing intangible assets for each of the next five years is as follows:

	<b>RMB</b>
2021	6,656,298
2022	4,925,655
2023	4,684,001
2024	4,638,843
2025	2,929,521
Thereafter	9,187
Total expected amortization expense	<u>23,843,505</u>

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**NOTE 8 — PREPAYMENTS**

	As of December 31,	
	2019	2020
	RMB	RMB
<b>Short-term prepayments</b>		
Advance to suppliers for services or inventories	15,604,329	2,664,222

Short-term prepayments represent advance to suppliers for purchasing services or inventories. On August 1, 2019, the Group entered into an agreement with an online promotion service provider, pursuant to which the Group advanced to the supplier for market promotion of Light Class products through mobile information push. As of December 31, 2019 and 2020, the balance advanced to this online promotion service provider is in the amount of RMB14,352,326 and RMB nil, respectively.

	As of December 31,	
	2019	2020
	RMB	RMB
<b>Long-term prepayments</b>		
Prepayments for educational contents	39,063,584	51,566,790

**NOTE 9 — LEASES**

The Group leases office space from third parties.

Lease classification for lease contracts exist before January 1, 2019 the Company's adoption date of ASC 842 was not reassessed upon adoption of the new lease guidance. New lease contracts entered into after January 1, 2019 is classified as operating lease or finance lease at inception of the lease in accordance with ASC 842. The Company does not have any finance lease during 2019 and 2020. As of December 31, 2019 and 2020, the Operating lease's weighted average remaining lease term was 1.83 years and 0.99 years, respectively. As of December 31, 2019 and 2020, and weighted average discount rate was 4.75% and 4.75%, respectively.

The components of lease expense consist of the following:

	Classification	For the Years Ended December 31,	
		2019	2020
		RMB	RMB
Operating lease cost	Selling, general and administrative expense	3,379,449	3,792,383
Net lease cost		3,379,449	3,792,383

Cash flow information related to leases consists of the following:

	As of December 31,	
	2019	2020
	RMB	RMB
Operating cash payments for operating leases	3,485,638	3,766,826
Right-of-use assets obtained in exchange for operating lease liabilities	1,957,397	—

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**NOTE 9 — LEASES (cont.)**

The minimum future lease payments as of December 31, 2020 are as follows:

	<u>Operating leases</u>
	<u>RMB</u>
<b>Years ending December 31,</b>	
2021	2,082,200
2022	289,490
Total future lease payments	2,371,690
Less: Imputed interest	54,894
Total lease liability balance	<u>2,316,796</u>

**NOTE 10 — INCOME TAXES***Composition of income tax*

The following table presents the composition of income tax expenses for the years ended December 31, 2019 and 2020:

	<u>For the Years Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
Current income tax expense	1,768,759	531,164
Deferred income benefits	(782,441)	(45,415)
<b>Total Income taxes</b>	<u>986,318</u>	<u>485,749</u>

*Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its intermediate holding companies in the Cayman Islands are not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company or its subsidiaries in the Cayman Islands to their shareholders, no withholding tax will be imposed.

*British Virgin Islands (“BVI”)*

Subsidiaries in the BVI are exempted from income tax on their foreign-derived income in the BVI. There are no withholding taxes in the BVI.

*Hong Kong*

Under the Hong Kong tax laws, subsidiaries in Hong Kong are subject to the Hong Kong profits tax rate at 16.5% and they may be exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

*China*

Effective from January 1, 2008, the PRC’s statutory, Enterprise Income Tax (“EIT”) rate is 25%. In accordance with the implementation rules of EIT Law, a qualified “High and New Technology Enterprise” (“HNTE”) is eligible for a preferential tax rate of 15% with HNTE certificate effective for a period of three years and a “Software Enterprise” (“SE”) is entitled to a two-year income tax exemption starting from the first profit making year, followed by a reduction of half the applicable tax rate for the subsequent three years, and small and micro-sized enterprises (“SMEs”) is entitled to a reduced EIT rate of 20%, 75% reduction of taxable income for the first RMB1,000,000 taxable income and 50% reduction of taxable income for the remaining taxable income.

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**NOTE 10 — INCOME TAXES (cont.)**

The following table presents a reconciliation of the differences between the statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2019 and 2020:

	<b>For the years ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
	%	%
PRC statutory rate	25.0%	25.0%
Effect of differing tax rates in different jurisdictions	3.5%	2.9%
Permanent difference	(5.6)%	(3.0)%
Effect of PRC preferential tax rates and tax holiday	(23.0)%	(25.0)%
Change in valuation allowance	1.3%	0.7%
Income tax expense	<u>1.2%</u>	<u>0.6%</u>

The tax effects of temporary differences that give rise to the deferred tax balances at December 31, 2019 and 2020 are as follows:

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	RMB	RMB
<b>Deferred tax assets:</b>		
Bad debt provision	428,777	318,213
Net operating losses carried forward	1,975,522	1,778,706
Valuation allowance	(1,541,671)	(1,773,276)
Deferred tax assets, net	<u>862,628</u>	<u>323,643</u>
<b>Deferred tax liabilities:</b>		
Customer relationship arising from acquisition	<u>3,360,300</u>	<u>2,775,900</u>

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	RMB	RMB
<b>Classification in the consolidated balance sheets:</b>		
Deferred tax assets, net	<u>862,628</u>	<u>323,643</u>
Deferred tax liabilities	<u>3,360,300</u>	<u>2,775,900</u>

Beijing Sentu, Sentu Lejiao, Guangzhou Lianhe and Jianzhi Beijing, as SEs, were entitled to the preferential EIT treatment of two-year exemption and three-year half payment. Beijing Sentu was entitled to the PRC EIT at a preferential tax rate of 12.5% during the year ended December 31, 2019 and applied the EIT rate of 15% during the year ended December 31, 2020 as a HNTE. Sentu Lejiao was subject to the PRC EIT at a preferential tax rate of 12.5% for the year of 2019 and is subject to the 25% EIT rate for the year of 2020. Guangzhou Lianhe, as SMEs are subject to the PRC EIT at a preferential tax rate of 20% for the taxable income for the first RMB3.0 million, 75% reduction of taxable income for the first RMB1.0 million taxable income and 50% reduction of taxable income for the remaining taxable income below RMB3.0 million, from 2019 to 2021. Guangzhou Xinzhiqiao and Shanghai Ang'you enjoyed the same preferential tax rate as Guangzhou Lianhe from 2019 to 2020. Guangzhou Xinzhiqiao and Shanghai Ang are subject to the 25% EIT rate for the year of 2021. The estimated tax savings as a result of the Company's preferred tax rates for the years ended December 31, 2019 and 2020 amounted to RMB19,457,561 and RMB21,862,626, respectively. Per share effect of the tax savings were RMB0.18 and RMB0.20 for the years ended December 31, 2019 and 2020, respectively.

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**NOTE 11 — RELATED PARTY TRANSACTION BALANCES**

Name	relationship	As of December 31,	
		2019	2020
		RMB	RMB
Qizhang Li	General manager of a subsidiary of the Company	2,000	74,500
Xiaolei Ni	CFO	26,844	—
Li Sun	a director of the Group	—	3,104
Xinyutong Kezhiyong Enterprise Management Center (“Xinyutong Kezhiyong”)	Owned by Qizhang Li	24,700,000	24,700,000
<b>Total amount due to related parties</b>		<b>24,728,844</b>	<b>24,777,604</b>

As of December 31, 2019 and 2020, the Group had balance due to Xinyutong Kezhiyong in the amount of RMB 24,700,000 and RMB 24,700,000, respectively, representing the outstanding payables to Xinyutong Kezhiyong for the purchase of 51% equity interest of Xingzhiqiao on September 30, 2017 and 49% equity interest of Xingzhiqiao on August 31, 2018. The Company is in negotiation with Xinyutong Kezhiyong for a settlement of the balance in the following year.

**NOTE 12 — COMMITMENTS AND CONTINGENCIES**

The Group may be involved in certain legal proceedings, claims and other disputes arising from the commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and in which the outcomes are not predictable. The Group determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

**NOTE 13 — REDEEMABLE PREFERRED SHARES**

On July 19, 2018, Dongxing Securities (Hong Kong) Financial Holdings Limited (“Dongxing Securities”) and the Company entered into a subscription agreement whereby Dongxing Securities subscribed 10% of the Company’s enlarged ordinary shares (11,110,000 shares after reflecting the stock split in Note 18) to Dongxing for a consideration of HK\$ 53,400,000 (approximate RMB46.0 million).

**Redemption right**

Pursuant to the subscription agreement, the Company granted an option to Dongxing Securities, at discretion of Dongxing Securities, requires the Company to repurchase or redeem the Company’s shares at the option price upon the occurrence of the events as follows: a) within fifteen business days after October 1, 2021 if the Company has not completed the IPO on or before March 31, 2021 or such later date as mutually agreed between the Investor and the Company. or b) if the audited consolidated net profits of the Company for the fiscal year of 2018 is less than RMB45,000,000. The redemption option is guaranteed by Peixuan Wang, Chairwoman of the board.

Upon exercise of the put option by the holder, the holder will sell and transfer, and the Company will unconditionally and irrevocably undertakes and covenants to purchase and redeem, the put shares at the put option price to the Company free from all liens on the fifteenth business day after the date of receipt of the notice by the Company or any later date as agreed between the parties.

In the event of the triggering event above, the redeemed price should equal to the sum of a) the purchase price with respect to the put shares calculated on a pro rata basis, and b) an IRR of 13% per annum on the purchase price with respect to the put shares calculated from the closing date of the initial purchase to the date of the put option is exercised and closed.

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**NOTE 13 — REDEEMABLE PREFERRED SHARES (cont.)**

In addition, all rights of the investor shall be suspended during the periods a) commencing on the date of the company's submission of each application for new listing to a stock exchange and ending on the date on which the application is withdrawn, lapses or is rejected or returned by the stock exchange. b) commencing on the date of the company's filing of a review request or appeal request to the stock exchange against the decision of rejection or return of an application and ending on the date on which the review or appeal is rejected.

***Voting Right***

The holders of redeemable shares and ordinary shares have the equivalent voting rights based on their proportionate holding of the Company.

***Dividend***

Each holder of redeemable shares shall be entitled to receive dividends and distributions on an as-converted basis together with the ordinary shares on parity with each other, provided that such dividends and distributions shall be payable only when, as, and if declared by the Board.

***Accounting of redeemable Shares***

The redeemable shares are classified as mezzanine equity as they may be redeemed at the option of the holder on or after an agreed upon date outside the sole control of the Company. The Company concluded that such redeemable shares are not redeemable currently, and management evaluated that redemption was not probable due to the fact that the stipulated net profits was achieved and all of the redemption rights will be suspended during the application for new listing to a stock exchange. Therefore, no adjustment will be made to the initial carrying amount of the redeemable shares. The redemption value of mezzanine equity as of December 31, 2019 and 2020 would be RMB54,665,309 and RMB60,643,343, respectively.

**NOTE 14 — EQUITY**

**Ordinary shares**

The Company was established under the laws of Cayman Islands on March 12, 2018. The authorized number of Ordinary Shares was 50,000 with par value of \$1 per share. On March 12, 2018, the Company issued 10,000 shares to four shareholders in exchange for US\$10,000.

**Profit appropriation and restricted net assets**

Relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, the Company's PRC subsidiaries, VIE and VIE's subsidiaries can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the statutory reserves. The statutory reserves require that annual appropriations of 10% of net after-tax income should be set aside prior to payment of any dividends. As a result of these and other restrictions under the PRC laws and regulations, the PRC subsidiaries, VIE and VIE's subsidiaries are restricted in their abilities to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion amounted to approximately RMB307 million, or 99.29% of the Company's total consolidated net assets, as of December 31, 2020. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries, VIE and VIE's subsidiaries for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries, VIE and VIE's subsidiaries due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company's shareholders.



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**NOTE 15 — SEGMENT INFORMATION**

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 are Ms. Wang, the Chairwoman of the Board of Directors and Mr. Hu, CEO.

The Group’s organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but not limited to, customer base, homogeneity of service and technology. The Group’s operating segments are based on such organizational structure and information reviewed by the Group’s CODM to evaluate the operating segment results. Based on management’s assessment, the Company has determined that it has two operating segments: (i) educational content services and other services. (ii) IT related solution services.

The following table presents revenue by segments for the years ended December 31, 2019 and 2020, respectively:

	<b>For the Year Ended December 31, 2019</b>		
	<b>IT related solution services</b>	<b>Educational content service and other services</b>	<b>Total</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Revenue	103,712,376	255,049,781	358,762,157
Cost of revenue and related tax	(40,329,138)	(187,481,711)	(227,810,849)
Gross profit	<u>63,383,238</u>	<u>67,568,070</u>	<u>130,951,308</u>
Depreciation and amortization	99,843	1,124,265	1,224,108
Net income	<u>45,693,595</u>	<u>37,865,786</u>	<u>83,559,381</u>
	<b>For the Year Ended December 31, 2020</b>		
	<b>IT related solution services</b>	<b>Educational content service and other services</b>	<b>Total</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Revenue	95,629,319	309,302,635	404,931,954
Cost of revenue and related tax	(36,412,678)	(239,377,434)	(275,790,112)
Gross profit	<u>59,216,641</u>	<u>69,925,201</u>	<u>129,141,842</u>
Depreciation and amortization	80,543	1,263,383	1,343,926
Net income	<u>45,611,024</u>	<u>41,299,367</u>	<u>86,910,391</u>

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**NOTE 15 — SEGMENT INFORMATION** (cont.)

	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
<b>Identifiable long-lived assets, net:</b>		
IT related solution services	1,387,771	465,379
Educational content service and other services	92,886,684	163,699,694
Total	<u>94,274,455</u>	<u>164,165,073</u>

Substantially the majority of the Group's revenues are derived from China based on the geographical locations where services are provided to customers. In addition, the Group's long-lived assets are substantially all located in and derived from China, and the amount of long-lived assets attributable to any individual other country is not material. Therefore, no geographical segments are presented.

**NOTE 16 — SUBSEQUENT EVENT**

In 2021, our chairwomen of board of directors, Peixuan Wang, paid off professional fees on behalf of the Group in the amount of RMB2,035,278.

The Company evaluated the subsequent event through March 26, 2021, which is the date of the issuance of consolidated financial statements, and concluded that there are no additional reportable subsequent events apart from disclosed as above.

**NOTE 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

Regulation S-X requires the condensed financial information of registrant shall be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) of which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party. The condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X as the restricted net assets of the Company's PRC subsidiary exceed 25% of the consolidated net assets of the Company.

Certain information and footnote disclosures normally included in financial statements prepared in conformity with U.S. GAAP have been condensed or omitted. The Company's investment in subsidiary is stated at cost plus equity in undistributed earnings of subsidiaries.

Investment in subsidiaries, VIE and VIE's subsidiaries, on the Condensed Balance Sheets, is comprised of the Parent Company's net investment in its subsidiaries, VIE and VIE's subsidiaries under the equity method of accounting.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
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**NOTE 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (cont.)**

**Condensed Balance Sheets**

	As of December 31,		
	2019	2020	2020
	RMB	RMB	US\$
			(Note 2)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	7,401,073	98,268	15,220
<b>Total current assets</b>	<b>7,401,073</b>	<b>98,268</b>	<b>15,220</b>
<b>Non-current assets:</b>			
Investment in subsidiaries, VIE and VIE's subsidiaries	259,848,232	352,305,692	54,565,203
Amounts due from entities within the Group	7,772,421	7,005,315	1,084,985
<b>Total non-current assets</b>	<b>267,620,653</b>	<b>359,311,007</b>	<b>55,650,188</b>
<b>Total assets</b>	<b>275,021,726</b>	<b>359,409,275</b>	<b>55,665,408</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amount due to related party	26,844	—	—
Accrued expenses and other liabilities	1,793,875	3,919,760	607,094
<b>Total current liabilities</b>	<b>1,820,719</b>	<b>3,919,760</b>	<b>607,094</b>
<b>Total liabilities</b>	<b>1,820,719</b>	<b>3,919,760</b>	<b>607,094</b>
<b>Mezzanine equity:</b>			
Redeemable preferred shares(US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of December 31, 2019 and 2020)*	45,984,876	45,984,876	7,122,150
<b>Shareholders' equity:</b>			
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of December 31, 2019 and 2020)*	63,291	63,291	10,000
Additional paid-in capital	52,927,738	52,927,738	8,197,265
Statutory reserve	18,896,987	20,977,351	3,248,978
Retained earnings	155,103,985	235,347,520	36,450,689
Accumulated other comprehensive income	224,130	188,739	29,232
<b>Total shareholders' equity</b>	<b>227,216,131</b>	<b>309,504,639</b>	<b>47,936,164</b>
<b>Total liabilities and shareholders' equity</b>	<b>275,021,726</b>	<b>359,409,275</b>	<b>55,665,408</b>

\* Retrospectively restated for effect of stock split (see Note 18).

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2020**

**NOTE 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (cont.)**

**Condensed Statements of Comprehensive Income**

	For the Years ended December 31,		
	2019	2020	2020
	RMB	RMB	US\$ (Note 2)
<b>Operating costs and expenses:</b>			
Selling, general and administrative	11,850,547	9,917,104	1,535,964
Share of income of subsidiaries, VIEs and VIEs' subsidiaries	91,840,178	92,241,003	14,286,312
<b>Net income</b>	<b>79,989,631</b>	<b>82,323,899</b>	<b>12,750,348</b>
<b>Net income attributable to ordinary shareholders</b>	<b>79,989,631</b>	<b>82,323,899</b>	<b>12,750,348</b>
<b>Other comprehensive income (loss)</b>			
Foreign currency translation adjustments	111,463	(35,391)	(5,481)
<b>Total other comprehensive income</b>	<b>111,463</b>	<b>(35,391)</b>	<b>(5,481)</b>
<b>Comprehensive income</b>	<b>80,101,094</b>	<b>82,288,508</b>	<b>12,744,867</b>

**Condensed Statements of Cash Flows**

	For the Years ended December 31,		
	2019	2020	2020
	RMB	RMB	US\$
Net cash used in operating activities	(8,388,932)	(7,024,113)	(1,087,896)
Net cash used in financing activities	—	(26,844)	(4,158)
Effect of exchange rate changes on cash and cash equivalents	296,594	(251,847)	(39,006)
<b>Net decrease in cash and cash equivalents</b>	<b>(8,092,338)</b>	<b>(7,302,804)</b>	<b>(1,131,060)</b>
Cash and cash equivalents at the beginning of the year	15,493,411	7,401,073	1,146,280
Cash and cash equivalents at the end of the year	7,401,073	98,269	15,220

**NOTE 18 — OTHER SUBSEQUENT EVENT**

On July 8, 2021, the Board of Directors adopted a consent resolution to effectuate a 10000:1 stock reverse split, to sub-divide the original 10,000 issued ordinary shares of a nominal or par value of US\$1 in the capital of the Company into 100,000,000 ordinary shares of a nominal or par value of US\$0.0001. As a result, the Company had 500,000,000 authorized common shares, \$0.0001 par value per share, of which 100,000,000 were issued and outstanding as of December 31, 2020 and 2019. The Company believes it is appropriate to reflect stock reverse split on a retroactive basis similar to stock split or dividend pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all the periods presented.

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

## CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2020	June 30, 2021	June 30, 2021
	RMB	RMB	US\$
		(Unaudited)	(Unaudited) (Note 2)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	20,948,687	42,211,447	6,537,721
Accounts receivable, net	114,804,432	150,832,990	23,361,055
Inventories	1,975,932	1,986,932	307,737
Prepaid expenses and other current assets	2,926,385	5,619,228	870,308
Short-term prepayments	2,664,222	3,170,883	491,107
Short-term investments	70,680,000	21,030,000	3,257,132
<b>Total current assets</b>	<b>213,999,658</b>	<b>224,851,480</b>	<b>34,825,060</b>
Non-current assets:			
Right-of-use assets, net	2,663,785	900,033	139,397
Deferred tax assets, net	323,643	458,130	70,955
Property and equipment, net	216,437	182,237	28,225
Educational contents, net	140,105,131	170,464,016	26,401,514
Intangible assets, net	23,843,505	20,129,506	3,117,663
Goodwill	7,712,011	7,712,011	1,194,438
Long-term prepayments	51,566,790	96,377,244	14,926,934
<b>Total non-current assets</b>	<b>226,431,302</b>	<b>296,223,177</b>	<b>45,879,126</b>
<b>Total assets</b>	<b>440,430,960</b>	<b>521,074,657</b>	<b>80,704,186</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	23,227,252	50,539,945	7,827,641
Salary and welfare payable	3,401,655	1,262,921	195,602
Deferred revenue	7,394,648	5,889,809	912,215
Income taxes payable	920,979	8,133,708	1,259,751
Value added tax ("VAT") and other tax payable	3,791,643	4,899,457	758,829
Other payables	6,444,450	10,679,929	1,654,110
Customer deposits	903,824	261,358	40,479
Lease liabilities, current	2,033,929	616,375	95,464
Amount due to related parties	24,777,604	27,691,538	4,288,873
<b>Total current liabilities</b>	<b>72,895,984</b>	<b>109,975,040</b>	<b>17,032,964</b>
Non-current liabilities:			
Deferred tax liabilities	2,775,900	2,629,800	407,304
Lease liabilities, non-current	282,867	114,461	17,728
<b>Total non-current liabilities</b>	<b>3,058,767</b>	<b>2,744,261</b>	<b>425,032</b>
<b>Total liabilities</b>	<b>75,954,751</b>	<b>112,719,301</b>	<b>17,457,996</b>

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**

**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**

	December 31, 2020	June 30, 2021	June 30, 2021
	RMB	RMB	US\$
		(Unaudited)	(Unaudited) (Note 2)
<b>Commitments and contingencies</b>			
<b>Mezzanine equity:</b>			
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of June 30, 2021 and December 31, 2020)*	45,984,876	45,984,876	7,122,150
<b>Equity</b>			
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of June 30, 2021 and December 31, 2020)*	63,291	63,291	10,000
Additional paid-in capital	52,927,738	52,927,738	8,197,265
Statutory reserves	20,977,351	20,977,351	3,248,978
Retained earnings	235,347,520	274,027,426	42,441,444
Accumulated other comprehensive income	188,739	247,885	38,392
Total Jianzhi Education Technology Group Company Limited's shareholders' equity	309,504,639	348,243,691	53,936,079
Noncontrolling interests	8,986,694	14,126,789	2,187,961
<b>Total equity</b>	<b>318,491,333</b>	<b>362,370,480</b>	<b>56,124,040</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>440,430,960</b>	<b>521,074,657</b>	<b>80,704,186</b>

\* Retrospectively restated for effect of stock split (see Note 14).

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
(UNAUDITED)

	For the Six Months Ended June 30,		
	2020	2021	2021
	RMB	RMB	US\$
			(Note 2)
<b>Net revenues</b>	<b>168,135,191</b>	<b>276,453,921</b>	<b>42,817,260</b>
Cost of revenues	(115,827,549)	(204,799,427)	(31,719,392)
<b>Gross profit</b>	<b>52,307,642</b>	<b>71,654,494</b>	<b>11,097,868</b>
<b>Operating expenses:</b>			
Sales and marketing expenses	2,585,242	4,061,771	629,088
General and administrative expenses	11,992,793	11,681,849	1,809,288
Research and development expenses	4,591,380	7,361,472	1,140,147
Total operating expenses	19,169,415	23,105,092	3,578,523
<b>Income from operations</b>	<b>33,138,227</b>	<b>48,549,402</b>	<b>7,519,345</b>
<b>Other income:</b>			
Investment income	241,337	105,415	16,326
Interest income, net	(103,272)	20,090	3,111
Government grants	1,797,584	3,207,090	496,715
Total other income, net	1,935,649	3,332,595	516,152
<b>Income before income tax</b>	<b>35,073,876</b>	<b>51,881,997</b>	<b>8,035,497</b>
Income tax expense	1,011,029	8,061,996	1,248,644
<b>Net income</b>	<b>34,062,847</b>	<b>43,820,001</b>	<b>6,786,853</b>
Net income attributable to noncontrolling interests	2,728,733	5,140,095	796,099
<b>Net income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>31,334,114</b>	<b>38,679,906</b>	<b>5,990,754</b>
<b>Net income</b>	<b>34,062,847</b>	<b>43,820,001</b>	<b>6,786,853</b>
Other comprehensive income (loss):			
Foreign currency translation adjustments	(180,387)	59,146	9,161
<b>Total other comprehensive income (loss)</b>	<b>(180,387)</b>	<b>59,146</b>	<b>9,161</b>
<b>Total comprehensive income</b>	<b>33,882,460</b>	<b>43,879,147</b>	<b>6,796,014</b>
Net comprehensive income attributable to noncontrolling interests	2,728,733	5,140,095	796,099
<b>Comprehensive income attributable to the Jianzhi Education Technology Group Company Limited's shareholders</b>	<b>31,153,727</b>	<b>38,739,052</b>	<b>5,999,915</b>
<b>Earnings per share</b>			
Basic and diluted*	<b>0.28</b>	<b>0.35</b>	<b>0.05</b>
<b>Weighted average number of shares</b>			
Basic and diluted*	<b>111,110,000</b>	<b>111,110,000</b>	<b>111,110,000</b>

\* Retrospectively restated for effect of stock split (see Note 14).

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**CONDENSED CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

<b>Jianzhi Education Technology Group Company Limited shareholders' equity</b>								
	<b>Ordinary shares</b>		<b>Additional paid-in capital</b>	<b>Statutory reserves</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive income</b>	<b>Non controlling interests</b>	<b>Total equity</b>
	<b>Shares*</b>	<b>Amount</b>						
<b>Balance at December 31, 2019 in RMB</b>	100,000,000	63,291	52,927,738	18,896,987	155,103,985	224,130	4,400,202	231,616,333
Net income					31,334,114		2,728,733	34,062,847
Foreign currency translation adjustments						(180,387)		(180,387)
<b>Balance at June 30, 2020 in RMB</b>	<b>100,000,000</b>	<b>63,291</b>	<b>52,927,738</b>	<b>18,896,987</b>	<b>186,438,099</b>	<b>43,743</b>	<b>7,128,935</b>	<b>265,498,793</b>
<b>Jianzhi Education Technology Group Company Limited shareholders' equity</b>								
	<b>Ordinary shares</b>		<b>Additional paid-in capital</b>	<b>Statutory reserves</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive income</b>	<b>Non controlling interests</b>	<b>Total equity</b>
	<b>Shares*</b>	<b>Amount</b>						
<b>Balance at December 31, 2020 in RMB</b>	100,000,000	63,291	52,927,738	20,977,351	235,347,520	188,739	8,986,694	318,491,333
Net income					38,679,906		5,140,095	43,820,001
Foreign currency translation adjustments						59,146		59,146
<b>Balance at June 30, 2021 in RMB</b>	<b>100,000,000</b>	<b>63,291</b>	<b>52,927,738</b>	<b>20,977,351</b>	<b>274,027,426</b>	<b>247,885</b>	<b>14,126,789</b>	<b>362,370,480</b>
<b>Balance at June 30, 2021 in USD</b>	<b>100,000,000</b>	<b>10,000</b>	<b>8,197,265</b>	<b>3,248,978</b>	<b>42,441,444</b>	<b>38,392</b>	<b>2,187,961</b>	<b>56,124,040</b>

\* Retrospectively restated for effect of stock split (see Note 14).

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	For the Six Months Ended June 30,		
	2020	2021	2021
	RMB	RMB	US\$
<b>Cash flows from operating activities:</b>			
Net income	34,062,847	43,820,001	6,786,853
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	393,511	40,218	6,229
Amortization of educational content	11,911,140	21,202,673	3,283,876
Amortization of intangible assets	3,902,548	3,714,000	575,225
Amortization of operating lease right-of-use assets	1,774,869	1,711,077	265,012
Allowance for doubtful accounts	(1,039,698)	596,824	92,436
Deferred tax expense (benefit)	471,609	(280,586)	(43,457)
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(31,902,031)	(36,625,382)	(5,672,549)
Inventory	1,815,201	(11,000)	(1,704)
Prepaid expenses and other current assets	216,650	751,546	116,400
Short-term prepayments	9,518,835	(507,535)	(78,607)
Accounts payable	4,104,759	27,312,693	4,230,197
Salary and welfare payable	(1,845,670)	(2,138,734)	(331,248)
Deferred revenue	(10,688,469)	(1,504,839)	(233,070)
Income taxes payable	(2,237,399)	3,780,659	585,550
Value added tax (“VAT”) and other tax payable	(4,325,138)	1,107,814	171,579
Other payables	(1,687,149)	7,297,543	1,130,245
Operating lease liabilities	(1,852,562)	(1,585,318)	(245,534)
Customer deposits	(157,557)	(642,466)	(99,505)
Net cash provided by operating activities	<u>12,436,296</u>	<u>68,039,188</u>	<u>10,537,928</u>
<b>Cash flows from investing activities:</b>			
Purchase of short-term investments	(48,145,996)	(21,552,453)	(3,338,050)
Proceeds from trading of short-term investment	40,145,996	71,202,453	11,027,856
Purchase of property and equipment	(39,980)	(6,018)	(932)
Purchase of educational contents	(44,480,583)	(16,603,773)	(2,571,597)
Purchase of intangible assets	(111,006)	—	—
Prepayment for educational content	(13,120,297)	(79,737,973)	(12,349,839)
Net cash provided by (used in) investing activities	<u>(65,751,866)</u>	<u>(46,697,764)</u>	<u>(7,232,562)</u>
<b>Cash flows from financing activities:</b>			
Repayment to related parties	—	(75,604)	(11,710)
Borrowing from related parties	6,877	—	—
Net cash used in financing activities	<u>6,877</u>	<u>(75,604)</u>	<u>(11,710)</u>

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**  
**(UNAUDITED)**

	For the Six Months Ended June 30,		
	2020	2021	2021
	RMB	RMB	US\$
<b>Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies</b>	(145,058)	(3,060)	(473)
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	(53,453,751)	21,262,760	3,293,183
<b>Cash and cash equivalents and restricted cash at beginning of the period</b>	<u>88,268,249</u>	<u>20,948,687</u>	<u>3,244,538</u>
Including:			
Cash and cash equivalents at beginning of the period	88,143,749	20,948,687	3,244,538
Restricted cash at beginning of the period	124,500	—	—
<b>Cash and cash equivalents cash at end of the period</b>	<u>34,814,498</u>	<u>42,211,447</u>	<u>6,537,721</u>
<b>Supplemental disclosures of cash flows information:</b>			
Cash paid for income taxes	987,441	1,436,622	222,504
<b>Supplemental schedule of non-cash investing and financing activities:</b>			
Operating expense paid by related party on behalf of the Group	—	2,997,447	464,245

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021**

**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION**

Jianzhi Education Technology Group Company Limited (The “Company”) was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands on March 12, 2018.

The Company, its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries are hereinafter collectively referred to as the “Group”. The Group are mainly engaged in the provision of IT related solution services, educational content services and mobile media services. The Group’s principal geographic market is in the People’s Republic of China (“PRC”). The Company does not conduct any substantive operations of its own but conducts its primary business operations through its wholly-owned subsidiaries, VIE and VIE’s subsidiaries in the PRC.

On March 20, 2018, the Company established a wholly-owned subsidiary under the laws of the British Virgin Islands (“BVI”), Jianzhi Education Group Company Limited (“Jianzhi Education (BVI)”), an investment holding company with limited liability.

On April 3, 2018, Jianzhi Education (BVI), established a wholly-owned subsidiary in Hong Kong, Jianzhi Education Technology (HK) Company Limited (“Jianzhi Education (HK)”), an investment holding company with limited liability.

On November 14, 2016, Hong Kong Sentu Education Technology Ltd. (“Sentu HK”) was incorporated in Hong Kong. On April 23, 2018, Jianzhi Education (HK) acquired 100% equity interest of Sentu HK.

On April 17, 2018, Jianzhi Education (HK) established a wholly-owned subsidiary, Jianzhi Century Technology (Beijing) Co., Ltd. (“Jianzhi Beijing”), a wholly-owned foreign enterprise (“WFOE”) incorporated in the People’s Republic of China (“PRC”), as part of a restructure of the Company.

Prior to the incorporation of the Company and the completion of the Corporate Reorganization (as defined below), the main operating activities of the Group were carried out by Beijing Sentu Education Technology Co., Ltd. (“Beijing Sentu”) and its subsidiaries, Shanghai Ang’you Internet Technology Co., Ltd. (“Shanghai Ang’you”) and Guangzhou Xingzhiqiao Information Technology Co., Ltd. (“Guangzhou Xingzhiqiao”), which were all established in the PRC.

As of June 30, 2021, the Company’s major subsidiaries, VIE and VIE’s subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Percentage of ownership/interest/ voting rights		Issued and fully paid ordinary share capital	Principal activities
		Directly	Indirectly		
Jianzhi Education Group Company Limited	British Virgin Islands (“BVI”), limited liability company March 20, 2018	100%	—	USD1	Investment holding
Jianzhi Education Technology (HK) Company Limited	Hong Kong, limited liability company April 3, 2018	—	100% owned by Jianzhi Education (BVI)	HKD1	Investment holding
HongKong Sentu Education Technology Ltd.	Hong Kong, November 14, 2016	—	100% owned by Jianzhi Education (HK)	HKD10,000,000	Provision of training service
Jianzhi Beijing	PRC, April 17, 2018	—	100% owned by Jianzhi Education (HK)	HKD10,000,000	Provision of technical and management consultancy services

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021**

**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

Name	Place and date of incorporation/ establishment	Percentage of ownership/interest/ voting rights		Issued and fully paid ordinary share capital	Principal activities
		Directly	Indirectly		
Beijing Sentu Lejiao Information Technology Co., Ltd	PRC, June 13, 2016		100% owned by Jianzhi Beijing	RMB10,000,000	Provision of IT related solution service
Sentu Shuzhi Technology (Beijing) Co., Ltd	PRC, June 2, 2021		100% owned by Sentu Lejiao	—	Not active as of June 30, 2021
Beijing Sentu	PRC, May 27, 2011		Contractual arrangements	RMB26,100,000	Provision of educational content and IT related solution services
Shanghai Ang'you	PRC, January 11, 2016	—	51.2% owned by Beijing Sentu	RMB10,500,000	Provision of mobile media services and educational content
Guangzhou Xingzhiqiao	PRC, May 6, 2011		100% owned by Beijing Sentu	RMB1,000,000	Provision of mobile media services
Sentu Guoxin Education Technology (Beijing) Co., Ltd	PRC, December 5, 2016		70% owned by Beijing Sentu	RMB2,000,000	Provision of technology, education consultancy (excluding agent services) services
Guangzhou Lianhe Education Technology Co., Ltd	PRC, September 28, 2016	—	100% owned by Guangzhou Xingzhiqiao	RMB300,000	Provision of mobile media services and educational content

The Company and its subsidiaries, VIE and VIE's subsidiaries comprising the Group are under the control of Ms. Wang Peixuan ("Ms. Wang"), of which Ms. Wang effectively owns 54.78% interests in Beijing Sentu. In preparation for listing in a stock market of the United States of America, the Group underwent a reorganization through entering into various contractual arrangements (the "Contractual Arrangements"), which, effective from June 26, 2018, between Jianzhi Beijing, Beijing Sentu and their respective equity holders (the "Corporate Reorganization") due to regulatory restrictions on foreign ownership in the radio and television program production and operation business and value-added telecommunications business in the PRC. The described contractual arrangements are as follows:

- Exclusive Business Cooperation Agreement.** Pursuant to the Exclusive Business Cooperation Agreement, Beijing Sentu is obliged to pay service fee to Jianzhi Beijing for the exclusive services such as technical services, Internet support, business consulting, marketing consulting, system integration, product development and system maintenance. The service fee shall consist of 100% of the profit before tax of Beijing Sentu, after the deduction of all costs, expenses, taxes and other fee required under PRC laws and regulations. Beijing Sentu agrees not to accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party, except with the prior written consent of Jianzhi Beijing. Beijing Sentu has unconditionally and irrevocably authorized Jianzhi Beijing or its designated person as its agent to (i) sign any necessary documents with third parties (including but not limited to customers and suppliers) on behalf of Beijing Sentu; and (ii) to handle all necessary documents and

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

matters which will enable Jianzhi Beijing to exercise all or part of its rights under the Exclusive Business Cooperation Agreement on behalf of Beijing Sentu. And Jianzhi Beijing shall have exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by itself and Beijing Sentu. The Exclusive Business Cooperation Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Business Cooperation Agreement; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

- Exclusive Call Option Agreement. Pursuant to the Exclusive Call Option Agreement, the Registered Shareholders have unconditionally and irrevocably granted Jianzhi Beijing or its designated purchaser the right to purchase all or part of their equity interests in Beijing Sentu ("Equity Call Option"). The purchase price payable by Jianzhi Beijing in respect of the transfer of equity interests upon exercise of the Equity Call Option shall be the higher of (a) the lowest price permitted under PRC laws and regulations or (b) the capital contribution in relation to the equity interests. Jianzhi Beijing or its designated purchaser shall have the right to purchase such proportion of equity interests in Beijing Sentu as it decides at any time. The Registered Shareholders shall return any amount of purchase price they received in the event that Jianzhi Beijing acquires the equity interests in Beijing Sentu.

The Registered Shareholders and Beijing Sentu have jointly and severally further undertaken to Jianzhi Beijing that, without the prior written consent of Jianzhi Beijing, they shall not (i) in any manner supplement, change or amend the constitutional documents of Beijing Sentu, increase or decrease its share capital, or change the structure of its registered capital in other manner; (ii) sell, pledge, transfer or otherwise dispose of any assets, business or lawful revenue or create encumbrance over Beijing Sentu; (iii) incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan and for debts disclosed to and agreed in writing by Jianzhi Beijing; (iv) cause Beijing Sentu to execute any material contract with a value above RMB100,000, except the contracts executed in the ordinary course of business; (v) cause Beijing Sentu to provide any person with any loan, credit or guarantee; (vi) cause or permit Beijing Sentu to merge, consolidate with, acquire or invest in any person, or sell assets of Beijing Sentu with a value above RMB100,000; (vii) cause Beijing Sentu to enter into any transaction which may have substantial impact on the assets, liabilities, business operation, shareholding structure and other legal rights of Beijing Sentu, except the contracts executed in the ordinary course of business; and (viii) in any manner distribute dividends to their shareholders, provided that upon the written request of Jianzhi Beijing, Beijing Sentu shall immediately distribute all distributable profits to its shareholders.

The Exclusive Call Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Call Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

- Exclusive Assets Option Agreement. Pursuant to the Exclusive Assets Option Agreement, Beijing Sentu unconditionally and irrevocably granted an exclusive option to Jianzhi Beijing or its designated person to purchase all or any of its assets at the higher price of (a) the lowest price permitted under PRC laws and regulations or (b) the net book value of the assets. Jianzhi Beijing shall have absolute discretion as to when and in what manner to exercise the option to purchase assets of Beijing Sentu permitted by PRC laws and regulations. The Exclusive Assets Option Agreement shall remain effective unless terminated (i) in accordance with the provisions of the Exclusive Assets Option Agreement or any other supplemental agreements; or (ii) the entire equity interests held by Registered Shareholders in Beijing Sentu have been transferred to Jianzhi Beijing or its designated person.

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

- **Voting Rights Proxy Agreement.** Pursuant to the Voting Rights Proxy Agreement, each of the Registered Shareholders, unconditionally and irrevocably appoints Jianzhi Beijing, the authorized director and successor of Jianzhi Beijing or any liquidator replacing the director of Jianzhi Beijing (but excluding those who are shareholders of Beijing Sentu or who may give rise to conflict of interests) to exercise such shareholder's rights in Beijing Sentu in accordance with PRC laws and the articles of Beijing Sentu, including without limitation to, the rights to (i) convene and participate in shareholders meetings; (ii) present proposed resolutions to the shareholders meetings; (iii) exercise the voting rights and adopt and execute resolutions, on matters to be discussed and resolved at shareholders meetings; (iv) nominate and appoint the legal representative (chairman of the board of directors), director(s), supervisor(s), chief executive officer (or general manager) and other senior management; (v) instruct the director(s) and legal representative of Beijing Sentu, as the case may be, to act in accordance with the instruction of Jianzhi Beijing; and (vi) set up the liquidation group and exercise all the rights the liquidation group may have during the liquidation period when Beijing Sentu encounters winding up, liquidation or dissolution.
- **Equity Pledge Agreement.** Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his/her/its equity interests in Beijing Sentu together with all related rights thereto to Jianzhi Beijing as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Jianzhi Beijing as a result of any event of default on the part of the Registered Shareholders, Beijing Sentu and all expenses incurred by Jianzhi Beijing as a result of enforcement of the obligations of the Registered Shareholders and/or Beijing Sentu under the Contractual Arrangements. Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), Jianzhi Beijing shall have the right to (i) require the Registered Shareholders to immediately pay any amount payable under the Contractual Arrangements; or (ii) to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests.

The said equity pledge under the Equity Pledge Agreement takes effect upon the completion of registration with relevant administrative department of industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Beijing Sentu under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and/or Beijing Sentu under the relevant Contractual Arrangements have been fully paid.

The Company believes that Beijing Sentu is considered a VIE under Accounting Codification Standards ("ASC") 810 "Consolidation", because the equity investors in Beijing Sentu no longer have the characteristics of a controlling financial interest, and the Company, through Jianzhi Beijing, is the primary beneficiary of Beijing Sentu and controls Beijing Sentu's operations. Accordingly, Beijing Sentu has been consolidated as a deemed subsidiary into the Company as a reporting company under ASC 810.

As required by ASC 810-10, the Company performs a qualitative assessment to determine whether the Company is the primary beneficiary of Beijing Sentu which is identified as a VIE of the Company. A quality assessment begins with an understanding of the nature of the risks in the entity as well as the nature of the entity's activities including terms of the contracts entered into by the entity, ownership interests issued by the entity and the parties involved in the design of the entity. The Company's assessment of the involvement with Beijing Sentu reveals that the Company has the absolute power to direct the most significant activities that impact the economic performance of Beijing Sentu. Jianzhi Beijing is obligated to absorb a majority of the loss from Beijing Sentu activities and receive a majority of Beijing Sentu's expected residual returns. In addition, Beijing Sentu's shareholders have pledged their equity interest in Beijing Sentu to Jianzhi Beijing, irrevocably granted Jianzhi Beijing an exclusive option to purchase, to the extent permitted under PRC Law, all or part of the equity interests in Beijing Sentu and agreed to entrust all the rights to exercise their voting power to the person(s) appointed by Jianzhi Beijing. Under the accounting guidance, the Company is deemed to be the primary beneficiary of Beijing Sentu and the financial positions, the operating results and cash flows of Beijing Sentu and Beijing Sentu's subsidiaries are consolidated in the Company for financial reporting purposes.

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

Additionally, pursuant to ASC 805, as the Company and Beijing Sentu are under the common control, the corporate reorganization was accounted for in a manner similar to a pooling of interests. As a result, the Company's historical amounts in the accompanying unaudited condensed consolidated financial statements give retrospective effect to the Corporate Reorganization, whereby the assets and liabilities of the Beijing Sentu and its subsidiaries are reflected at the historical carrying values and their operations are presented as if the Corporate Reorganization had become effective as of the beginning of the first period presented in the accompanying unaudited condensed consolidated financial statements.

The carrying amounts of the assets, liabilities and the results of operations of the VIE and VIE's subsidiaries included in the Company's unaudited condensed consolidated balance sheets and statements of income and comprehensive income, which are prepared before eliminating the inter-company balances and transactions between the VIE, the subsidiaries of the VIE and other entities within the Group, are as follows:

	As of December 31, 2020	As of June 30, 2021
	RMB	RMB
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	20,714,952	18,424,781
Accounts receivable, net	61,254,537	76,807,675
Inventories	1,968,411	1,979,411
Prepaid expenses and other current assets	2,430,817	1,673,397
Short-term prepayment	712,745	388,018
Short-term investments	68,080,000	21,030,000
<b>Total current assets</b>	<b>155,161,462</b>	<b>120,303,282</b>
<b>Non-current assets:</b>		
Right-of-use assets, net	1,516,153	592,086
Deferred tax assets, net	244,758	280,888
Property and equipment, net	200,574	169,066
Educational contents, net	31,433,359	25,872,434
Intangible assets, net	23,843,505	20,129,506
Goodwill	7,712,011	7,712,011
Long-term prepayment	—	6,318,000
<b>Total non-current assets</b>	<b>64,950,360</b>	<b>61,073,991</b>
<b>Amount due from the Company and its subsidiaries</b>	<b>274,412</b>	<b>70,744,070</b>
<b>Total assets</b>	<b>220,386,234</b>	<b>252,121,343</b>

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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

	As of December 31, 2020	As of June 30, 2021
	RMB	RMB
<b>LIABILITIES</b>		
<b>Third-party liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	20,406,963	34,689,421
Salary and welfare payable	1,161,767	506,180
Deferred revenue	7,394,648	5,889,809
Income taxes payable	920,979	5,132,824
Value added tax (“VAT”) and other tax payable	3,707,235	808,239
Other payable	1,322,145	1,524,784
Customer deposits	903,824	261,358
Lease liabilities, current	1,087,177	357,369
Amount due to related parties	24,777,604	24,702,000
<b>Total current liabilities</b>	<b>61,682,342</b>	<b>73,871,984</b>
<b>Non-current liabilities:</b>		
Lease liabilities, non-current	282,867	114,461
Deferred tax liabilities	2,775,900	2,629,800
<b>Total non-current liabilities</b>	<b>3,058,767</b>	<b>2,744,261</b>
<b>Total liabilities</b>	<b>64,741,109</b>	<b>76,616,245</b>
	<b>For the Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>RMB</b>	<b>RMB</b>
Total revenues	135,401,956	174,258,743
Net income	10,530,069	19,893,060
	<b>For the Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>RMB</b>	<b>RMB</b>
Net cash provided by (used in) operating activities	(8,305,730)	27,527,907
Net cash provided by investing activities	19,171,404	40,725,982
Net cash used in financing activities	(37,957,300)	(70,544,059)

There are no any VIE’s assets that are pledged or collateralized for the VIE’s obligations and which can only be used to settle the VIE’s obligations. As the VIE is incorporated as limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE in normal course of business.

*Risks in relation to the VIE structure*

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company’s ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company’s PRC subsidiary and VIE;
- discontinue or restrict the operations of any related-party transactions between the Company’s PRC subsidiary and VIE;



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**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION (cont.)**

- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate its VIE and VIE's subsidiaries in its consolidated financial statements as it may lose the ability to exert effective control over the VIE and their respective shareholders and it may lose the ability to receive economic benefits from the VIE and VIE's subsidiaries. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary and VIE.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes normally included in the annual financial statements prepared in accordance with U.S. GAAP. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X. In the opinion of management, the unaudited condensed consolidated financial statements and accompanying notes include all adjustments (consisting of normal recurring adjustments) considered necessary for the fair statement of the Group's financial position as of December 31, 2020 and June 30, 2021, and results of operations and cash flows for the six months ended June 30, 2020 and 2021. Interim results of operations are not necessarily indicative of the results for the full year or for any future period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020, and related notes included in the Group's audited consolidated financial statements. The financial information as of December 31, 2020 presented in the unaudited condensed consolidated financial statements is derived from the audited consolidated financial statements as of December 31, 2020.

**Principles of consolidation**

The unaudited condensed consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, and the VIEs for which a wholly-owned subsidiary of the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated upon consolidation.

**Use of estimates**

The preparation of unaudited condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company continually evaluates its estimates, including, but are not limited to, those related to the allowance for doubtful accounts, recoverability and

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

useful lives of copyrights and produced content, recoverability and useful lives of certain finite-lived intangible assets, recoverability and useful lives of long-lived assets, recoverability of indefinite-lived intangible assets, income taxes, and the valuation of equity transactions. The Company bases its estimates on historical experience and on various other assumptions that it believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

**Functional currency and foreign currency translation**

The Group uses Renminbi (“RMB”) as its reporting currency. The functional currency of the Company and its overseas subsidiaries which incorporated in the Cayman Islands and Hong Kong is Hong Kong Dollar (“HK\$”). The functional currency of the Group’s PRC entities is RMB.

In the consolidated financial statements, the financial information of the Company and other entities located outside of the PRC have been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the periods. Translation adjustments are reported as foreign currency translation adjustments, and are shown as a component of other comprehensive loss in the unaudited condensed consolidated statements of income and comprehensive income.

Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing at the balance sheet date.

**Convenience Translation**

The Company’s business is primarily conducted in China and all of the revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, change in shareholders’ deficit and cash flows from Renminbi (“RMB”) into US dollars as of and for the six months ended June 30, 2021 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.4566 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2021. 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, 2021, or at any other rate.

**Fair value of financial instruments**

The Company adopted the guidance of ASC 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2 — Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 — Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The carrying amounts reported in the balance sheets of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, short-term prepayments, short-term investments, accounts payable, salary and welfare payable, value added tax (“VAT”) and other taxes payable, accrued liabilities, customer deposits and other payables, approximate their fair market value based on the short-term maturity of these instruments. The Company did not have any non-financial assets or liabilities that are measured at fair value on a recurring basis as of December 31, 2020 and June 30, 2021.

**Noncontrolling interests**

For the Company’s subsidiaries majority-owned by the Company’s VIE and VIE’s subsidiaries, noncontrolling interests are recognized to reflect the portion of the equity which is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests acquired through a business combination are recognized at fair value at the acquisition date, which is estimated with reference to the purchase price per share as of the acquisition date.

**Cash and cash equivalents**

Cash and cash equivalents primarily consist of cash, money market funds, investments in interest bearing demand deposit accounts, time deposits with terms of and less than three months.

**Short-term investments**

All highly liquid investments with maturities of greater than three months, but less than twelve months, are classified as short-term investments. Short-term investments primarily include wealth management financial products with variable interest issued by commercial banks with the intention to be sold within twelve months. The Group accounts for short-term investments in accordance with ASC 320 and records at fair value. Interest income are reflected on the unaudited condensed consolidated statements of income and comprehensive income.

**Accounts receivable, net of allowance**

Accounts receivable are amounts due from customers for goods delivered and services performed in the ordinary course of business and are recognized and carried at the original amount less an allowance for any potential uncollectible amounts. Accounts receivable balances are written off against allowances for doubtful accounts when they are determined to be uncollectible. The Group generally does not require collateral from its customers.

The Group maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make payments on time. The Group reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Group considers many factors, including the age of the balance, the customer’s payment history, its current credit-worthiness and current economic trends.

**Inventories**

Inventories comprise IT equipment, yet to deliver to customer at the end of the reporting period. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out basis. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Write downs, if any, are recorded in cost of revenues in the unaudited condensed consolidated statements of income and comprehensive income.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

As of December 31, 2020 and June 30, 2021, the Group had inventory in the amount of RMB1,975,932 and RMB1,986,932, respectively without any inventory write-down.

**Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining lease term. Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the unaudited condensed consolidated statements of income and comprehensive income.

The estimated useful lives are as follows:

Leasehold improvement	Shorter of lease terms and estimated useful lives
Fixture and furniture	3 – 10 years
Office equipment	3 – 5 years
Motor vehicles	4 years

As of December 31, 2020 and June 30, 2021, the Company had property and equipment, net in the amount of RMB216,437 and RMB182,237, respectively. For the six months ended June 30, 2020 and 2021, depreciation expenses were in the amount of RMB 393,511 and RMB 40,218, respectively.

**Educational contents, net**

Educational contents are the copyrights owned by the Group. The Group entrusts external professional makers with producing educational contents and the Company also purchase educational contents along with licensed copyrights from external parties. Educational contents are initially recognized at cost. The Group amortizes educational content using an straight-line method based on historical and estimated usage patterns. These estimates are periodically reviewed and adjusted, if appropriate.

Educational contents that have determinable lives continue to be amortized over their estimated useful lives as follows:

Produced educational content	5 years
Licensed copyrights	Shorter of the licensed period or projected useful life of the content

The Group reviews unamortized educational content costs for impairment whenever events or circumstances indicate that the carrying value may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. No impairment charge was recognized for the six months ended June 30, 2020 and 2021, respectively.

**Intangible assets, net**

Intangible assets consist of software and technology and customer relationship acquired from a business combination. Intangible assets with finite lives are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets with finite lives are amortized using the straight-line method over the estimated economic lives.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Intangible assets that have determinable lives continue to be amortized over their estimated useful lives as follows:

Software and technology	3 – 10 years
Customer relationship	8 years

No impairment charge was recognized for the six months ended June 30, 2020 and 2021, respectively.

**Leases**

On January 1, 2019, the Group adopted ASU No. 2016-02, Leases (Topic 842), as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. The Group elected to apply practical expedients permitted under the transition method that allow the Group to use the beginning of the period of adoption as the date of initial application, to not recognize lease assets and lease liabilities for leases with a term of twelve months or less, to not separate non-lease components from lease components, and to not reassess lease classification, treatment of initial direct costs, or whether an existing or expired contract contains a lease. The Group used modified retrospective method and did not adjust the prior comparative periods. The Group recognized approximately RMB0.9 million of right-of-use assets and approximately RMB0.6 million of operating lease liabilities upon the adoption of ASU No. 2016-02.

Under the new lease standard, the Group determines if an arrangement is or contains a lease at inception. Right-of-use assets and liabilities are recognized at lease commencement date based on the present value of remaining lease payments over the lease terms. The Group considers only payments that are fixed and determinable at the time of lease commencement.

At the commencement date, the Group recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment annually. No impairment for right-of-use lease assets as of December 31, 2020 and June 30, 2021.

**Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company's acquisitions of interests in its consolidated VIE's subsidiaries. Goodwill is not depreciated or amortized but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when an event or circumstances change occurs that indicate the asset might be impaired. Under ASC 350-20-35, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly.

If the Group believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the quantitative impairment test described above is required. Otherwise, no further testing is required. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. If the quantitative analysis indicates the carrying value of a reporting unit exceeds its fair value, the Company measures any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The goodwill of RMB7,712,011 and RMB7,712,011 as of December 31, 2020 and June 30, 2021 represented the goodwill generated from the acquisition of Guangzhou Xingzhiqiao by the Group in 2018. No indicator demonstrating that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount. And therefore no further testing is required.

**Impairment of long-lived assets other than goodwill**

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact 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.

No impairment charge was recognized for the six months ended June 30, 2020 and 2021, respectively.

**Revenue recognition**

On January 1, 2018, the Group adopted ASC 606, Revenue from Contracts with Customers using the modified retrospective method for all contracts not completed as of the date of adoption.

Under ASC 606, the core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. This new guidance provides a five-step analysis in determining when and how revenue is recognized. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group identifies its contracts with customers and all performance obligations within those contracts. The Group then determines the transaction price and allocates the transaction price to the performance obligations within the Group's contracts with customers, recognizing revenue when, or as, the Group satisfies its performance obligations. The adoption of ASC 606 did not significantly change (1) the timing and pattern of revenue recognition for all of the Group's revenue streams, and (2) the presentation of revenue as gross versus net. Therefore, the adoption of ASC 606 did not have a significant impact on the Group's financial position, results of operations, equity or cash flows as of the adoption date and for the six months ended June 30, 2020 and 2021.

The Group's revenue recognition policies effective upon the adoption of ASC 606 are as follows:

**Revenue from educational content service and other services**

The Group embeds the digital educational content into various web-based or mobile-based online learning platforms to provide comprehensive educational resources or other services to education institutions and individual customers through B2B2C model or B2C model. Specifically, the Group primarily provides subscription service, licensing service and other services.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

(i) Subscription revenue

The Group generates subscription revenue primarily through (a) selling subscriptions to online learning platforms, to higher education institutions and other institutional customers under a B2B2C model mainly through the platform of Sentu Academy; (b) offering subscriptions concerning educational content in mobile video packages directly to end users under a B2C model through the platforms such as Fish Learning or Light Class etc..

The Group's contracts have a single performance obligation for an integrated service and the transaction price is stated in the contracts, usually as a price per end-customers or educational content. Quantity of end-customers enrolled or courses provided is determined before rendering service. The subscription period for a majority of the educational content services is less than 12 months. Customers can access to the educational content anytime during the subscription period. The performance obligation is providing educational content database access and is satisfied over the subscription period. The Group recognized revenue based on a straight-line basis over the subscription period. Subscription services cannot be cancelled and is not refundable after enrollment. All estimates are based on the Group's historical experience, complete satisfaction of the performance obligation, and the Group's best judgment at the time the estimates are made. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial.

(ii) Licensing revenue

The Group generates licensing revenue primarily through licensing select content copyrights to institutional customers based on their needs and preferences under a B2B2C model. Institutional licenses primarily include educational institutions and non-educational institutions, such as libraries, contractors of educational content and video platforms. Licensing, different from subscriptions to learning platforms, allows customers to store the licensed educational content to their system and allow their students/users to access such educational content directly through their own systems. The institutional customers pay for access by their respective students, faculty members or library patrons, as the case may be individuals and generally pay a one-time licensing fee at the fixed price stated in the contract to receive such products. The Group also licenses copyrights of the special limited content in mobile video packages directly to end mobile users under a B2C model through cooperating with a leading telecommunications provider in China. The end mobile users redeem their reward points at the telecommunications provider for the video packages and the telecommunications provider compensates the Group at the fixed price for each video packages stated in the contract. Licensing revenue is recognized at the point in time when control of the select content copyrights is transferred to customer, usually at the time when their customers received the select content. The Group typically satisfies its performance obligations in contracts with customers upon control of the select content copyrights is transferred to customer, usually at the time when their customers received the select content, and the revenue is recognized at a point in time when customer is able to direct use of and obtain substantially all of the benefits from the learning platforms at the time the services are delivered.

(iii) Other services revenue

Other services mainly include mobile media services, including mobile media advertising services etc.. The Group provides advertising services to customers on its mobile application in the form of pop-up ads and banners, and generates revenue from advertisements based on the posting period or based on the number of times viewers click on these advertisements etc. The promised services in each service contract are combined and accounted as a single performance obligation, as the promised services in a contract are not distinct and are considered as a significant integrated service. The Group determines pricing for each contract separately. These services are recognized over time based on a straight-line basis over the period of services rendered as customers simultaneously receive and consume the benefits of these services throughout the service period. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial. For some contracts, the mobile media advertising revenue is generated based on the number of times viewers click on these advertisements or download the

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

sponsor's application to their phones or the number of days such advertisements are placed in the learning platform. Under much pricing model, the Group recognizes revenues at the point of time as the publishers deliver advertising services at the point in time.

Net revenues presented on the consolidated statements of income and comprehensive income are net of sales discount and sales tax.

Revenue from IT related solution services

The Group derived revenue from IT related solution services through providing (i) design and development of customized IT system service; (ii) procurement and assembling of equipment needed to operate the customer's systems; and (iii) technological support and maintenance service.

The Group contract with higher education institutions and other institutional customers to provide design and development of customized IT system service, normally within a year. The terms of pricing and payment stipulated in the contract are fixed. Revenue are recognized when the system or platform are completed and accepted by the customers. Upon delivery of services, project completion inspection and customer acceptance notice are required as proof of the completion of performance obligations, which is a confirmation of customer to its ability to direct the use of and obtain substantially all of the benefits from, the design and development service. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

The Group generate revenue from procurement and assembling of equipment needed to operate the customer's systems. The terms of pricing and payment stipulated in the contract are fixed. Revenue are recognized when the systems are completed and accepted by the customers, normally within a year. Project completion inspection and customer acceptance notice are required as proof of the completion of performance obligations, which is a conformation of customer to its ability to direct the use of and obtain substantially all of the benefits from the systems. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

From time to time, the Group enters into arrangement to provide technological support and maintenance service of online platforms to its customers at a price stated in contract. the Group's efforts are expended evenly throughout the service period. The revenues for the technological support and maintenance service are recognized over the support and maintenance services period, usually one year or less. The Group's contracts have a single performance obligation and are primarily on a fixed-price basis. No significant returns, refund and other similar obligations during each reporting period.

The following table summarizes disaggregated revenue from contracts with customers by service type:

	<b>For the Six Months Period Ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2021</b>
	<b>RMB</b>	<b>RMB</b>
Revenue from educational content service and other services		
– Subscription revenue	44,226,465	72,793,633
– Licensing revenue	86,807,190	98,547,005
– Other services revenue	4,,189,232	6,734,367
Subtotal	<u>135,222,887</u>	<u>178,075,005</u>
Revenue from IT related solution services	32,912,304	98,378,916
Total	<u>168,135,191</u>	<u>276,453,921</u>



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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The core principle underlying the revenue recognition ASU is that the Company will recognize revenue to represent the transfer of services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in such exchange. This will require the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when services are provided to a customer.

The following table summarizes disaggregated revenue from contracts with customers by timing of revenue recognition:

	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2021</b>
	<b>RMB</b>	<b>RMB</b>
<b>Services transferred at a point in time</b>		
– Revenue from educational content service	86,807,190	98,547,005
– Revenue from IT related solution services	32,912,304	98,324,037
<b>Services transferred over time</b>		
– Revenue from educational content service	48,415,697	79,528,000
– Revenue from IT related solution services	—	54,879
<b>Total</b>	<b>168,135,191</b>	<b>276,453,921</b>

**Contract balances**

Timing of revenue recognition may differ from the timing of invoicing to customers. In accordance with ASC340-40-25-1, an entity shall recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Entities sometimes incur costs to obtain a contract that otherwise would not have been incurred. Entities also may incur costs to fulfil a contract before a good or service is provided to a customer. The revenue standard provides guidance on costs to obtain and fulfil a contract that should be recognized as assets. Costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer, and are periodically reviewed for impairment. Only incremental costs should be recognized as assets.

The Group's revenue is recognized when control of the promised services is rendered over the service period and the payment from customers is not contingent on a future event, and the Group's right to consideration in exchange for services that the Group has transferred to a customer is only conditioned on the passage of time. Therefore, the Group does not have any contract assets. The Group also does not have significant capitalized commissions or other costs as of December 31, 2020 and June 30, 2021.

Contract liabilities are presented as deferred revenue in the consolidated balance sheets, which represents service fee payment received from students in advance of completion of performance obligations under a contract. Deferred revenue relates to unsatisfied performance obligations at the end of each reporting period and consists of cash payment received in advance from the video content database access subscribers. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. Due to the generally short-term duration of the relevant contracts, the majority of the performance obligations are satisfied within one year. The amount of revenue recognized that was included in the receipts in advance balance at the beginning of the period were RMB 13,746,966 and RMB 4,088,204 for the six months ended June 30, 2020 and 2021, respectively.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The details of deferred revenue are as follows:

	As of December 31, 2020	As of June 30, 2021
	RMB	RMB
Advance from educational content service and other services		
– Subscription service	6,269,314	5,489,809
<b>Total</b>	<b>6,269,314</b>	<b>5,489,809</b>
Advance from IT related solution services	1,125,334	400,000
<b>Total</b>	<b>7,394,648</b>	<b>5,889,809</b>

**Cost of revenues**

Costs of revenues consist primarily of inventory cost, staff costs, video content costs, depreciation expenses and other direct costs of providing these services or goods. These costs are charged to the unaudited condensed consolidated statements of income and comprehensive income as incurred.

**Related party transactions**

A related party is generally defined as (i) any person and or their immediate family hold 10% or more of the company's securities (ii) the Company's management and or their immediate family, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related parties may be individuals or corporate entities.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

**Comprehensive income**

Comprehensive income is defined to include all changes in equity 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. Accumulated other comprehensive income, as presented on the unaudited condensed consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

**Taxation****Income taxes**

Current income taxes are provided on the basis of income/(loss) 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 provided using the assets and liabilities method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

unaudited condensed consolidated statement of income and comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more-likely-than-not that some portion of, or all of the deferred tax assets will not be realized.

*Value added tax*

Revenue represents the invoiced value of goods and services, net of VAT. The VAT is based on gross sales price and VAT rates range up to 16%, depending on the type of products sold or service provided. 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 taxes payable. All of the VAT returns filed by the Company's subsidiaries in PRC remain subject to examination by the tax authorities for five years from the date of filing.

*Uncertain tax positions*

The Group applies the provisions of ASC topic 740 ("ASC 740"), Accounting for Income Taxes, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements. The Group recognizes the benefit of a tax position if a tax return position or future tax position is "more likely than not" to be sustained under examination based solely on the technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured, using a cumulative probability approach, at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group's estimated liability for unrecognized tax benefits are periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, changes and or developments with respect to tax audits, and the expiration of the statute of limitations. Additionally, in future periods, changes in facts and circumstances, and new information may require the Group to adjust the recognition and measurement of estimates with regards to changes in individual tax position. Changes in recognition and measurement of estimates are recognized in the period which the change occurs.

*Deferred IPO costs*

Incremental direct costs incurred by the Company attributable to its proposed IPO of ordinary shares in the U.S. have been deferred and recorded in Prepaid expenses and other current assets and will be charged against the gross proceeds received from such offering.

*Research and development expenses*

Research and development expenses consist primarily of personnel-related expenses incurred for the development of, enhancement to, and maintenance of the Group's websites and internal use software as well as costs associated with new video contents development. Depreciation expenses and other operating costs that are directly related to research and development are also included in research and development expenses. The Group recognizes research and development expenses when incurred.

*Government grants*

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government grants of non-operating nature with no further conditions to be met are recorded as government grants when received. The government grants with certain operating conditions are recorded as "other liabilities/other non-current liabilities" when received and will be recorded as other income when the conditions are met.

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Earnings (loss) per share**

Earnings (loss) per share (“EPS”) is computed in accordance with ASC topic 260 (“ASC 260”), *Earnings per Share*. The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company’s redeemable shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis. As a result, and in accordance with ASC 260, the undistributed earnings for each year is allocated based on the contractual participation rights of the ordinary shares and redeemable shares, respectively. As the liquidation and dividend rights are identical, the undistributed earnings is allocated on a proportionate basis.

Diluted earnings per share is calculated by dividing net income attributable to ordinary shareholders, including the redeemable shares, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. As of June 30, 2020 and 2021, there were no dilutive shares.

**Commitments and contingencies**

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group’s unaudited condensed consolidated financial statements. If the assessment indicates that a potential loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

**Risks and uncertainties**

Beginning in late 2019, an outbreak of a novel strain of coronavirus (COVID-19) first emerged in China and has spread globally. In March 2020, the World Health Organization (“WHO”) declared the COVID-19 as a pandemic. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures, which have caused material disruption to businesses globally resulting in an economic slowdown. These measures, though intended to be temporary in nature, may continue and increase depending on developments in the COVID-19 outbreak or any reoccurrence of an outbreak. The COVID-19 outbreak in China temporarily adversely impacted the Group’s operating activities, especially the service providing in IT solution services in the first quarter of fiscal 2020. However, since the COVID-19 pandemic results in more people willing to adopt alternative learning approach and switched to online learning platforms, there was no significant impact on the educational content services.

**Concentration of risks**

**Concentration of credit risks**

Financial instruments that potentially subject the Group to significant concentration of credit risk primarily cash and cash equivalents and restricted cash and accounts receivables. The carrying amounts of cash and cash equivalents represent the Group’s maximum exposure to credit risk. As of June 30, 2021, the Group has

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RMB 42,211,447 in cash and cash equivalents, which is mainly held in cash and demand deposits with several financial institutions in the PRC and Hong Kong. In the event of bankruptcy of one of these financial institutions, the Group may not be able to claim its cash and demand deposits back in full. The Group continues to monitor the financial strength of the financial institutions.

Accounts receivable are typically unsecured and denominated in RMB, derived from revenue earned from customers in the PRC, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. The Group maintains an allowance for doubtful accounts and actual losses have generally been within management's expectations. Refer to major customers and supplying channels below for detail.

Currency convertibility risk

Substantially all of the Group's operating activities are settled in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with supporting documents.

Major customers and supplying channels

The Group's suppliers primarily consist of software suppliers, IT equipment providers and advertising companies.

For the six months ended June 30, 2020, two suppliers accounted for 49% and 15% of the Group's total purchases, respectively. For the six months ended June 30, 2021, five suppliers accounted for 22%, 21%, 21%, 13% and 11% of the Group's total purchases, respectively. As of December 31, 2020, three suppliers accounted for 50%, 24% and 11% of the Group's total accounts payable balance, respectively. As of June 30, 2021, three suppliers accounted for 48%, 22% and 12% of the Group's total accounts payable balance, respectively.

The Group's customers primarily include higher education institutions, contractors of educational content and IT related solutions, telecommunications providers, providers of mobile Internet audio and video services, platform services providers and libraries.

For the six months ended June 30, 2020, two customers accounted for 33% and 15% of the Group's total revenue, respectively. For the six months ended June 30, 2021, three customers accounted for 27%, 22% and 11% of the Group's total revenue, respectively. As of December 31, 2020, two customers accounted for 31% and 16% of the Group's total accounts receivable balance. As of June 30, 2021, two customer accounted for 34% and 11% of the Group's accounts receivable balance, respectively.

**NOTE 3 — ACCOUNTS RECEIVABLE, NET**

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
Accounts receivable	116,729,972	153,355,354
Allowance for doubtful accounts	(1,925,540)	(2,522,364)
Accounts receivable, net	<u>114,804,432</u>	<u>150,832,990</u>

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**NOTE 3 — ACCOUNTS RECEIVABLE, NET (cont.)**

The following table presents movement of the allowance for doubtful accounts:

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
Balance at the beginning of the period	1,715,107	1,925,540
Provisions	210,433	596,824
Balance at the end of the period	<u>1,925,540</u>	<u>2,522,364</u>

**NOTE 4 — SHORT-TERM INVESTMENTS**

As of December 31, 2020 and June 30, 2021, the Group had short-term investments, which mainly consists of wealth management products purchased from commercial banks, in the amount of RMB 70,680,000 and RMB 21,030,000, respectively. These wealth management products bear an expected rate of return ranging from 2.3 – 3.5%, either can be redeemed at any time or bear an initial maturity of more than three months but less than one-year. For the six months ended June 30, 2020 and 2021, the Group recorded investment income of RMB241,337 and RMB 117,067 in the unaudited condensed consolidated statements of income and comprehensive income, respectively.

**NOTE 5 — PREPAID EXPENSES AND OTHER CURRENT ASSETS**

The prepaid expenses and other current assets consist of the following:

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
Other receivables	656,978	251,219
Deposits	1,860,342	1,513,234
Prepaid expense	409,065	269,564
Deferred IPO Cost	—	3,585,211
Total	<u>2,926,385</u>	<u>5,619,228</u>

**NOTE 6 — EDUCATIONAL CONTENTS, NET**

Educational contents, net consist of the following:

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
Produced educational contents	181,446,541	232,955,975
Licensed copyrights	3,243,383	3,243,382
Less: Accumulated amortization	<u>(44,584,793)</u>	<u>(65,735,341)</u>
	<u>140,105,131</u>	<u>170,464,016</u>

No impairment charge was recognized for the six months ended June 30, 2020 and 2021, respectively.

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**NOTE 6 — EDUCATIONAL CONTENTS, NET (cont.)**

Amortization expense was RMB 11,911,140 and RMB 21,202,673 for the six months ended June 30, 2020 and 2021, respectively. Estimated amortization expense relating to the educational contents for each of the next five years is as follows:

<b>Year ending December 31,</b>	<b>RMB</b>
2021 (excluding the six months ended June 30, 2021)	22,888,156
2022	45,716,981
2023	43,808,176
2024	35,971,698
2025	19,564,853
Thereafter	2,514,152
<b>Total expected amortization expense</b>	<b>170,464,016</b>

**NOTE 7 — INTANGIBLE ASSETS, NET**

Intangible assets, stated at cost less accumulated amortization, consisted of the following:

	<b>As of</b>	
	<b>December 31, 2020</b>	<b>June 30, 2021</b>
	<b>RMB</b>	<b>RMB</b>
Software and technology	16,946,187	16,946,187
Customer relationship	31,168,000	31,168,000
Less: accumulated amortization	(24,270,682)	(27,984,681)
<b>Intangible assets, net</b>	<b>23,843,505</b>	<b>20,129,506</b>

The customer relationship was acquired from the acquisition of Guangzhou Xingzhiqiao by the Group in 2018. No impairment charges were recognized on intangible assets for the six months ended June 30, 2020 and 2021, respectively.

Amortization expense was RMB3,902,548 and RMB3,714,000 for the six months ended June 30, 2020 and 2021, respectively. Estimated amortization expense relating to the existing intangible assets for each of the next five years is as follows:

<b>Year ending December 31,</b>	<b>RMB</b>
2021 (excluding the six months ended June 30, 2021)	2,942,298
2022	4,925,655
2023	4,684,001
2024	4,638,843
2025	2,929,521
Thereafter	9,188
<b>Total expected amortization expense</b>	<b>20,129,506</b>

**NOTE 8 — PREPAYMENTS**

	<b>As of</b>	
	<b>December 31, 2020</b>	<b>June 30, 2021</b>
	<b>RMB</b>	<b>RMB</b>
<b>Short-term prepayments</b>		
Advance to suppliers for services and inventories	2,664,222	3,170,883

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 — PREPAYMENTS (cont.)**

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
<b>Long-term prepayments</b>		
Prepayment for educational content	51,566,790	96,377,244

**NOTE 9 — LEASES**

The Group leases office space from third parties.

Lease classification for lease contracts exist before January 1, 2018 the Company's adoption date of ASC 842 was not reassessed upon adoption of the new lease guidance. New lease contracts entered into after January 1, 2018 is classified as operating lease or finance lease at inception of the lease in accordance with ASC 842. The Company does not have any finance lease during 2020 and 2021. Operating leases result in the recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent the Company's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. As of December 31, 2020 and June 30, 2021, the Operating lease's weighted average remaining lease term was 0.99 years and 0.99 years, respectively. As of December 31, 2020 and June 30, 2021, and weighted average discount rate was 4.75% and 4.75%, respectively.

The components of lease expense consist of the following:

	Classification	For the six Months Ended June 30,	
		2020	2021
		RMB	RMB
Operating lease cost	Selling, general and administrative expense	1,898,258	1,801,304

Cash flow information related to leases consists of the following:

	For the Six Months Ended June 30,	
	2020	2021
	RMB	RMB
Operating cash payments for operating leases	1,662,240	1,764,922
Right-of-use assets obtained in exchange for operating lease liabilities	—	—

The minimum future lease payments as of June 30, 2021 are as follows:

Year ending December 31,	Operating leases RMB
2021 (excluding the six months ended June 30, 2021)	471,679
2022	289,490
Total future lease payments	761,169
Less: Imputed interest	(30,333)
Total lease liability balance	730,836



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**NOTE 10 — INCOME TAXES**

*Composition of income tax*

The following table presents the composition of income tax expenses for the six months ended June 30, 2020 and 2021:

	<b>For the Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>RMB</b>	<b>RMB</b>
Current income tax expense	539,420	8,342,582
Deferred income expense (benefits)	471,069	(280,586)
<b>Total Income taxes</b>	<b>1,011,029</b>	<b>8,061,996</b>

*Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its intermediate holding companies in the Cayman Islands are not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company or its subsidiaries in the Cayman Islands to their shareholders, no withholding tax will be imposed.

*British Virgin Islands (“BVI”)*

Subsidiaries in the BVI are exempted from income tax on their foreign-derived income in the BVI. There are no withholding taxes in the BVI.

*Hong Kong*

Under the Hong Kong tax laws, subsidiaries in Hong Kong are subject to the Hong Kong profits tax rate at 16.5% and they may be exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

*China*

Effective from January 1, 2008, the PRC’s statutory, Enterprise Income Tax (“EIT”) rate is 25%. In accordance with the implementation rules of EIT Law, a qualified “High and New Technology Enterprise” (“HNTE”) is eligible for a preferential tax rate of 15% with HNTE certificate effective for a period of three years and a “Software Enterprise” (“SE”) is entitled to a two-year income tax exemption starting from the first profit making year, followed by a reduction of half the applicable tax rate for the subsequent three years, and small and micro-sized enterprises (“SMEs”) is entitled to a reduced EIT rate of 20%, 75% reduction of taxable income for the first RMB1,000,000 taxable income and 50% reduction of taxable income for the remaining taxable income.

The following table presents a reconciliation of the differences between the statutory income tax rate and the Group’s effective income tax rate for the six months ended June 30, 2020 and 2021:

	<b>For the Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
PRC statutory rate	25.0%	25.0%
Effect of differing tax rates in different jurisdictions	4.0%	1.8%
Permanent difference	(3.3)%	(4.1)%
Favorable tax rate impact	(24.2)%	(7.9)%
Change in valuation allowance	1.4%	0.7%
Income tax (benefit)/expense	<b>2.9%</b>	<b>15.5%</b>

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**NOTE 10 — INCOME TAXES (cont.)**

The tax effects of temporary differences that give rise to the deferred tax balances at December 31, 2020 and June 30, 2021 are as follows:

	As of	
	December 31, 2020	June 30, 2021
	RMB	RMB
Deferred tax assets:		
Bad debt provision	318,213	451,734
Net operating losses carried forward	1,778,706	2,115,300
Valuation allowance	(1,773,276)	(2,108,904)
Deferred tax assets, net	<u>323,643</u>	<u>458,130</u>
Deferred tax liabilities:		
Customer relationship arising from acquisition	<u>2,775,900</u>	<u>2,629,800</u>

Guangzhou Lianhe and Jianzhi Beijing, as SEs, were entitled to the preferential EIT treatment of two-year exemption and three-year half payment. Beijing Sentu applied the EIT rate of 15% during 2020 and 2021 as a HNTE. Sentu Lejiao is subject to the 25% EIT rate for the year of 2020 and 2021. Guangzhou Lianhe, Guangzhou Xingzhiqiao and Shanghai Ang'you, as SMEs are subject to the PRC EIT at a preferential tax rate of 20% for the taxable income for the first RMB3.0 million, 75% reduction of taxable income for the first RMB1.0 million taxable income and 50% reduction of taxable income for the remaining taxable income below RMB3.0 million, from 2019 to 2021. The estimated tax savings as a result of the Company's preferred tax rates for the six months ended June 30, 2020 and 2021 amounted to RMB8,465,014 and RMB4,100,343, respectively. Per share effect of the tax savings were RMB0.08 and RMB0.04 for the six months ended June 30, 2020 and 2021, respectively.

**NOTE 11 — RELATED PARTY BALANCES AND TRANSACTION**

Name	relationship	As of	
		December 31, 2020	June 30, 2021
		RMB	RMB
Qizhang Li	General manager of a subsidiary of the Company	74,500	2,000
Li Sun	A director of the Group	3,104	—
Peixuan Wang	Chairwomen of the Company	—	2,989,538
Xinyutong Kezhuyong Enterprise Management Center	Its owner is Qizhang Li	24,700,000	24,700,000
Total amount due to related parties		<u>24,777,604</u>	<u>27,691,538</u>

During the six months ended June 30, 2020 and 2021, our chairwomen of board of directors, Peixuan Wang, paid off professional fees on behalf of the Group in the amount of RMB0 and RMB 2,490,578 respectively.

As of December 31, 2020, and June 30, 2021, the Group had balance due to Xinyutong Kezhuyong Enterprise Management Center in the amount of RMB 24,700,000 and RMB 24,700,000, respectively, representing the outstanding payables to Xinyutong Kezhuyong Enterprise Management Center for the purchase of 51% equity interest of Xingzhiqiao on September 30, 2017 and 49% equity interest of Xingzhiqiao on August 31, 2018.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
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**NOTE 12 — COMMITMENTS AND CONTINGENCIES**

The Group may be involved in certain legal proceedings, claims and other disputes arising from the commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and in which the outcomes are not predictable. The Group determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

**NOTE 13 — REDEEMABLE PREFERRED SHARES**

On July 19, 2018, Dongxing Securities (Hong Kong) Financial Holdings Limited (“Dongxing Securities”) and the Company entered into a subscription agreement whereby Dongxing Securities subscribed 10% of the Company’s enlarged ordinary shares (11,110,000 shares after reflecting the stock split in Note 14) to Dongxing for a consideration of HK\$ 53,400,000 (approximate RMB46.0 million).

***Redemption right***

Pursuant to the subscription agreement, the Company granted an option to Dongxing Securities, at discretion of Dongxing Securities, requires the Company to repurchase or redeem the Company’s shares at the option price upon the occurrence of the events as follows: a) within fifteen business days after October 1, 2021 if the Company has not completed the IPO on or before March 31, 2021 or such later date as mutually agreed between the Investor and the Company, or b) if the audited consolidated net profits of the Company for the fiscal year of 2018 is less than RMB45,000,000. The redemption option is guaranteed by Peixuan Wang, Chairwoman of the board.

Upon exercise of the put option by the holder, the holder will sell and transfer, and the Company will unconditionally and irrevocably undertakes and covenants to purchase and redeem, the put shares at the put option price to the Company free from all liens on the fifteenth business day after the date of receipt of the notice by the Company or any later date as agreed between the parties.

In the event of the triggering event above, the redeemed price should equal to the sum of a) the purchase price with respect to the put shares calculated on a pro rata basis, and b) an IRR of 13% per annum on the purchase price with respect to the put shares calculated from the closing date of the initial purchase to the date of the put option is exercised and closed.

In addition, all rights of the investor shall be suspended during the periods a) commencing on the date of the company’s submission of each application for new listing to a stock exchange and ending on the date on which the application is withdrawn, lapses or is rejected or returned by the stock exchange. b) commencing on the date of the company’s filing of a review request or appeal request to the stock exchange against the decision of rejection or return of an application and ending on the date on which the review or appeal is rejected.

***Voting Right***

The holders of redeemable shares and ordinary shares have the equivalent voting rights based on their proportionate holding of the Company.

***Dividend***

Each holder of redeemable shares shall be entitled to receive dividends and distributions on an as-converted basis together with the ordinary shares on parity with each other, provided that such dividends and distributions shall be payable only when, as, and if declared by the Board.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
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**NOTE 13 — REDEEMABLE PREFERRED SHARES (cont.)*****Accounting of redeemable Shares***

The Company has classified the redeemable shares in the mezzanine equity of the unaudited condensed consolidated balance sheets. In addition, management of the Group evaluated that redemption was not probable due to the fact that the Group filed the application for listing to a stock exchange prior to the date mentioned above and the stipulated net profits was achieved, and therefore the Group did not accrete the redeemable shares to the redemption value. The redemption value as of December 31, 2020 and June 30, 2021 would be RMB60,643,343 and RMB63,632,360, respectively.

**NOTE 14 — EQUITY*****Ordinary shares***

The Company was established under the laws of Cayman Islands on March 12, 2018. The authorized number of Ordinary Shares was 50,000 with par value of \$1 per share. On March 12, 2018, the Company issued 10,000 shares to four shareholders in exchange for US\$10,000.

On July 8, 2021, the Board of Directors adopted a consent resolution to effectuate a 10000:1 stock reverse split, to sub-divide the original 10,000 issued ordinary shares of a nominal or par value of US\$1 in the capital of the Company into 100,000,000 ordinary shares of a nominal or par value of US\$0.0001. As a result, the Company had 500,000,000 authorized common shares, \$0.0001 par value per share, of which 100,000,000 were issued and outstanding as of December 31, 2020 and 2019. The Company believes it is appropriate to reflect stock reverse split on a retroactive basis similar to stock split or dividend pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all the periods presented.

**NOTE 15 — SEGMENT INFORMATION**

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 are Ms. Wang, the Chairwoman of the Board of Directors and Mr. Hu, CEO.

The Group’s organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but not limited to, customer base, homogeneity of service and technology. The Group’s operating segments are based on such organizational structure and information reviewed by the Group’s CODM to evaluate the operating segment results. Based on management’s assessment, the Company has determined that it has two operating segments: (i) educational content services and other services. (ii) IT related solution services.

The following table presents revenue by segments for the six months ended June 30, 2020 and 2021, respectively:

	<b>For the Six Months Ended June 30, 2020</b>		
	<b>IT related solution services</b>	<b>Educational content service and other services</b>	<b>Total</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Revenue	32,912,304	135,222,887	168,135,191
Cost of revenue and related tax	(13,164,338)	(102,663,211)	(115,827,549)
Gross profit	<u>19,747,966</u>	<u>32,559,676</u>	<u>52,307,642</u>
Depreciation and amortization	69,189	2,627,279	2,697,068
Net income	<u>14,931,478</u>	<u>19,131,369</u>	<u>34,062,847</u>

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**NOTE 15 — SEGMENT INFORMATION (cont.)**

	For the Six Months Ended June 30, 2021		
	IT related solution services	Educational content service and other services	Total
	RMB	RMB	RMB
Revenue	98,378,916	178,075,005	276,453,921
Cost of revenue and related tax	(52,975,513)	(151,823,914)	(204,799,427)
Gross profit	45,403,403	26,251,091	71,654,494
Depreciation and amortization	2,692	2,033,468	2,036,160
Net income	34,727,794	9,092,207	43,820,001
		As of	
		December 31, 2020	June 30, 2021
		RMB	RMB
<b>Identifiable long-lived assets, net:</b>			
IT related solution services		465,379	385,221
Educational content service and other services		163,699,694	190,390,538
Total		164,165,073	190,775,759

Substantially the majority of the Group's revenues are derived from China based on the geographical locations where services are provided to customers. In addition, the Group's long-lived assets are substantially all located in and derived from China, and the amount of long-lived assets attributable to any individual other country is not material. Therefore, no geographical segments are presented.

**NOTE 16 — SUBSEQUENT EVENT**

Subsequent to June 30, 2021, the shareholder of the Company, RongDe Holdings Limited, made a interest free loan to the Group in the amount of RMB46,973,674.

The Company evaluated the subsequent event through October 29, 2021, which is the date of the issuance of unaudited condensed consolidated financial statements, and concluded that there are no additional reportable subsequent events apart from disclosed as above.

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
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**NOTE 17 — UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

**Unaudited Condensed Balance Sheets**

	As of December 31, 2020	As of June 30, 2021	As of June 30, 2021
	RMB	RMB	US\$ (Note 2)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	98,268	65,337	10,119
Prepaid expenses and other current assets	—	3,423,848	530,287
Short-term prepayments	—	323,230	50,062
<b>Total current assets</b>	<b>98,268</b>	<b>3,812,415</b>	<b>590,468</b>
<b>Non-current assets:</b>			
Investment in subsidiaries, VIE and VIE's subsidiaries	352,305,692	394,800,828	61,146,861
Amounts due from entities within the Group	7,005,315	6,882,843	1,066,017
<b>Total non-current assets</b>	<b>359,311,007</b>	<b>401,683,671</b>	<b>62,212,878</b>
<b>Total assets</b>	<b>359,409,275</b>	<b>405,496,086</b>	<b>62,803,346</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amount due to related party	—	2,490,577	385,742
Accrued expenses and other liabilities	3,919,760	8,776,942	1,359,375
<b>Total current liabilities</b>	<b>3,919,760</b>	<b>11,267,519</b>	<b>1,745,117</b>
<b>Total liabilities</b>	<b>3,919,760</b>	<b>11,267,519</b>	<b>1,745,117</b>
<b>Mezzanine equity:</b>			
Redeemable preferred shares (US\$0.0001 par value; 11,110,000 shares authorized, issued and outstanding as of December 31, 2020 and June 30, 2021)*	45,984,876	45,984,876	7,122,150
<b>Shareholders' equity:</b>			
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 100,000,000 shares issued and outstanding as of December 31, 2020 and June 30, 2021)*	63,291	63,291	10,000
Additional paid-in capital	52,927,738	52,927,738	8,197,265
Statutory reserve	20,977,351	20,977,351	3,248,978
Retained earnings	235,347,520	274,027,426	42,441,444
Accumulated other comprehensive income	188,739	247,885	38,392
<b>Total shareholders' equity</b>	<b>309,504,639</b>	<b>348,243,691</b>	<b>53,936,079</b>
<b>Total liabilities and shareholders' equity</b>	<b>359,409,275</b>	<b>405,496,086</b>	<b>62,803,346</b>

\* Retrospectively restated for effect of stock split (see Note 14).

**JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 17 — UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (cont.)**

**Unaudited Condensed Statements of Comprehensive Income**

	For the Six Months Ended June 30,		
	2020	2021	2021
	RMB	RMB	US\$
			(Note 2)
<b>Operating costs and expenses:</b>			
Selling, general and administrative	5,451,196	3,724,347	576,828
Share of income of subsidiaries, VIEs and VIEs' subsidiaries	36,785,310	42,404,253	6,567,582
<b>Net income</b>	<b>31,334,114</b>	<b>38,679,906</b>	<b>5,990,754</b>
<b>Net income attributable to ordinary shareholders</b>	<b>31,334,114</b>	<b>38,679,906</b>	<b>5,990,754</b>
<b>Other comprehensive income (loss)</b>			
Foreign currency translation adjustments	(180,387)	59,146	9,161
<b>Total other comprehensive income (loss)</b>	<b>(180,387)</b>	<b>59,146</b>	<b>9,161</b>
<b>Comprehensive income</b>	<b>31,153,727</b>	<b>38,739,052</b>	<b>5,999,915</b>

**Unaudited Condensed Statements of Cash Flows**

	For the Six Months Ended June 30,		
	2020	2021	2021
	RMB	RMB	US\$
			(Note 2)
Net cash used in operating activities	(5,552,982)	(1,194)	(185)
Net cash provided by financing activities	522	—	—
Effect of exchange rate changes on cash and cash equivalents	59,089	(31,737)	(4,916)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,493,371)</b>	<b>(32,931)</b>	<b>(5,101)</b>
Cash and cash equivalents at the beginning of the period	7,401,073	98,268	15,220
Cash and cash equivalents at the end of the period	<u>1,907,702</u>	<u>65,337</u>	<u>10,119</u>
<b>Supplemental schedule of non-cash investing and financing activities:</b>			
Operating expense paid by related party on behalf of the Group	—	2,997,447	464,245

**Part II**

**Information Not Required in Prospectus**

**Item 6. *Indemnification of Directors and Officers***

Cayman Islands law does not limit the extent to which a company's 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.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own 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 indemnified person 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.

Pursuant to the indemnification agreements, the form of which is filed as Exhibit 10.2 to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to 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.

**Item 7. *Recent Sales of Unregistered Securities***

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

On July 19, 2018, our Company issued and allotted 1,111 Shares to Dongxing Securities for a consideration of US\$ equivalent of HK\$53,400,000.

**Item 8. *Exhibits and Financial Statement Schedules***

(a) Exhibits

See Exhibit Index beginning on page II-4 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the agreement or such other date or dates as may be specified in the agreement.



We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

**Item 9. Undertakings**

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

- (4) For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
- i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
  - ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
  - iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
  - iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

## EXHIBIT INDEX

## Jianzhi Education Technology Group Company Limited

## Exhibit Index

Exhibit Number	Description of Document
1.1	<a href="#">Form of Underwriting Agreement</a>
3.1*	<a href="#">Memorandum and Articles of Association of the Registrant, as currently in effect</a>
3.2	<a href="#">Form of Amended and Restated Memorandum and Articles of Association of the Registrant, effective immediately prior to the completion of this offering</a>
4.1	<a href="#">Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)</a>
4.2	<a href="#">Registrant's Specimen Certificate for Ordinary Shares</a>
4.3	<a href="#">Form of Deposit Agreement, among the Registrant, the depository and the owners and holders of American Depositary Shares issued thereunder</a>
5.1*	<a href="#">Opinion of Conyers Dill &amp; Pearman regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters</a>
8.1*	<a href="#">Opinion of Conyers Dill &amp; Pearman regarding certain Cayman Islands tax matters (included in Exhibit 5.1)</a>
8.2*	<a href="#">Opinion of Commerce &amp; Finance Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)</a>
10.1*	<a href="#">Form of Indemnification Agreement between the Registrant and its directors and executive officers</a>
10.2*	<a href="#">Form of Employment Agreement between the Registrant and its executive officers</a>
10.3*	<a href="#">English translation of the executed form of the Voting Rights Proxy Agreement granted by shareholders of Beijing Sentu.</a>
10.4*	<a href="#">English translation of the executed form of the Equity Pledge Agreement among Jianzhi Beijing, Beijing Sentu and shareholders of Beijing Sentu.</a>
10.5*	<a href="#">English translation of the executed form of the Exclusive Business Cooperation Agreement between Beijing Sentu and Jianzhi Beijing</a>
10.6*	<a href="#">English translation of the executed form of the Exclusive Call Option Agreement among Jianzhi Beijing, Beijing Sentu and shareholders of Beijing Sentu.</a>
10.7*	<a href="#">English translation of the executed form of the Exclusive Asset Option Agreement among Jianzhi Beijing, Beijing Sentu and shareholders of Beijing Sentu.</a>
10.8*	<a href="#">English translation of form of letter of undertakings, from each individual shareholder of direct shareholders of Beijing Sentu</a>
10.9*	<a href="#">English translation of form of spousal consent letter, from the spouse of each individual shareholder of direct shareholders of Beijing Sentu</a>
10.10†	<a href="#">Form Light Class Business Agency Settlement Cooperative Agreement Between Guangzhou 5G Information Technology Co., Ltd and Jianzhi Education Entity.</a>
10.11†	<a href="#">Form Cooperation Framework Agreement on the Virtual Commodities Between Telefen E-commerce (Shanghai) Co., Ltd. and Jianzhi Education Entity.</a>
10.12†	<a href="#">Form Operation Service Agreement on Broadcast Content of Audio-Visual Programs of [Selected Product Package of Fish Learning] With E-surfing Media Co., Ltd.</a>
21.1*	<a href="#">List of Significant Subsidiaries and VIE of the Registrant</a>
23.1	<a href="#">Consent of Friedman LLP, an independent registered public accounting firm</a>
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24.1	<a href="#">Powers of Attorney (included on signature page)</a>
99.1*	<a href="#">Code of Business Conduct and Ethics of the Registrant</a>
99.2*	<a href="#">Opinion of Commerce &amp; Finance Law Offices regarding certain PRC law matters</a>
99.3*	<a href="#">Consent of Frost &amp; Sullivan</a>

\* Previously filed.

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K under the Securities Act of 1933, as amended, because they both are not material and would likely cause competitive harm to the Registrant if publicly disclosed.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, China, on October 29, 2021.

**Jianzhi Education Technology Group  
Company Limited**

By: /s/ Peixuan Wang

Name: Peixuan Wang

Title: Chairwoman of the Board

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Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on October 29, 2021.

<b>Signature</b>	<b>Title</b>
<u>/s/ Peixuan Wang</u> Peixuan Wang	Chairwoman of the Board
<u>/s/ Yong Hu</u> Yong Hu	Director, Chief Executive Officer
<u>*</u> Li Sun	Director
<u>*</u> Jingru Li	Director
<u>*</u> Man Lung Everett Chui	Director
<u>*</u> Wai Leung Alfred Lau	Director
<u>*</u> Keikyo Haribayashi	Director
<u>*</u> Xiaolei Ni	Chief Financial Officer

By: /s/ Yong Hu  
Name: Yong Hu  
*Attorney-in-fact*

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Jianzhi Education Technology Group Company Limited has signed this registration statement or amendment thereto in New York on October 29, 2021.

Authorized U.S. Representative

By: /s/ Colleen A. De Vries

\_\_\_\_\_  
Name: Colleen A. De Vries

Title: Senior Vice-President on behalf of  
Cogency Global Inc.

## JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

5,350,000 American Depositary Shares

Representing 10,700,000 Ordinary Shares

(par value US\$0.0001 per share)

UNDERWRITING AGREEMENT

[●], 2021

**AMTD Global Markets Limited**

23/F-25/F, Nexus Building  
41 Connaught Road Central  
Hong Kong

**Loop Capital Markets LLC**

111 W. Jackson Boulevard  
Suite 1901, Chicago, Illinois 60604  
United States

As Representatives of the Several Underwriters

Dear Sirs:

1. *Introductory.* Jianzhi Education Technology Group Company Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability (“**Company**”), agrees with the several Underwriters named in Schedule A hereto (“**Underwriters**”) to issue and sell to the Underwriters an aggregate of 10,700,000 Ordinary Shares, par value US\$0.0001 per share of the Company (“**Ordinary Shares**”), in the form of 5,350,000 American Depositary Shares (“**American Depositary Shares**” or “**ADSs**”). The 5,350,000 ADSs to be sold by the Company is hereinafter referred to as the “**Firm Shares**”. The Company also agrees to sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than 1,605,000 Ordinary Shares in the form of 802,500 ADSs (“**Optional Shares**”), as set forth below. The Firm Shares and the Optional Shares are herein collectively called the “**Offered Shares**”.

The ADSs are to be issued pursuant to a Deposit Agreement dated [●], 2021 (the “**Deposit Agreement**”) among the Company, the Bank of New York Mellon, as Depositary (the “**Depositary**”), and the owners and holders from time to time of the ADSs issued under the Deposit Agreement. Each ADS will initially represent the right to receive two Ordinary Shares deposited pursuant to the Deposit Agreement.

2. *Representations and Warranties of the Company.* (a) The Company represents and warrants to, and agrees with, the several Underwriters that:

(i) *Filing and Effectiveness of Registration Statement; Certain Defined Terms.* The Company has filed with the Commission a registration statement on Form F-1 (No. 333-257865) covering the registration of the Offered Shares under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all material then incorporated by reference therein, all information contained in the registration statement (if any) pursuant to Rule 462(b) and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the “**Initial Registration Statement**.” The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of Offered Shares. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the “**Additional Registration Statement**”. A registration statement on Form F-6 (No. 333-258293) relating to the ADSs has been filed with the Commission and has become effective; no stop order suspending the effectiveness of the ADS Registration Statement (as defined below) is in effect, and no proceedings for such purpose are pending before or threatened by the Commission (such registration statement on Form F-6, including all exhibits thereto, as amended at the time such registration statement becomes effective, being hereinafter called the “**ADS Registration Statement**”). The Company has filed, in accordance with Section 12 of the Exchange Act, a registration statement as amended (the “**Exchange Act Registration Statement**”), on Form 8-A (File No. 001-[●]) under the Exchange Act to register, under Section 12(b) of the Exchange Act, the Ordinary Shares and the ADSs.

As of the time of execution and delivery of this Agreement, each of the Initial Registration Statement and the ADS Registration Statement has been declared effective under the Act and is not proposed to be amended, and the Exchange Act Registration Statement has become effective, as provided in Section 12 of the Exchange Act. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended; no stop order suspending the effectiveness of a Registration Statement (as defined below) or the ADS Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission. The Offered Shares all have been or will be duly registered under the Act pursuant to the Initial Registration Statement, the ADS Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

“**430A Information**”, with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

“**430C Information**”, with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

“**Act**” means the United States Securities Act of 1933, as amended.

“**Applicable Time**” means [●]:[●] [a/p]m (Eastern Time) on the date of this Agreement.

“**Closing Date**” has the meaning defined in Section 3 hereof.

“**Commission**” means the Securities and Exchange Commission.

“**Effective Time**” with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement, means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representatives that it proposes to file one, “**Effective Time**” with respect to such Additional Registration Statement means the date and time as of which such Additional Registration Statement is filed and becomes effective pursuant to Rule 462(b).

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**Final Prospectus**” means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Shares and otherwise satisfies Section 10(a) of the Act.

“**General Use Issuer Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a Bona Fide Electronic Road Show (as defined below)), as evidenced by its being so specified in Schedule B to this Agreement.

“**Issuer Free Writing Prospectus**” means any “issuer free writing prospectus,” as defined in Rule 433, relating to the Offered Shares in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g). The Company has made available a “bona fide electronic road show,” as defined in Rule 433, in compliance with Rule 433(d)(8)(ii) (the “**Bona Fide Electronic Road Show**”) such that no filing of any “road show” (as defined in Rule 433(h)) is required in connection with the offering of the Offered Shares.

“**Limited Use Issuer Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

“**Material Adverse Effect**” means a material adverse effect on the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and the Controlled Entities taken as a whole, or on the ability of the Company and the Controlled Entities to carry out their obligations under this Agreement and the Deposit Agreement.



The Initial Registration Statement and the Additional Registration Statement are referred to collectively as the “**Registration Statements**” and individually as a “**Registration Statement**”. A “**Registration Statement**” with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A “**Registration Statement**” without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

“**Rules and Regulations**” means the rules and regulations of the Commission.

“**Securities Laws**” means, collectively, the Sarbanes-Oxley Act of 2002 (“**Sarbanes-Oxley**”), the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of “issuers” (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and the rules of the Nasdaq Stock Market (the “Nasdaq”) (“**Exchange Rules**”).

“**Statutory Prospectus**” with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any document incorporated by reference therein and any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

Unless otherwise specified, a reference to a “rule” is to the indicated rule under the Act.

(ii) *Compliance with Securities Act Requirements.* (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement, the ADS Registration Statement and the Additional Registration Statement (if any) and any amendment and supplement thereto conformed and will conform in all material respects to the requirements of the Act and the Rules and Regulations and did not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus and any further amendments or supplements thereto will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(c) hereof.

(iii) *Ineligible Issuer Status.* (i) At the time of the initial filing of the Initial Registration Statement and (ii) at the date of this Agreement, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, including (x) the Company and its Controlled Entities, since their respective dates of incorporation, not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company, since its date of incorporation, not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Shares, all as described in Rule 405.

(iv) *General Disclosure Package.* As of the Applicable Time and each Closing Date, none of (i) the General Use Issuer Free Writing Prospectus(es), if any, issued at or prior to the Applicable Time, the preliminary prospectus, dated [●], 2021 (which is the most recent Statutory Prospectus distributed to investors generally) and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package, all considered together (collectively, the “**General Disclosure Package**”), nor (ii) any individual Limited Use Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication (as defined below) stated in Schedule C to this Agreement, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(c) hereof.

(v) *Issuer Free Writing Prospectuses*. Each Issuer Free Writing Prospectus and Written Testing-the-Waters Communication, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Shares or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement, the General Disclosure Package or the Final Prospectus. If at any time following issuance of an Issuer Free Writing Prospectus or making of a Written Testing-the-Waters Communication, there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication, as applicable, conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication, as applicable, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication, as applicable, to eliminate or correct such conflict, untrue statement or omission. Except for the Issuer Free Writing Prospectuses, if any, identified in Schedule B, and electronic road shows, if any, furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior written consent, prepare, use or refer to, any free writing prospectus. The Company has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

(vi) *EGC Status and Testing-the-Waters Communication*. (A) From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Act (an “**Emerging Growth Company**”). “**Testing-the-Waters Communication**” means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act. (B) The Company (i) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the Act or institutions that are accredited investors within the meaning of Rule 501 under the Act, and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. (C) the Company has not presented to any potential investors or otherwise distributed any Written Testing-the-Waters Communications other than those listed in Schedule C hereto. “**Written Testing-the-Waters Communication**” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act.

(vii) *Good Standing of the Company*. The Company has been duly incorporated and is validly existing and in good standing under the laws of the Cayman Islands, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Registration Statement, the General Disclosure Package and the Final Prospectus, and to enter into and perform its obligations under this Agreement; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification. The currently effective memorandum and articles of association or other constitutive or organizational documents of the Company comply with the requirements of applicable Cayman Islands law and are in full force and effect. The amended and restated memorandum and articles of association of the Company adopted on July 9, 2021, filed as Exhibit 3.2 to the Registration Statement, comply with the requirements of applicable Cayman Islands laws and, immediately following closing on the Closing Date of the American Depositary Shares offered and sold hereunder, will be in full force and effect. Complete and correct copies of all constitutive documents of the Company and all amendments thereto have been delivered to the Representatives; except as set forth in the exhibits to the Registration Statement, no change will be made to any such constitutive documents on or after the date of this Agreement through and including the Closing Date.

(viii) *Controlled Entities.* Each of the Company’s direct or indirect subsidiaries and each of the consolidated variable interest entities has been identified in Schedule D, which shall be referred to hereinafter as a “**Controlled Entity**” and collectively as “**Controlled Entities.**” Each Controlled Entity has been duly incorporated or organized and is validly existing as a corporation with limited liability, as the case may be, and in good standing under the laws of the jurisdiction of its incorporation (to the extent such concept exists in such jurisdiction), with full corporate or other power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the General Disclosure Package and the Final Prospectus; and, to the extent applicable, each Controlled Entity is duly qualified to do business as a foreign corporation in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; the constitutive documents of each Controlled Entity comply with the requirements of applicable laws of the jurisdiction of its incorporation and are in full force and effect. All of the issued and outstanding share capital of each Controlled Entity has been duly authorized and validly issued and is fully paid in accordance with applicable laws and its respective articles of association and nonassessable (which term when used in respect of shares of a Controlled Entity incorporated in the British Virgin Islands means that no further sums are required to be paid by the holders thereof in connection with the issue thereof), and the capital stock of each Controlled Entity owned, directly or indirectly, by the Company, is owned free from liens, encumbrances and defects, except as provided in the VIE Agreements (as defined herein), which are described in the Registration Statement, the Final Prospectus and the General Disclosure Package. None of the outstanding share capital in any Controlled Entity was issued in violation of preemptive or similar rights of any security holder or such Controlled Entity. Apart from the Controlled Entities, the Company has no direct or indirect subsidiaries or any other company over which it has direct or indirect effective control that is a “significant subsidiary” as defined under Rule 1-02 of Regulation S-X under the Exchange Act.

(ix) *VIE Agreements and Corporate Structure.*

(i) The description of the corporate structure of the Company and each of the agreements among the subsidiaries, the shareholders, the spouses of the shareholders of the Controlled Entity that is a variable interest entity (the “**VIE**”) and the VIE, as the case may be (each a “**VIE Agreement**” and collectively, the “**VIE Agreements**”) as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus under the captions “Corporate History and Structure” and “Related Party Transactions” and filed as Exhibits 10.3 – 10.9 to the Registration Statement is true and accurate in all material respects and nothing has been omitted from such description which would make it misleading. There is no other material agreement, contract or other document relating to the corporate structure or the operation of the Company together with its Controlled Entities taken as a whole, which has not been previously disclosed or made available to the Underwriters and disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus.

(ii) Each VIE Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and legally binding obligation of the parties thereto, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles. No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental or regulatory agency or body or any court) is required for the performance of the obligations under any VIE Agreement by the parties thereto; and no consent, approval, authorization, order, filing or registration that has been obtained is being withdrawn or revoked or is subject to any condition precedent which has not been fulfilled or performed, *provided, however,* that the exercise of the call options under the VIE Agreements and the foreclosure of the pledge under the VIE Agreements shall be subject to the applicable governmental authorizations. The corporate structure of the Company complies with all applicable laws and regulations of the PRC, and neither the corporate structure nor the VIE Agreements violate, breach, contravene or otherwise conflict with any applicable laws or regulations of the PRC. There is no legal or governmental proceeding, inquiry or investigation pending against the Company, the Controlled Entities or shareholders or spouses of the shareholders of the VIE in any jurisdiction challenging the validity of any of the VIE Agreements, and no such proceeding, inquiry or investigation is threatened in any jurisdiction.

(iii) The execution, delivery and performance of each VIE Agreement by the parties thereto do not and will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, encumbrance, equity or claim upon any property or assets of the Company or any of the Controlled Entities pursuant to (A) the constitutive or organizational documents of the Company or any of the Controlled Entities, (B) any statute, rule, regulation or order of any governmental or regulatory agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of the Controlled Entities or any of their properties, or any arbitration award, or (C) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Controlled Entities is a party or by which the Company or any of the Controlled Entities is bound or to which any of the properties of the Company or any of the Controlled Entities is subject, except in the case of (B), where such breach, violation or default would not reasonably be expected to have a Material Adverse Effect. Each VIE Agreement is in full force and effect and none of the parties thereto is in breach or default in the performance of any of the terms or provisions of such VIE Agreement. None of the parties to any of the VIE Agreements has sent or received any communication regarding termination of, or intention not to renew, any of the VIE Agreements, and no such termination or non-renewal has been threatened by any of the parties thereto.

(iv) The Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the VIE, through its rights to authorize the shareholders of the VIE to exercise their voting rights.

(x) *Offered Shares.* The Offered Shares and all other issued and outstanding shares in the share capital of the Company have been duly authorized; the authorized equity capitalization of the Company is as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus and, upon the issuance and sale of the Firm Shares, the Company shall have an authorized and outstanding share capital as set forth under the columns of the Capitalization table labeled "Pro forma" and "Pro forma as adjusted". All issued and outstanding shares in the share capital of the Company are, and, when the Offered Shares and the underlying Ordinary Shares have been delivered and paid for in accordance with this Agreement and the Deposit Agreement, as the case may be, on each Closing Date, such Offered Shares will have been, validly issued, fully paid and nonassessable (which means that no further sums are required to be paid by the holders thereof in connection with the issue thereof), and will conform to the information in the Registration Statement, the General Disclosure Package and the Final Prospectus to the description of such Offered Shares contained in the Final Prospectus; except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, there are (A) no outstanding securities convertible into or exchangeable for, rights, warrants or options to purchase from the Company, or obligations of the Company to issue, Ordinary Shares or any of the share capital of the Company, (B) no outstanding securities or instruments convertible into or exchangeable for, rights, warrants or options to purchase from any of the Controlled Entities, or obligations of any of the Controlled Entities to issue, any share capital of, or any direct interest in, any of the Controlled Entities; the existing shareholders of the Company have no preemptive rights with respect to the Offered Shares; none of the outstanding shares in the share capital of the Company have been issued in violation of any preemptive or similar rights of any security holder; the Offered Shares and the underlying Ordinary Shares to be sold by the Company, when issued and delivered against payment therefor pursuant to this Agreement, will not be subject to any security interest, other encumbrance or adverse claims, and have been issued in compliance with all federal and state securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal or similar right; upon payment of the purchase price in accordance with this Agreement at each Closing Date, the Depositary or its nominee, as the registered holder of the Ordinary Shares represented by the Offered Shares, will be, subject to the terms of the Deposit Agreement, entitled to all the rights of a shareholder conferred by the Memorandum and Articles of Association of the Company as then in effect; except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus and subject to the terms and provisions of the Deposit Agreement, there are no restrictions on transfers of Ordinary Shares represented by the Offered Shares or the Ordinary Shares under the laws of the Cayman Islands or the United States, as the case may be; the Ordinary Shares represented by the Offered Shares may be freely deposited by the Company with the Depositary or its nominee against issuance of American Depositary Receipts ("**American Depositary Receipts**" or "**ADRs**") evidencing the Offered Shares as contemplated by the Deposit Agreement.

(xi) *No Finder's Fee.* There are no contracts, agreements or understandings between the Company or the Controlled Entities and any person that would give rise to a valid claim against the Company or the Controlled Entities or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering, or any other arrangements, agreements, understandings, payments or issuance with respect to the Company and the Controlled Entities or any of their respective officers, directors, shareholders, sponsors, partners, employees or affiliates that may affect the Underwriters' compensation as determined by the Financial Industry Regulatory Authority ("FINRA").

(xii) *Registration Rights.* There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, "registration rights"), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5(a)(xii) hereof. Each officer, director and shareholder of the Company, as identified in Schedule E, has furnished to the Representatives on or prior to the date hereof a letter or letters substantially in the form of Exhibit A hereto (the "Lock-Up Letter"). The Company agrees to enter into the Depositary Side Letter, referred to in Section 7(q) hereof, with the Depositary, and not to release the Depositary from any of its obligations set forth in, or otherwise amend, terminate or fail to enforce, the Depositary Side Letter or consent to any deposit during the Lock-Up Period referred to in Section 5(a)(xii) hereof unless with the prior written consent of the Representatives.

(xiii) *Listing.* The Offered Shares have been approved for listing on the Nasdaq Global Select Market, subject to notice of issuance.

(xiv) *Absence of Further Requirements.* No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental or regulatory agency or body or any court) is required to be obtained or made by the Company for the consummation of the transactions contemplated by this Agreement or the Deposit Agreement in connection with the offering, issuance and sale of the Offered Shares, except such as have been obtained, or made on or prior to the Closing Date, and are, or on the Closing Date will be, in full force and effect, including (i) under applicable blue sky laws in any jurisdiction in which the Offered Shares are offered and sold and (ii) under the rules and regulations of the FINRA.

(xv) *Title to Property.* The Company and the Controlled Entities have good and marketable title to all real properties and all other properties and assets owned by them, in each case free and clear from all liens, charges, mortgages, pledges, security interests, claims, restrictions or encumbrances or any kind and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them and, the Company and the Controlled Entities hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them; and any real property and buildings held under lease by the Company and the Controlled Entities are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and to be made thereof by them.

(xvi) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of this Agreement, the Deposit Agreement and the issuance and sale of the Offered Shares will not (i) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Controlled Entities pursuant to, the charter or by-laws or similar organizational documents of the Company or any of the Controlled Entities, any statute, rule, regulation or order of any governmental or regulatory agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of the Controlled Entities or any of their properties or assets, or any agreement or instrument to which the Company or any of the Controlled Entities is a party or by which the Company or any of the Controlled Entities is bound or to which any of the properties of the Company or any of the Controlled Entities is subject, (ii) result in any violation of the provisions of the articles of association, charter or by-laws or similar organizational documents of the Company or any of the Controlled Entities or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority. A "Debt Repayment Triggering Event" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of the Controlled Entities.

(xvii) *Absence of Existing Defaults and Conflicts.* Neither the Company nor any of the Controlled Entities is (i) in violation of its respective articles of association, charter, by-laws, business license (as one of the basic organizational documents in the case of an entity incorporated in the PRC) or similar organizational documents, (ii) in violation of or in default (or with the giving of notice or lapse of time would be in default) in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, to which the Company or any of the Controlled Entities is a party or by which the Company or any of the Controlled Entities is bound or to which any of the property or assets of the Company or any of the Controlled Entities is subject or (iii) in breach or violation of any provision of applicable law or statute (including any applicable law concerning intellectual property rights and foreign investment in China) or any judgment, order, rule, ordinance, directive or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its Controlled Entities or any of their properties and assets, except in the case of clauses (ii) and (iii) above, for any such defaults or violations that would not, individually or in the aggregate, result in a Material Adverse Effect.

(xviii) *Authorization of this Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and constitutes valid and legally binding obligations of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(xix) *Authorization of the Deposit Agreement.* The Deposit Agreement has been duly authorized, executed and delivered by the Company and assuming due authorization, execution and delivery by the Depositary, constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The descriptions of this Agreement and the Deposit Agreement contained in each of the Registration Statement, General Disclosure Package and the Final Prospectus is true and accurate in all material respects.

(xx) *Authorization of Registration Statements.* The Registration Statement, the General Disclosure Package, the Final Prospectus, and the ADS Registration Statement, and the filing of the Registration Statement, the General Disclosure Package and the Final Prospectus as of the Applicable Time (to the extent such filing is required under Rule 433 of the Act), the Final Prospectus and the ADS Registration Statement with the Commission, have each been duly authorized by and on behalf of the Company, and each of the Registration Statement and the ADS Registration Statement has been duly executed pursuant to such authorization by and on behalf of the Company.

(xxi) *Possession of Licenses and Permits.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, each of the Company and the Controlled Entities possess, and are in compliance with the terms of, all licenses, certificates, permits and other authorizations ("Licenses") issued by, and have made all declarations and filings with, the appropriate national, regional, local or other governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or assets or the conduct of their respective businesses as described in the Registration Statement, the General Disclosure Package and the Final Prospectus, except where lack of the licenses would not reasonably be expected to have, individually or in aggregate, a Material Adverse Effect, and have not received any notice of proceedings relating to the revocation or modification of any Licenses and, to the knowledge of the Company, neither the Company nor any of the Controlled Entities has reason to believe that such Licenses will not be renewed in the ordinary course of their respective businesses that, if determined adversely to the Company or any of the Controlled Entities, would individually or in the aggregate have a Material Adverse Effect. Such Licenses are valid and in full force and effect and contain no materially burdensome restrictions or conditions not described in the Registration Statement, the General Disclosure Package or the Final Prospectus.

(xxii) *Termination of Contracts.* Neither the Company nor any of the Controlled Entities has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Registration Statement, the General Disclosure Package and the Final Prospectus or filed as an exhibit to the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any of the Controlled Entities or to the best knowledge of the Company after due inquiry, by any other party to any such contract or agreement.

(xxiii) *Absence of Labor Dispute; Compliance with Labor Law.* No labor dispute with the employees or third-party contractors of the Company or any of the Controlled Entities exists or, to the best knowledge of the Company, is contemplated or threatened and the Company and the Controlled Entities are not aware of any existing, threatened or imminent labor disturbance by the employees of any of the principal suppliers, service providers or business partners of the Company and the Controlled Entities that could have a Material Adverse Effect. The Company and the Controlled Entities are and have been in all times in compliance with all applicable labor laws and regulations in all material respects, and no governmental investigation or proceedings with respect to labor law compliance exists or, to the best knowledge of the Company, is imminent.

(xxiv) *Possession of Intellectual Property.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Company and the Controlled Entities own or possess adequate rights to use sufficient trademarks, trade names, patent rights, copyrights, domain names, licenses, approvals, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property Rights**") necessary or material to the conduct of the business now conducted or proposed in the Registration Statement, the General Disclosure Package and the Final Prospectus to be conducted by them, and the expected expiration of any such Intellectual Property Rights would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the General Disclosure Package and the Final Prospectus, (i) there are no rights of third parties to any of the Intellectual Property Rights owned by the Company or the Controlled Entities; (ii) there is no material infringement, misappropriation breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, by the Company, the Controlled Entities or third parties of any of the Intellectual Property Rights of the Company or the Controlled Entities; (iii) there is no pending or threatened action, suit, proceeding or claim by others challenging the Company's or any Controlled Entity's rights in or to, or the violation of any of the terms of, any of their Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or threatened action, suit, proceeding or claim by others that the Company or any Controlled Entity infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of others and the Company is unaware of any other fact which would form a reasonable basis for any such claim; (vi) none of the Intellectual Property Rights used by the Company or the Controlled Entities in their businesses has been obtained or is being used by the Company or the Controlled Entities in violation of any contractual obligation binding on the Company, or the Controlled Entities, or in violation of the rights of any persons; (vii) the Company is unaware of any facts which it believes would form a reasonable basis for a successful challenge that any of the employees it currently employs are in or have ever been in material violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, noncompetition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or the Controlled Entities, or actions undertaken by the employee while employed with the Company or the Controlled Entities, except for situations that would, individually or in the aggregate, result in a Material Adverse Effect; (viii) neither the Company nor any of the Controlled Entities are under an obligation to assign any of their rights in their patents and patent applications to a third party; (ix) the Company and the Controlled Entities are not in breach of, and have complied in all respects with all terms of, any license or other agreement relating to Intellectual Property Rights; and (x) the business of the Company and the Controlled Entities are conducted in compliance with the applicable intellectual property laws and regulations in the PRC and all other applicable jurisdictions in all material respects.

(xxv) *Environmental Laws.* (a)(i) Neither the Company nor any of the Controlled Entities is in violation of, or has any liability under, any federal, state, local or non-U.S. statute, law, rule, regulation, ordinance, code, other requirement or rule of law (including common law), or decision or order of any domestic or foreign governmental agency, governmental body or court, relating to pollution, to the use, handling, transportation, treatment, storage, discharge, disposal or release of Hazardous Substances, to the protection or restoration of the environment or natural resources (including biota), to health and safety including as such relates to exposure to Hazardous Substances, and to natural resource damages (collectively, “**Environmental Laws**”), (ii) neither the Company nor any of the Controlled Entities owns, occupies, operates or uses any real property contaminated with Hazardous Substances, (iii) neither the Company nor any of the Controlled Entities is conducting or funding any investigation, remediation, remedial action or monitoring of actual or suspected Hazardous Substances in the environment, (iv) neither the Company nor any of the Controlled Entities is liable or allegedly liable for any release or threatened release of Hazardous Substances, including at any off-site treatment, storage or disposal site, (v) neither the Company nor any of the Controlled Entities is subject to any claim by any governmental agency or governmental body or person relating to Environmental Laws or Hazardous Substances, and (vi) the Company and the Controlled Entities have received and are in compliance with all, and have no liability under any permits, licenses, authorizations, identification numbers or other approvals required under applicable Environmental Laws to conduct their respective businesses, except in each case covered by clauses (i) – (vi) such as would not individually or in the aggregate have a Material Adverse Effect; (b) there are no facts or circumstances that would reasonably be expected to result in a violation of, liability under, or claim pursuant to any Environmental Law that would have a Material Adverse Effect; and (c) there are no requirements proposed for adoption or implementation under any Environmental Law that would reasonably be expected to have a Material Adverse Effect. For purposes of this subsection, “**Hazardous Substances**” means (A) petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and mold, and (B) any other chemical, material or substance defined or regulated as toxic or hazardous or as a pollutant, contaminant or waste under Environmental Laws.

(xxvi) *Accurate Disclosure.* The statements in the General Disclosure Package and the Final Prospectus under the headings “Prospectus Summary,” “Risk Factors,” “Dividend Policy,” “Enforceability of Civil Liabilities,” “Corporate History and Structure,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Regulations,” “Management,” “Principal Shareholders,” “Related Party Transactions,” “Description of Share Capital,” “Description of American Depositary Shares,” “Shares Eligible for Future Sale,” “Taxation” and “Underwriting”, insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings and present the information required to be shown.

(xxvii) *Absence of Manipulation.* None of the Company, the Controlled Entities nor their respective affiliates, as such term is defined in Rule 501(b) under the Act, has taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Shares.

(xxviii) *Operating and Other Company Data.* All operating and other Company data disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, including but not limited to, numbers and hours of videos and video courses, number of institutional customers, number of paying subscribers and average monthly subscription purchases, as such terms and conventions are disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, are true and accurate in all material respects.



(xxix) *Statistical and Market-Related Data.* Any third-party statistical and market-related data included in a Registration Statement, a Statutory Prospectus, the General Disclosure Package or the Final Prospectus are based on or derived from sources that the Company in good faith believes to be reliable and accurate, and such data agree with the sources from which they are derived, and the Company has obtained the written consent for the use of such data from such sources to the extent required.

(xxx) *Internal Controls and Compliance with the Sarbanes-Oxley Act.* The Company, the Controlled Entities and the Company's Board of Directors (the "**Board**") are in compliance with Sarbanes-Oxley and all applicable Exchange Rules. The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal and regulatory compliance controls (collectively, "**Internal Controls**") that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with the generally accepted accounting principles in the United States and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Shares will be, overseen by the Audit Committee (the "**Audit Committee**") of the Board in accordance with Exchange Rules. Except as disclosed in the General Disclosure Package and the Final Prospectus under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Company has not publicly disclosed or reported to the Audit Committee or the Board, and within the next 135 days the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board, a significant deficiency, material weakness, change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, the Securities Laws, or any matter which, if determined adversely, would have a Material Adverse Effect. Each of the Company's independent directors meets the criteria for "independence" under the Sarbanes-Oxley Act, the rules and regulations of the Commission and all applicable Exchange Rules.

(xxxi) *Absence of Accounting Issues.* The Company has not received any notice, oral or written, from the board of directors stating that it is reviewing or investigating, and neither the Company's independent auditors have recommended that the board of directors review or investigate (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies or (ii) any matter which could result in restatement of the Company's financial statements for any annual or interim period during the current or prior fiscal year since inception.

(xxxii) *Litigation.* There are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental or regulatory agency or body, domestic or foreign) against or affecting the Company, any of the Controlled Entities or any officer or, to the Company's knowledge, any director of the Company or any of their respective properties that, if determined adversely to the Company or any of the Controlled Entities (or their respective officers or directors), would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect their respective properties or assets or the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Shares; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental or regulatory agency or body, domestic or foreign) are threatened or, to the Company's knowledge, contemplated.

(xxxiii) *Financial Statements.* The financial statements included in each Registration Statement and the General Disclosure Package and the Final Prospectus, together with the related notes and schedules thereto, present fairly the financial position of the Company and its Controlled Entities as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in compliance as to form with the applicable accounting requirements of the Act and the related rules and regulations adopted by the Commission and in conformity with the generally accepted accounting principles in the United States applied on a consistent basis during the periods involved; the other financial information included in each of the Registration Statement, the General Disclosure Package and the Final Prospectus has been derived from the accounting records of the Company and the Controlled Entities, and was accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included in the Registration Statement, the General Disclosure Package and the Final Prospectus that are not included as required; and the Company and the Controlled Entities do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations) not described in the Registration Statement, the General Disclosure Package and the Final Prospectus.

(xxxiv) *Critical Accounting Policies.* The section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the General Disclosure Package and the Final Prospectus accurately and fairly describes (i) the accounting policies that the Company believes are the most important in the portrayal of the Company’s financial condition and results of operations and that require management’s most difficult subjective or complex judgment; (ii) the material judgments and uncertainties affecting the application of critical accounting policies; (iii) the likelihood that materially different amounts would be reported under different conditions or using different assumptions and an explanation thereof; (iv) all trends, demands, commitments and events known to the Company, and uncertainties, and the potential effects thereof, that the Company believes would materially affect the liquidity of the Company and the Controlled Entities and are reasonably likely to occur; and (v) all off-balance sheet commitments and arrangements of the Company and the Controlled Entities, if any. The Company’s directors and management have reviewed and agreed with the selection, application and disclosure of the Company’s critical accounting policies as described in the Registration Statement, the General Disclosure Package and the Final Prospectus and have consulted with its independent accountants with regards to such disclosure.

(xxxv) *No Material Adverse Change in Business.* Since the end of the period covered by the latest audited financial statements included in the Registration Statement, the General Disclosure Package and the Final Prospectus (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and the Controlled Entities, taken as a whole, that is material and adverse, (ii) there has been no purchase of its own outstanding share capital by the Company, no dividend or distribution of any kind declared, paid or made by the Company on any class of its share capital, (iii) there has been no material adverse change in the share capital or capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and the Controlled Entities, (iv) neither the Company nor any of the Controlled Entities has (1) entered into or assumed any material transaction or agreement, (2) incurred, assumed or acquired any material liability or obligation, direct or contingent, (3) acquired or disposed of or agreed to acquire or dispose of any business or any other asset, or (4) agreed to take any of the foregoing actions and (v) neither the Company nor any of the Controlled Entities has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or court or governmental action, order or decree.

(xxxvi) *Preliminary Prospectuses*. Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(xxxvii) *Investment Company Act*. The Company is not, and, after giving effect to the offering and sale of the Offered Shares and the application of the proceeds thereof as described in the Registration Statement, the General Disclosure Package and the Final Prospectus, will not be, an “investment company” as defined in the Investment Company Act of 1940 (the “**Investment Company Act**”).

(xxxviii) *Ratings*. No “nationally recognized statistical rating organization” as such term is defined for purposes of Rule 436(g)(2) (i) has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on the Company’s retaining any rating assigned to the Company or any securities of the Company or (ii) has indicated to the Company that it is considering any of the actions described in Section 7(c)(ii) hereof.

(xxxix) *PFIC Status*. Based upon the Company’s current and expected income and assets, including goodwill (taking into account the expected proceeds from this offering) and projections as to the market price of the ADSs following the offering, the Company does not expect to be a “passive foreign investment company” (“**PFIC**”) as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended, for the current taxable year or the foreseeable future.

(xl) *Payments in Foreign Currency*. Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, under current laws and regulations of the Cayman Islands and the PRC and any political subdivision thereof, all dividends and other distributions declared and payable on the Offered Shares may be paid by the Company to the holder thereof in United States dollars that may be converted into foreign currency and freely transferred out of the Cayman Islands and the PRC and all such payments made to holders thereof or therein who are non-residents of the Cayman Islands or the PRC will not be subject to income, withholding or other taxes under laws and regulations of the Cayman Islands and the PRC or any political subdivision or taxing authority thereof or therein and will otherwise be free and clear of any other tax, duty, withholding or deduction in the Cayman Islands and the PRC or any political subdivision or taxing authority thereof or therein and without the necessity of obtaining any governmental authorization in the Cayman Islands and the PRC or any political subdivision or taxing authority thereof or therein.

(xli) *Compliance with PRC Overseas Investment and Listing Regulations*. Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, each of the Company and the Controlled Entities has complied, and has taken all steps to comply with, and ensure compliance by, each of its shareholders, directors and officers that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen with any applicable rules and regulations of the relevant PRC government agencies (including but not limited to the Ministry of Commerce, the National Development and Reform Commission, the China Securities Regulatory Commission (“**CSRC**”) and the State Administration of Foreign Exchange (the “**SAFE**”)) relating to overseas investment by PRC residents and citizens (the “**PRC Overseas Investment and Listing Regulations**”), including, without limitation, requesting each such Person that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen, to complete any registration and other procedures required under applicable PRC Overseas Investment and Listing Regulations (including any applicable rules and regulations of the SAFE).

(xlii) *M&A Rules*. The Company is aware of and has been advised as to the content of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors and any official clarifications, guidance, interpretations or implementation rules in connection with or related thereto (the “**PRC Mergers and Acquisitions Rules**”) jointly promulgated by the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Tax Administration, the State Administration of Industry and Commerce, the CSRC and the SAFE on August 8, 2006, and as amended by the Ministry of Commerce on June 22, 2009, including the provisions thereof which purport to require offshore special purpose entities formed for listing purposes and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of their securities on an overseas stock exchange. The Company has received legal advice specifically with respect to the PRC Mergers and Acquisitions Rules from its PRC counsel, and the Company understands such legal advice. In addition, the Company has communicated such legal advice in full to each of its directors that signed the Registration Statement and each such director has confirmed that he or she understands such legal advice. The issuance and sale of the Offer Shares and the American Depositary Shares, the listing and trading of the American Depositary Shares on the Nasdaq and the consummation of the transactions contemplated by this Agreement and the Deposit Agreement (i) are not and will not be, as of the date hereof or at the Closing Date or an Optional Closing Date, as the case may be, adversely affected by the PRC Mergers and Acquisitions Rules and (ii) do not require the prior approval of the CSRC.

(xliii) *Taxes*. (A) The Company and the Controlled Entities have paid all material national, regional, local and other taxes and filed all material tax returns required to be paid or filed through the date hereof; and there is no material tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of the Controlled Entities or any of their respective properties or assets. (B) Any unpaid income and corporation tax liability of the Company for any years not finally determined have been accrued on the Company’s financial statements in accordance with the generally accepted accounting principles in the United States. (C) All local and national PRC governmental tax holidays, exemptions, waivers, financial subsidies, and other local and national PRC tax relief, concessions and preferential treatment enjoyed by the Company or any of the Controlled Entities as described in the General Disclosure Package and the Final Prospectus are valid, binding and enforceable and do not violate any laws, regulations, rules, orders, decrees, guidelines, judicial interpretations, notices or other legislation of the PRC.

(xliv) *Insurance*. The Company and each of the Controlled Entities have insurance covering their respective properties, operations, personnel and businesses against such losses and risks and in such amounts as required by the applicable laws, which is prudent and customary for the businesses in which they are engaged; the Company and the Controlled Entities are in compliance with the terms of such instruments in all material respects; there are no claims by the Company or any of the Controlled Entities under any such policies or instruments as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any of the Controlled Entities has been refused any insurance coverage sought or applied for; and neither the Company nor any of the Controlled Entities has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business; and the Company will obtain directors’ and officers’ insurance in such amounts as is customary for an initial public offering. There is no material insurance claim made by or against the Company or any of the Controlled Entities, pending, outstanding, or to the knowledge of the Company, threatened, and no facts or circumstances exist which would reasonably be expected to give rise to any such claim and all due premiums in respect thereof have been paid.

(xlv) *Compliance with Anti-Corruption Laws.* Neither the Company nor any of the Controlled Entities or their respective affiliates, nor any director, officer or employee thereof, nor, to the knowledge of the Company, any agent, affiliate, representative or other person associated with or acting for or on behalf of the Company or of any of the Controlled Entities or their respective affiliates, has (i) used or will use any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken or will make or take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment, benefit or giving of money, property, gifts or anything else of value, directly or indirectly, to any “government official” (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office, including the family members of any such person) to influence official action or secure an improper advantage; (iii) violated or is in violation of any applicable provision of the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, the Criminal Law of China or the PRC Anti-Unfair Competition Law, in each case as amended from time to time, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit; (v) will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws. The Company and the Controlled Entities and their respective affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted, maintained and enforced, and will continue to maintain and enforce policies and procedures designed to promote and achieve compliance with such laws and with the representations and warranties contained herein. No investigation, inquiry, action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Controlled Entities with respect to applicable anti-corruption laws is pending or, to the knowledge of the Company, threatened.

(xlvi) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and the Controlled Entities are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements and all applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of all jurisdictions where the Company and the Controlled Entities conduct business, the rules, regulations and guidelines thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any relevant governmental agency (collectively, the “**Anti-Money Laundering Laws**”), and no investigation, inquiry, action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Controlled Entities with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(xlvii) *Compliance with OFAC.* (i) Neither the Company nor any of the Controlled Entities, nor any director, officer, or employee thereof, nor, to the knowledge of the Company, any agent, affiliate, representative or other Person acting for or on behalf of the Company or any of the Controlled Entities, is an individual or entity (“**Person**”) that is, or is owned 50% or more or controlled by any Person that is:

(A) the target of or subject to any sanctions or trade embargoes administered or enforced by the U.S. government, including but not limited to the U.S. Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”), the U.S. Department of State and the U.S. Department of Commerce (and including, without limitation, persons designated as a “specially designated national”, “blocked person” or “foreign sanctions evader”), the United Nations Security Council (“**UNSC**”), the European Union (“**EU**”), or Her Majesty’s Treasury (“**HMT**”), or any other applicable sanctions authority (collectively, “**Sanctions**”), nor

(B) is or has been located, organized or resident in or otherwise affiliated with a country or territory that is, or whose government is, the target of or subject to Sanctions (including, without limitation, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria) (each, a “**Sanctioned Territory**”). No inquiry, action, suit proceeding or, to the knowledge of the Company, investigation, by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Controlled Entities, or, to the knowledge of the Company, any agent, affiliate, representative or any other person acting for or on behalf of the Company or any of the Controlled Entities, with respect to Sanctions, is pending or, to the knowledge of the Company, threatened;

(ii) The Company represents and covenants that the Company and the Controlled Entities will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, including the Controlled Entities:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, subject to or the target of or subject to Sanctions; or

(B) in any other manner that will result in a violation of applicable Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise); and

(iii) The Company represents and covenants that the Company and the Controlled Entities, since their respective dates of incorporation, have not engaged in, are not now engaged in, and will not engage in, any dealings or transactions directly or indirectly: (a) with or relating to any Person that at the time of the dealing or transaction is or was subject to or the target of or subject to Sanctions, or is or was owned 50% or more or controlled by any such Person; or (b) in, with or relating to any country or territory that at the time of the dealing or transaction is or was, or whose government is or was, the target of or subject to Sanctions.

(iv) None of the issue and sale of the Offered Shares, the execution, delivery and performance of this Agreement, the consummation of any other transaction contemplated hereby, or the provision of services contemplated by this Agreement to the Company will result in a violation of any Sanctions. Each of the Company and the Controlled Entities shall institute and maintain, and will continue to maintain, policies and procedures designed to promote and achieve compliance with Sanctions and with the representation and warranty contained herein.

(xlviii) *Absence of Compliance-Related Actions.* There is no legal or governmental proceeding, inquiry or investigation pending against the Company, the subsidiaries and the VIE or shareholders of the VIE in any jurisdiction relating to actual or alleged violations of applicable anti-corruption, anti-bribery, anti-money laundering or sanctions laws and regulations, and to the best knowledge of the Company, no such proceeding, inquiry or investigation is threatened in any jurisdiction.

(xlix) *Registration Statement Exhibits.* There are no legal or governmental proceedings or contracts or other documents that are required to be described in the Registration Statement, the ADS Registration Statement, any Additional Registration Statement or the most recent Statutory Prospectus or, in the case of documents, to be filed as exhibits to the Registration Statement (those so filed, collectively, the “**Filed Documents**”) that are not described or filed as required. Neither the Company nor any of the Controlled Entities has knowledge that any other party to any Filed Document has any intention not to render full performance as contemplated by the terms thereof.

(l) *Lending Relationship.* The Company and its Controlled Entities (i) do not have any material lending or other relationship with any bank or lending affiliate of any Underwriter, and (ii) does not intend to use any of the proceeds from the sale of the Securities to repay any outstanding debt owed to any affiliate of any Underwriter.

(li) *Related Party Transactions.* No material relationships or material transactions, direct or indirect, exist between any of the Company or the Controlled Entities on the one hand and their respective shareholders, affiliates, officers and directors or any affiliates or family members of such persons on the other hand, except as described in the Registration Statement, the General Disclosure Package and the Final Prospectus. The description of the transactions, agreements, arrangements and relationships set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus under the captions “Related Party Transactions” and “Principal Shareholders” fairly summarizes the transactions, agreements, arrangements and relationships that are required to be disclosed therein pursuant to the Act and is true and accurate in all material respects.

(lii) *Foreign Private Issuer.* The Company is a “foreign private issuer” within the meaning of Rule 405 of the Act.

(liii) *Independence of Friedman LLP.* Friedman LLP, who has certified the financial statements filed with the Commission as part of the General Disclosure Package, the Final Prospectus and each Registration Statement, is an independent registered public accounting firm with respect to the Company and the Controlled Entities within the applicable rules and regulations adopted by the Commission and Public Company Accounting Oversight Board (United States) and as required by the Act.

(liv) *Stamp Duty.* Except as disclosed in the General Disclosure Package and the Final Prospectus, under the laws and regulations of each of the jurisdictions in which the Company and the Controlled Entities are incorporated or organized, as applicable, or any political subdivision or taxing authority thereof or therein, no transaction, stamp or other issuance, registration, transfer or withholding tax or duty is payable in any such jurisdiction by, or on behalf of, the Underwriters to any taxing authority in connection with (i) the creation, allotment, issuance, sale and delivery of the Ordinary Shares represented by the Offered Shares by the Company, the issuance of the Offered Shares by the Depositary and the delivery of the Offered Shares to, or for the account of, the Underwriters; (ii) the purchase from the Company, and the initial sale and delivery by the Underwriters, of the Offered Shares to purchasers thereof; (iii) the deposit of the Ordinary Shares with the Depositary and the custodian, as defined in the Deposit Agreement, and the issuance and delivery of the ADRs evidencing the Offered Shares; or (iv) the execution, delivery and performance of this Agreement and the Deposit Agreement, provided that neither this Agreement nor the Deposit Agreement is executed in, or subsequently brought within, the Cayman Islands.

(lv) *No Unapproved Marketing Documents.* The Company has not distributed and, prior to the later of any Closing Date and completion of the distribution of the Offered Shares, will not distribute any offering material in connection with the offering and sale of the Offering Shares other than any preliminary prospectus, the Final Prospectus, any Issuer Free Writing Prospectus to which the Representatives have consented in accordance with this Agreement and any Issuer Free Writing Prospectus set forth on Schedule B hereto.

(lvi) *Validity of Choice of Law.* The choice of laws of the State of New York as the governing law of this Agreement and the Deposit Agreement is a valid choice of law under the laws of the Cayman Islands, Hong Kong and the PRC and will be observed and given effect to by courts in the Cayman Islands, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Cayman Islands, and Hong Kong and, to the extent permitted under the PRC civil law and rules of civil procedures, will be honored by the courts in the PRC. The Company has the power to submit, and pursuant to Section 17 of this Agreement and Section [7.7] of the Deposit Agreement, has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each United States federal court and New York state court located in the Borough of Manhattan, in The City of New York, New York, U.S.A. (each, a “**New York Court**”), and the Company has the power to designate, appoint and authorize, and pursuant to Section 17 of this Agreement and Section [7.7] of the Deposit Agreement, has legally, validly, effectively and irrevocably designated, appointed an authorized agent for service of process in any action arising out of or relating to this Agreement, the Deposit Agreement or the Offered Shares in any New York Court, and service of process effected on such authorized agent will be effective to confer valid personal jurisdiction over the Company as provided in Section 17 hereof.

(lvii) *No Immunity.* None of the Company, or the Controlled Entities or any of their respective properties, assets or revenues has any right of immunity under Cayman Islands, Hong Kong, PRC or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any Cayman Islands, Hong Kong, PRC, New York or U.S. federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement or the Deposit Agreement; and, to the extent that the Company, or any Controlled Entities or any of their respective properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, each of the Company and the Controlled Entities waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in Section 17 of this Agreement.

(lviii) *Enforceability of Judgment.* Any final judgment for a fixed or readily calculable sum of money rendered by a New York Court having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon this Agreement or the Deposit Agreement and any instruments or agreements entered into for the consummation of the transactions contemplated herein and therein would be recognized and enforced against the Company in the courts of the Cayman Islands, Hong Kong and the PRC (as the case may be), without re-examination or review of the merits of the cause of action in respect of which the original judgment was given or re-litigation of the matters adjudicated upon, by the courts of the Cayman Islands, Hong Kong and PRC, *provided* that (i) with respect to courts of the Cayman Islands, such judgment (A) is given by a foreign court of competent jurisdiction, (B) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (C) is not in respect of taxes, a fine or a penalty, and (D) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands, and (ii) with respect to courts of the PRC, (A) adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard, (B) such judgments or the enforcement thereof are not contrary to the law, public policy, security or sovereignty of the PRC, (C) such judgments were not obtained by fraudulent means and do not conflict with any other valid judgment in the same matter between the same parties and (D) an action between the same parties in the same matter is not pending in any PRC court at the time the lawsuit is instituted in a foreign court. The Company is not aware of any reason why the enforcement in the Cayman Islands, Hong Kong or the PRC of such a New York Court judgment would be, as of the date hereof, contrary to public policy of the Cayman Islands, Hong Kong or PRC.



(lix) *Absence of Off-Balance Sheet Transactions.* There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of the Controlled Entities with unconsolidated entities or other persons.

(lx) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Act and Section 21E of the Exchange Act) contained in the Registration Statement, the General Disclosure Package and the Final Prospectus (including all amendments and supplements thereto) has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(lxi) *FINRA Affiliations.* There are no affiliations or associations between (i) any member of FINRA and (ii) the Company or any of the Controlled Entities or any of their respective officers, directors or 10% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the initial filing date of the Registration Statement.

(lxii) *Representation of Officers and/or Directors.* Any certificate signed by any officer or director of the Company and delivered to the Representatives or counsel for the Underwriters as required or contemplated by this Agreement shall constitute a representation and warranty hereunder by the Company, as to matters covered thereby, to each Underwriter.

(lxiii) *No prohibition of payment.* None of the Company and the Controlled Entities is currently prohibited, directly or indirectly, from paying any dividends, from making any other distribution on its share capital, from making or repaying any loans or advances to the Company or any other Controlled Entity, or from transferring any of its properties or assets to the Company or any other Controlled Entity.

(lxiv) *No Sale, Issuance and Distribution of Shares.* Except as disclosed in the General Disclosure Package and Final Prospectus, the Company has not sold, issued or distributed any Ordinary Shares during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or Regulation S of, the Act, other than shares issued pursuant to employee benefit plans, share incentive plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(lxv) *Data privacy.* The Company and the Controlled Entities' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases are adequate for, and operate and perform as required in connection with the operation of the business of the Company and the Controlled Entities as currently conducted, free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruption, except where such inadequacy would not, individually or in the aggregate, result in a Material Adverse Effect. The Company has adopted and maintained data privacy and security policies designed to comply with applicable laws, and each of the Company and its Controlled Entities has complied with these policies and third-party obligations (imposed by applicable laws, regulations or contracts) regarding the collection, use, transfer, storage, protection, disposal and disclosure by the Company and its Controlled Entities of personally identifiable information and/or any other information collected from or provided by third parties in all material respects; the Company and its Controlled Entities have taken commercially reasonable steps to protect the information technology systems and data used in connection with the operation of the Company and its Controlled Entities. There has been no material security breach or attack or other compromise of or relating to any such information technology systems or data, and, except as disclosed in the General Disclosure Package and the Final Prospectus, no material action, suit or proceeding including, without limitation, governmental investigations or inquiries) by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Company or any of its Controlled Entities with respect to applicable data privacy and security laws is pending or threatened.

(lxvi) *Liquidity and Capital Resources.* The Registration Statement, the General Disclosure Package and the Final Prospectus fairly and accurately describe all material trends, demands, commitments, events, uncertainties and the potential effects thereof known to the Company, and that the Company believes would materially affect its liquidity and are reasonably likely to occur.

3. *Purchase, Sale and Delivery of Offered Shares.* On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of US\$[●] per ADS<sup>1</sup>, that number of Firm Shares set forth opposite the name of such Underwriter in Schedule A hereto (rounded up or down, as determined by the Representatives in their discretion, in order to avoid fractions).

The Company will deliver the Firm Shares to or as instructed by the Representatives for the accounts of the several Underwriters through the facilities of the Depository Trust Company (“DTC”) in a form reasonably acceptable to the Representatives against payment of the purchase price in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company, at [9] A.M., New York time, on [●], 2021, or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the “**First Closing Date**”. For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Shares sold pursuant to the offering.

In addition, upon written notice from the Representatives given to the Company from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Shares at the purchase price per ADS to be paid for the Firm Shares. The Company agrees to sell to the Underwriters the number of Optional Shares specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Shares. Such Optional Shares shall be purchased for the account of each Underwriter in the same proportion as the number of Firm Shares set forth opposite such Underwriter’s name bears to the total number of Firm Shares (subject to adjustment by the Representatives to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Shares. No Optional Shares shall be sold or delivered unless the Firm Shares previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Shares or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company.

Each time for the delivery of and payment for the Optional Shares, being herein referred to as an “**Optional Closing Date**”, which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a “**Closing Date**”), shall be determined by the Representatives but shall be not later than five full business days after written notice of election to purchase Optional Shares is given. The Company will deliver the Optional Shares being purchased on each Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives, against payment of the purchase price therefore in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company.

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<sup>1</sup> 7% discount from the offer price.

4. *Offering by Underwriters.* It is understood that the several Underwriters propose to offer the Offered Shares for sale to the public as set forth in the Final Prospectus. It is further understood that the Offered Securities are to be offered to the public initially at US\$[●] per ADS (the “**Public Offering Price**”)

5. *Certain Agreements of the Company.* (a) The Company agrees with the several Underwriters that:

(i) *Additional Filings.* Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives, with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Time of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Shares under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the additional registration statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(ii) *Filing of Amendments: Response to Commission Requests.* The Company will promptly advise the Representatives of any proposal to amend or supplement at any time the Initial Registration Statement, the ADS Registration Statement, any Additional Registration Statement, any Exchange Act Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives’ consent (which consent shall not be unreasonably withheld or delayed); and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement, the ADS Registration Statement, any Exchange Act Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, any Exchange Act Registration Statement or the ADS Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Shares in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(iii) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Shares is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives’ consent to, nor the Underwriters’ delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(iv) *Rule 158*. As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its security holders an earnings statement covering a period of at least 12 months beginning after the Effective Date of the Initial Registration Statement (or, if later, the Effective Time of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, “**Availability Date**” means the 60th day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Time, except that, if such fourth fiscal quarter is the last quarter of the Company’s fiscal year, “**Availability Date**” means the 90th day after the end of such fourth fiscal quarter.

(v) *Furnishing of Prospectuses*. The Company will furnish to the Representatives copies of each Registration Statement (six of which will be signed and will include all exhibits), each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Shares is (or but for the exemption in Rule 172 would be) required to be delivered under the Act, the Final Prospectus and all amendments and supplements to such documents, in each case in such quantities as the Representatives request. The Final Prospectus shall be so furnished on or prior to 5:00 P.M., New York time, on the second business day following the execution and delivery of this Agreement. All other such documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(vi) *Blue Sky Qualifications*. The Company will arrange for the qualification of the Offered Shares for sale under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution.

(vii) *Reporting Requirements*. During the period of five years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to shareholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to shareholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system (or any successor system) (“**EDGAR**”), it is not required to furnish such reports or statements to the Underwriters.

(viii) *Payment of Expenses*. Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the fees, disbursements and expenses of the Company’s counsel and the Company’s accountants in connection with the registration and delivery of the Ordinary Shares and the ADSs under the Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, the ADS Registration Statement, the Exchange Act Registration Statement, any preliminary prospectus, the Final Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Ordinary Shares and the ADSs to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Offered Shares or the ADSs under state securities laws and all expenses in connection with the qualification of the Offered Shares and the ADSs for offer and sale under state securities laws as provided in subsection (vi) of this Section, including filing fees, reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees in connection with the review and qualification of the offering of the Shares by FINRA, (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the ADSs and all costs and expenses incident to listing the ADSs on the Nasdaq, (vi) the cost of preparing and printing certificates representing the Offered Shares or the ADSs, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any “road show” undertaken in connection with the marketing of the offering of the ADSs, including, without limitation, travel, meals and lodging expenses of the representatives and officers of the Company, (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. In addition, whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company shall reimburse the Underwriters for the other reasonable out-of-pocket expenses incurred by the Underwriters in connection with the transactions contemplated in this Agreement, *provided* that the aggregate amount to be paid by the Company pursuant to this sentence shall not exceed US\$20,000 and shall be agreed to by the Company and the Underwriters based on reasonable supporting documentation to be provided by the Underwriters to the Company.

(ix) *Use of Proceeds.* The Company will use the net proceeds received by it in connection with this offering in the manner described in the “Use of Proceeds” section of the General Disclosure Package and the Final Prospectus and, except as disclosed in the General Disclosure Package and the Final Prospectus, the Company does not intend to use any of the proceeds from the sale of the Offered Shares hereunder to repay any outstanding debt owed to any affiliate of any Underwriter; not to invest, or otherwise use the proceeds received by the Company from its sale of the American Depositary Shares in such a manner (i) as would require the Company or any of the Controlled Entities to register as an investment company under the 1940 Act, and (ii) that would result in the Company being not in compliance with any applicable laws, rules and regulations of the State Administration of Foreign Exchange of the PRC.

(x) *Absence of Manipulation.* The Company will not take, and not cause each of its Controlled Entities to take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Shares.

(xi) *Taxes.* The Company will indemnify and hold harmless the Underwriters against any transfer, documentary, stamp or similar issue tax, including any interest and penalties, on the creation, issue and initial sale of the Offered Shares and on the execution and delivery of this Agreement and the Deposit Agreement. All payments to be made by the Company hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made, provided that the Company shall not be required to pay additional amounts for any withholding or deduction that would not have been imposed but for (i) any present or former connection between the Underwriter and the jurisdiction imposing the tax, duty or charge (other than a connection arising solely as a result of entering into this Agreement or the consummation of the transactions contemplated hereunder), or (ii) a failure of an Underwriter to timely provide upon request any certification, documentation or form concerning the Underwriter’s nationality, residence, identity or connection with the applicable taxing jurisdiction to the extent necessary in order to eliminate or reduce such withholding or deduction. In addition, all sums payable to an Underwriter hereunder shall be considered exclusive of any value added or similar taxes.

(xii) *Restriction on Sale of Shares by the Company.* For the period specified below (the “**Lock-Up Period**”), the Company will not, directly or indirectly, take any of the following actions with respect to its ordinary shares or American Depositary Shares or any securities convertible into or exchangeable or exercisable for any of its ordinary shares or American Depositary Shares (“**Lock-Up Securities**”): (i) offer, sell, pledge, contract to sell, or otherwise dispose of any Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase any Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of any Lock-Up Securities, whether any such swap or transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of ADSs or ordinary shares or such other securities, in cash or otherwise, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in any Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Act relating to any Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives. The foregoing sentence shall not apply to (A) the Offered Shares to be sold hereunder, (B) any ADSs or ordinary shares issued by the Company upon the exercise of an option or warrant or the conversion or exchange of convertible or exchangeable securities outstanding on the date hereof, grants of employee share options pursuant to the terms of a plan in effect on the date hereof, issuance of Lock Up Securities pursuant to the exercise of such options and referred to in the Registration Statement, the General Disclosure Package and the Final Prospectus, (C) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ordinary shares or ADSs of the Company, *provided* that (a) such plan does not provide for the transfer of the Lock-up Securities during the Lock-up Period and (b) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of the Lock-up Securities may be made under such plan during the Lock-up Period, or (D) any registration statement on Form S-8. The initial Lock-Up Period will commence on the date hereof and continue for 180 days after the date hereof or such earlier date that the Representatives consent to in writing.

(xiii) *Lock-up.* The Company agrees to instruct its share registrar not to give effect to any share transfers directly or indirectly by any shareholder during the Lock-Up Period, other than the transfer as permitted under the Lock-up Letter where the transferee will enter into a Lock-up Letter contemplated hereunder to be subject to and comply with all of the restrictions set forth in such Lock-up Letter and (3) [to enter into the Depositary Side Letter with the Depositary, and not to release the Depositary from any of its obligations set forth in, or otherwise amend, terminate or fail to enforce, the Depositary Side Letter or consent to any deposit during the Lock-Up Period unless with the prior written consent of the Representatives on behalf of the Underwriters.]

(xiv) *Agreement to announce lock-up waiver.* If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 7(n) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two business days before the effective date of the release or waiver.

(xv) *Compliance with Laws.* The Company will comply with and will require the Company's directors and executive officers, in their capacities as such, to comply with all applicable Securities Laws. The Company and the Controlled Entities will undertake measures to implement, by the time such systems are required by the Exchange Act, systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act.

(xvi) *Compliance with Deposit Agreement.* To comply with the terms of the Deposit Agreement and deposit the Ordinary Shares with the Depository so that the American Depositary Shares will be issued by the Depository and delivered to each Underwriter's participant account in DTC, pursuant to this Agreement on the Closing Date and each applicable Optional Closing Date.

(xvii) *Cayman Islands Matters.* (i) Not to attempt to avoid any judgment obtained by it in a court of competent jurisdiction outside the Cayman Islands; (ii) following the consummation of the offering, to use its reasonable efforts to obtain and maintain all approvals required in the Cayman Islands to pay and remit outside the Cayman Islands all dividends declared by the Company and payable on the Ordinary Shares, if any; and (iii) to use its reasonable efforts to obtain and maintain all approvals, if any, required in the Cayman Islands for the Company to acquire sufficient foreign exchange for the payment of dividends and all other relevant purposes.

(xviii) *Maintaining the Listing.* The Company will use best efforts to maintain the listing of the Offered Shares on the Nasdaq.

(xix) *Insurance.* Prior to the Closing Date, the Company will have purchased insurance covering its directors and officers for liabilities or losses arising in connection with this offering, including, without limitation, liabilities or losses arising under the Act, the Exchange Act and the Rules and Regulations.

(xx) *PRC Legal Compliance.* To comply with the PRC Overseas Investment and Listing Regulations, and to use its reasonable efforts to cause its shareholders that are, or that are directly or indirectly owned or controlled by, Chinese residents or Chinese citizens, to comply with the PRC Overseas Investment and Listing Regulations applicable to them, including, without limitation, requesting each such shareholder to complete any registration and other procedures required under applicable PRC Overseas Investment and Listing Regulations.

(xxi) *Emerging Growth Company and Foreign Private Issuer.* The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company or a Foreign Private Issuer at any time prior to the later of (a) completion of the distribution of the Offered Shares within the meaning of the Act and (b) completion of the Lock-up Period.

(xxii) *Testing-the-Waters Communications.* If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(xxiii) *Sale of Offered Shares.* The Company agrees not to, at any time at or after the execution of this Agreement, directly or indirectly, offer or sell any Offered Shares or Ordinary Shares represented thereby by means of any "prospectus" (within the meaning of the Securities Act), or use any "prospectus" (within the meaning of the Securities Act) in connection with the offer or sale of the Offered Shares or Ordinary Shares represented thereby, in each case other than the Final Prospectus.

6. *Free Writing Prospectuses.* The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a “free writing prospectus,” as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a “**Permitted Free Writing Prospectus.**” The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. The Company represents that it has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Firm Shares on the First Closing Date and the Optional Shares to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties of the Company herein (as though made on such Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) *Accountants’ Comfort Letter.* The Representatives shall have received letters, dated, respectively, the date hereof and each Closing Date, of Friedman LLP in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants’ “comfort letters” to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Final Prospectus.

(b) *Effectiveness of Registration Statement.* The Registration Statement, the ADS Registration Statement and the Exchange Act Registration Statement have become effective on the date of this Agreement and no stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement shall have been issued under the Act or the Exchange Act, as the case may be, or proceedings for that purpose shall have been instituted or threatened or, to the best knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and the Controlled Entities taken as a whole which, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to market the Offered Shares; (ii) any downgrading in the rating of any securities of the Company or any of the Controlled Entities by any “nationally recognized statistical rating organization” (as defined for purposes of Rule 436(g)); (iii) any change in either U.S., or PRC or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market or to enforce contracts for the sale of the Offered Shares, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange, Nasdaq Global Market, or any setting of minimum or maximum prices for trading on such exchange; (v) or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. federal or PRC authorities; (vii) any major disruption of settlements of securities, payment or clearance services in the United States, the PRC or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States or the PRC, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impracticable or inadvisable to market the Offered Shares or to enforce contracts for the sale of the Offered Shares.

(d) *Opinion of U.S. Counsel for the Company.* The Representatives shall have received an opinion and negative assurance letter of Kirkland & Ellis International LLP, U.S. counsel for the Company, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(e) *Opinion of Cayman Islands Counsel for the Company.* The Representatives shall have received an opinion of Conyers Dill & Pearman, Cayman Islands counsel for the Company, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(f) *Opinion of British Virgin Islands Counsel for the Company.* The Representatives shall have received an opinion of Conyers Dill & Pearman, British Virgin Islands counsel for the Company, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(g) *Opinion of PRC Counsel for the Company.* The Representatives shall have received an opinion of Commerce & Finance Law Offices, PRC counsel for the Company, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(h) *Opinion of U.S. Counsel for Underwriters.* The Representatives shall have received an opinion and negative assurance letter of Sidley Austin LLP, U.S. counsel for the Underwriters, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(i) *Opinion of PRC Counsel for the Underwriters.* The Representatives shall have received an opinion of DeHeng Law Offices, PRC counsel for the Underwriters, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(j) *Opinion of Depositary's Counsel.* The Representatives shall have received an opinion of Emmet, Marvin & Martin, LLP, counsel for the Depositary, dated such Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(k) *Officer's Certificate.* The Representatives shall have received a certificate, dated such Closing Date, as the case may be, of an executive officer of the Company or a principal financial or accounting officer of the Company in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) of Regulation S-T of the Commission; subsequent to the respective date of the most recent financial statements in the General Disclosure Package and the Final Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and the Controlled Entities taken as a whole except as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus or as described in such certificate; and with respect to such other matters as the Representatives may reasonably require.

(l) *Chief Financial Officer's Certificate.* The Representatives shall have received on the date hereof and such Closing Date, as the case may be, a certificate, dated such date and signed by the chief financial officer of the Company with respect to certain operating data and financial figures contained in the Registration Statement, the General Disclosure Package and the Final Prospectus, in form and substance satisfactory to the Representatives.

(m) *Lock-Up Agreements.* On or prior to the date hereof, the Representatives shall have received lock-up letters from each of the Company's directors, executive officers and all of the Company's existing shareholders, substantially in the form of Exhibit A hereto.



(n) *Deposit Agreement.* The Company and the Depositary shall have executed and delivered the Deposit Agreement which shall be in full force and effect on the Closing Date. The Company and the Depositary shall have taken all actions necessary to permit the deposit of the Ordinary Shares and the issuance of the American Depositary Shares representing such Ordinary Shares in accordance with the Deposit Agreement.

(o) *Depositary Certificate.* The Depositary shall have furnished or caused to be furnished to the Representatives a certificate satisfactory to the Representatives of one of its authorized officers with respect to the deposit with it of the Ordinary Shares against issuance of the American Depositary Shares, the execution, issuance, countersignature and delivery of the American Depositary Shares pursuant to the Deposit Agreement and such other matters related thereto as the Representatives may reasonably request.

(p) *Depositary Side Letter.* The Company shall have entered into a side letter instructing the Depositary, for a period of 180 days after the date of the Final Prospectus, not to accept any deposit of any Ordinary Shares in the Company's American Depositary Share facility or issue new ADSs (the "**Depositary Side Letter**"). The Company covenants that it will not release the Depositary from the obligations set forth in, or otherwise amend, terminate, fail to enforce or provide any consent under, the Depositary Side Letter during the Lock-Up Period without the prior written consent of the Representatives.

(q) *Listing.* The American Depositary Shares representing the Ordinary Shares shall have been approved for listing on the Nasdaq, subject only to official notice of issuance.

(r) *FINRA Objections.* FINRA shall not have raised any objection with respect to the fairness or reasonableness of the underwriting, or other arrangements of the transactions contemplated hereby.

(s) *Requested Information.* On such Closing Date, as the case may be, the Representatives and counsel for the Representatives shall have received such information, documents, certificates and opinions as they may reasonably require for the purposes of enabling them to pass upon the accuracy and completeness of any statement in the Registration Statement, the General Disclosure Package and the Final Prospectus, issuance and sale of the Offered Shares as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

The Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution.* (a) *Indemnification of Underwriters by Company.* The Company will indemnify and hold harmless each Underwriter, its respective partners, members, directors, officers, employees, agents and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act and the directors, officers and employees of such affiliate (each an "**Indemnified Party**"), from and against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement (including any amendment thereof), the ADS Registration Statement (including any amendment thereof), any Statutory Prospectus, the Final Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any road show as defined in Rule 433(h) under the Act (a "**road show**"), any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or any Written Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below.

(b) *Indemnification of Company.* Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an “**Underwriter Indemnified Party**”) against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, or other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement at any time, the ADS Registration Statement at any time, any Statutory Prospectus at any time, the Final Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse each Underwriter Indemnified Party any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: the names of the Underwriters, the addresses of the Representatives appearing in the [first] paragraph and the concession and allowance figures appearing in the [third] paragraph under the caption “Underwriting”.

(c) *Actions against Parties; Notification.* In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought under subsection (a) or (b) above, such person (the “indemnified party”) shall promptly notify the person against whom such indemnity may be sought (the “indemnifying party”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (i) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Underwriters and all persons, if any, who control any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act or who are affiliates of any Underwriter within the meaning of Rule 405 under the Securities Act and (ii) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a), (b) or (c) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter under this Agreement exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

9. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange or The Nasdaq Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Registration Statement, the General Disclosure Package or the Final Prospectus.

10. *Default of Underwriters.* If any Underwriter or Underwriters default in their obligations to purchase Offered Shares hereunder on either the First Closing Date or any Optional Closing Date and the aggregate number of shares of Offered Shares that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of shares of Offered Shares that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Shares by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Shares that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of shares of Offered Shares with respect to which such default or defaults occur exceeds 10% of the total number of shares of Offered Shares that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Representatives, and the Company for the purchase of such Offered Shares by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter, or the Company except as provided in Section 11 (provided that if such default occurs with respect to Optional Shares after the First Closing Date, this Agreement will not terminate as to the Firm Shares or any Optional Shares purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

11. *Survival of Certain Representations and Obligations.* The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Shares. If the purchase of the Offered Shares by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 10 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees, expenses and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Shares, and the respective obligations of the Company and the Underwriters pursuant to Section 8 hereof shall remain in effect. In addition, if any Offered Shares have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

12. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or sent and confirmed to the Representatives c/o AMTD Global Markets Limited, 23/F-25/F, Nexxus Building, 41 Connaught Road, Central, Hong Kong, Attention: Department of Capital Markets and Advisory and c/o Loop Capital Markets LLC, 111 W. Jackson Boulevard, Suite 1901, Chicago, Illinois 60604, United States, Attention: [●], or, if sent to the Company, will be mailed, delivered or sent and confirmed to 27/F, Tower A, Yingdu Building, Zhichun Road, Haidian District, Beijing 10008, People's Republic of China, Attention: Peixuan Wang; provided, however, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

13. *Successors.* This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder.

14. *Representation.* The Representatives will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under this Agreement taken by the Representatives will be binding upon all the Underwriters.

15. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. Any signature (including, without limitation, (x) any electronic symbol or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record and (y) any facsimile, E-pencil or .pdf signature) hereto or to any other certificate, agreement or document related to the transaction contemplated by this Agreement, and any contract formation or record-keeping, in each case, through electronic means, shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law. For the avoidance of doubt, the foregoing also applies to any amendment, extension or renewal of this Agreement or any other of the aforementioned documents.

Each of the Parties represents and warrants to the other Party/ies that it has the corporate capacity and authority to execute the Agreement through electronic means and there are no restrictions for doing so in that Party's constitutive documents.

16. *Absence of Fiduciary Relationship.* The Company acknowledges and agrees that:

(a) *No Other Relationship.* The Representatives have been retained solely to act as underwriters in connection with the sale of the Offered Shares and that no fiduciary, advisory or agency relationship between the Company, on the one hand, and the Representatives, on the other, have been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or are advising the Company on other matters;

(b) *Arm's Length Negotiations.* The price of the Offered Shares set forth in this Agreement was established by the Company following discussions and arm's length negotiations with the Representatives and the Company is capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* The Company has been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Representatives have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. The Company waives, to the fullest extent permitted by law, any claims it may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Representatives shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including shareholders, employees or creditors of the Company.

17. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in the City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. The Company irrevocably appoints Cogency Global Inc. as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to the address provided in Section 12, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of seven years from the date of this Agreement.

18. *Waiver of Jury Trial*. Each of the Parties hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

19. *Recognition of the U.S. Special Resolution Regimes*. In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section 19: (A) a "BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k); (B) "Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b); (C) "Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable; and (D) "U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

20. *Judgment Currency*. The obligation of the Company pursuant to this Agreement in respect of any sum due to any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day following receipt by such Underwriter of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency; if the United States dollars so purchased are less than the sum originally due to such Underwriter hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter hereunder.

[Signature page follows]

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement among the Company and the several Underwriters in accordance with its terms.

Very truly yours,

JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY  
LIMITED

By \_\_\_\_\_

Name:

Title:

[Signature Page – Underwriting Agreement]

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The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

Acting on behalf of itself and as the Representatives of the several Underwriters.

By AMTD GLOBAL MARKETS LIMITED

By: \_\_\_\_\_  
Name:  
Title:

By LOOP CAPITAL MARKETS LLC

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page – Underwriting Agreement]

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SCHEDULE A

Underwriter(s)	Number of Firm Shares to be Purchased
AMTD Global Markets Limited	[•]
LOOP CAPITAL MARKETS LLC	[•]
<b>Total</b>	<b>[•]</b>

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## SCHEDULE B

### 1. General Use Free Writing Prospectus (included in the General Disclosure Package)

General Use Issuer Free Writing Prospectus includes each of the following documents:

- 1) [Electronic Roadshow dated [●]]
- 2) [●]

### 2. Other Information Included in the General Disclosure Package

The following information is also included in the General Disclosure Package:

- 1) The initial price to the public of the Offered Securities: US\$[●] per ADS
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**SCHEDULE C**

**WRITTEN TESTING-THE-WATERS COMMUNICATIONS**

None.

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SCHEDULE D

CONTROLLED ENTITIES OF THE COMPANY

Name	Place of Incorporation
Jianzhi Education Group Company Limited	British Virgin Islands
Jianzhi Education Technology (HK) Company Limited	Hong Kong
Hong Kong Sentu Education Technology Limited	Hong Kong
Jianzhi Century Technology (Beijing) Co., Ltd.	PRC
Beijing Sentu Lejiao Information Technology Co., Ltd.	PRC
Sentu Shuzhi Education Technology (Beijing) Co., Ltd.	PRC
Beijing Sentu Education Technology Co., Ltd.	PRC
Guangzhou Xingzhiqiao Information Technology Co., Ltd.	PRC
Guangzhou Lianhe Education Technology Co., Ltd.	PRC
Shanghai Ang'you Internet Technology Co., Ltd.(	PRC
Sentu Guoxin Education Technology (Beijing) Co., Ltd.(	PRC

**SCHEDULE E**

**LIST OF LOCK-UP PARTIES**

All officers of the Company as of the date of this Agreement;

All directors of the Company as of the date of this Agreement; and

All shareholders of the Company as of the date of this Agreement

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Exhibit A

FORM OF LOCK-UP LETTER

[•], 2021

AMTD Global Markets Limited  
23/F-25/F, Nexxus Building  
41 Connaught Road  
Central, Hong Kong

Loop Capital Markets LLC  
111 W. Jackson Boulevard  
Suite 1901, Chicago, Illinois 60604  
United States

as Representatives of the several Underwriters named in the Underwriting Agreement

Ladies and Gentlemen:

The undersigned understands that AMTD Global Markets Limited and Loop Capital Markets LLC, as representatives (the “**Representatives**”) of the several Underwriters, propose to enter into an Underwriting Agreement (the “**Underwriting Agreement**”) with Jianzhi Education Technology Group Company Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability (“**Company**”), providing for the public offering (the “**Public Offering**”) by the several Underwriters, including the Representatives, of American Depositary Shares (the “**ADSs**”), representing Ordinary Shares, par value US\$0.0001 per share, of the Company (the “**Ordinary Shares**”). The undersigned is a record or beneficial owner of American Depositary Shares, Ordinary Shares, or securities convertible into or exercisable or exchangeable for the American Depositary Shares or Ordinary Shares.

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Company and the Representatives on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the “**Lock-Up Period**”) relating to the Public Offering (the “**Prospectus**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or ADSs beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for the Ordinary Shares or ADSs or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares or ADSs, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares or ADSs or such other securities, in cash or otherwise, or (3) publicly disclose the intention to make any such offer, sale, pledge or disposition, or enter into any such swap or other arrangements, or (4) make any demand for or exercise any right with respect to, the registration of any Ordinary Shares or ADSs. The foregoing sentence shall not apply to (a) transactions relating to Ordinary Shares, ADSs or other securities acquired in open market transactions after the completion of the Public Offering, provided that no filing under the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Ordinary Shares, ADSs or other securities acquired in such open market transactions, (b) transfers of Ordinary Shares, ADSs or any security convertible into Ordinary Shares or ADSs as a bona fide gift or through will or intestacy, or to immediate family members, to any trust for the direct or indirect benefit of the undersigned or any immediate family member of the undersigned, or to any entity beneficially owned and controlled by the undersigned, (c) if the undersigned is a partnership, limited liability company or corporation, distributions of Ordinary Shares or ADSs or any security convertible into Ordinary Shares or ADSs to limited partners or stockholders of the undersigned; provided that in the case of any transfer or distribution pursuant to clause (b) or (c), (i) each donee, transferee or distributee shall sign and deliver a lock up letter substantially in the form of this letter and (ii) no filing under the Exchange Act, reporting a reduction in beneficial ownership of Ordinary Shares or ADSs, shall be required or shall be voluntarily made during the Lock-Up Period, or (d) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Ordinary Shares or ADSs, provided that (i) such plan does not provide for the transfer of Ordinary Shares or ADSs during the Lock-Up Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Ordinary Shares or ADSs may be made under such plan during the Lock-Up Period. In addition, the undersigned agrees that, without the prior written consent of the Company and the Representatives on behalf of the Underwriters, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Ordinary Shares or ADSs or any security convertible into or exercisable or exchangeable for Ordinary Shares or ADSs. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company’s transfer agent and registrar against the transfer of the undersigned’s Ordinary Shares or ADSs except in compliance with the foregoing restrictions. For purposes of this lock-up letter, “immediate family” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

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If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed ADSs the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Ordinary Shares or ADSs, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement shall be binding upon the undersigned and the undersigned's heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

This letter agreement shall automatically terminate and be of no further force and effect on the earlier of (i) the date that the Company advises the Representatives in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Public Offering, (ii) subsequent to signing the Underwriting Agreement, the Underwriting Agreement (other than the provisions thereof which survive termination) is terminated prior to payment for and delivery of the ADSs to be sold thereunder, or (iii) December 31, 2021 if the Public Offering has not been completed by or before such date.

This letter is governed by, and to be construed in accordance with, the internal laws of the State of New York, without regard to the conflict of laws principles thereof.

*[Signature page follows]*

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Very truly yours,

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(Name)

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(Address)

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Exhibit B

FORM OF WAIVER OF LOCK-UP

, 2021

[Name and Address of  
Officer or Director  
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by Jianzhi Education Technology Group Company Limited (the “**Company**”) of [●] Ordinary Shares, par value US\$0.0001 per share, of the Company in the form of [●] American Depositary Shares, and the lock-up letter dated [●], 2021 (the “**Lock-up Letter**”), executed by you in connection with such offering, and your request for a [waiver] [release] dated \_\_\_\_, 20[21], with respect to [●] Ordinary Shares (the “**Shares**”).

The undersigned hereby agrees to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective \_\_\_\_, 20[21]; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Very truly yours,

[●]

Acting severally on behalf of itself and the several Underwriters  
named in Schedule A hereto

By: \_\_\_\_\_

Name:

Title:

cc: Company

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Exhibit C

FORM OF PRESS RELEASE

Jianzhi Education Technology Group Company Limited

[Date]

Jianzhi Education Technology Group Company Limited (“**Company**”) announced today that AMTD Global Markets Limited and Loop Capital Markets LLC, the joint book-running managers in the Company’s recent public sale of [●] Ordinary Shares in the form of [●] American Depositary Shares is [waiving][releasing] a lock-up restriction with respect to [●] Ordinary Shares (the “**Shares**”) of the Company held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on \_\_\_\_, 20[21], and the Shares may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

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**THE COMPANIES ACT (2021 REVISION)****EXEMPTED COMPANY LIMITED BY SHARES****THE AMENDED AND RESTATED****MEMORANDUM OF ASSOCIATION****OF****Jianzhi Education Technology Group Company Limited**

(Conditionally adopted by way of a special resolution passed on July 9, 2021 and to become effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its ordinary shares)

1. The name of the Company is Jianzhi Education Technology Group Company Limited.
  2. The registered office of the Company shall be at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands
  3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
  4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Act.
  5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
  6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
  7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
  8. The share capital of the Company is US\$50,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.0001 each.
  9. The Company may exercise the power contained in the Companies Act to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.
-

The Companies Act (2021 Revision)  
Company Limited by Shares

THE AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

**Jianzhi Education Technology Group Company Limited**

(Conditionally adopted by way of a special resolution passed on July 9, 2021 and to become effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its ordinary shares with effect from)

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TABLE A

1. The regulations in Table A in the Schedule to the Companies Act (2021 Revision) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

<u>WORD</u>	<u>MEANING</u>
“Act”	The Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.
“ADSs”	American Depositary Shares representing the Company’s ordinary shares.
“Articles”	these Articles in their present form or as supplemented or amended or substituted from time to time.
“Audit Committee”	the audit committee of the Company formed by the Board pursuant to Article 123 hereof, or any successor audit committee.
“Auditor”	the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.
“Board” or “Directors”	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
“capital”	the share capital from time to time of the Company.
“clear days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.
“Company”	Jianzhi Education Technology Group Company Limited.

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“competent regulatory authority”	a competent regulatory authority in the territory where the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively.
“Designated Stock Exchange”	the stock exchange in the United States of America on which any shares or ADSs are listed for trading.
“dollars” and “\$”	dollars, the legal currency of the United States of America.
“Exchange Act”	the Securities Exchange Act of 1934, as amended.
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“Memorandum of Association”	the memorandum of association of the Company, as amended from time to time.
“month”	a calendar month.
“Notice”	written notice unless otherwise specifically stated and as further defined in these Articles.
“Office”	the registered office of the Company for the time being.
“ordinary resolution”	a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ Notice has been duly given;
“paid up”	paid up or credited as paid up.
“Register”	the principal register and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.

“SEC”	the United States Securities and Exchange Commission.
“Securities Act”	mean the U.S. Securities Act 1933 as amended, or any similar federal statute and the rules and regulations of the SEC thereunder as the same shall be in effect from time to time.
“Seal”	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.
“Secretary”	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
“shares”	ordinary shares of par value US\$1.00 each.
“special resolution”	<p>a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ Notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than ten (10) clear days’ Notice has been given;</p> <p>a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.</p>
“Statutes”	the Act and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.
“year”	a calendar year.

- (2) In these Articles, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
  - (b) words importing a gender include both gender and the neuter;
  - (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
  - (d) the words:
    - (i) “may” shall be construed as permissive;
    - (ii) “shall” or “will” shall be construed as imperative;
  - (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;
  - (f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
  - (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;
  - (h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
  - (i) Section 8 of the Electronic Transaction Act (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles; and
  - (j) references to “in the ordinary course of business” and comparable expressions mean the ordinary and usual course of business of the relevant party, consistent in all material respects (including nature and scope) with the prior practice of such party.



SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each.
- (2) Subject to the Act, the Company's Memorandum and Articles of Association and, where applicable, the rules of the Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit or upon such terms and subject to such conditions as the Members may by ordinary resolution of the Members determine and any determination by the Board of the manner of purchase shall be deemed authorized by these Articles for purposes of the Act.
- (3) The Company is authorised to hold treasury shares in accordance with the Act and may designate as treasury shares any of its shares that it purchases or redeems, or any share surrendered to it subject to the rules of the Designated Stock Exchange and/or any competent regulatory authority. Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred as the Board may determine on such terms and subject to such conditions as it in its absolute discretion thinks fits in accordance with the Act subject to the rules of the Designated Stock Exchange and/or any competent regulatory authority.
- (4) The Company may accept the surrender for no consideration of any fully paid share unless, as a result of such surrender, there would no longer be any issued shares of the Company other than shares held as treasury shares.
- (5) No share shall be issued to bearer.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with the Act alter the conditions of its Memorandum of Association to:
- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

- (c) without prejudice to the powers of the Board under Article 13, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that, for the avoidance of doubt, where a class of shares has been authorized by the Company no resolution of the Company in general meeting is required for the issuance of shares of that class and the Directors may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further provided that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
  - (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
  - (e) 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 capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the Article 4 and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise any person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.
7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

#### SHARE RIGHTS

8. Subject to the provisions of the Act, the rules of the Designated Stock Exchange and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 13 hereof, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

9. Subject to the Act, any preferred shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its Memorandum of Association, are to be redeemed or, are liable to be redeemed on such terms and in such manner as the Directors before the issue or conversion may in their absolute discretion determine or the Members before the issue or conversion may by special resolution determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable laws.
10. Subject to Article 13(1), the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to these Articles:
- (a) be entitled to one vote per share;
  - (b) be entitled to such dividends as the Board may from time to time declare;
  - (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
  - (d) generally, be entitled to enjoy all of the rights attaching to shares.

#### VARIATION OF RIGHTS

11. Subject to the Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the consent in writing of two-thirds of all the holders of the shares of that class or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
- (a) separate general meetings of the holders of a class or series of shares may be called only by (i) the Chairman of the Board, or (ii) a majority of the entire Board (unless otherwise specifically provided by the terms of issue of the shares of such class or series). Nothing in this Article 11 shall be deemed to give any Member or Members the right to call a class or series meeting;
  - (b) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons or (in the case of a Member being a corporation) its duly authorized representative together holding or representing by proxy not less than one-third in nominal value or par value of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall form a quorum);

- (c) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
  - (d) any holder of shares of the class present in person or by proxy or authorised representative may demand a poll.
12. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

#### SHARES

13. (1) Subject to the Act, these Articles and, where applicable, the rules of the Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to the par value. In particular and without prejudice to the generality of the foregoing, the Board is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of preferred shares and to fix the designations, powers, preferences, privileges and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, and to increase or decrease the size of any such class or series (but not below the number of shares of any class or series of preferred shares then outstanding) to the extent permitted by the Act. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any class or series of preferred shares may, to the extent permitted by law, provide that such class or series shall be superior to, rank equally with or be junior to the preferred shares of any other class or series.
- (2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

- (3) The Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.
14. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
15. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
16. Subject to the Act and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

#### SHARE CERTIFICATES

17. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.
18. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.
- (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

19. The Company is not obliged to issue a share certificate to a Member unless the Member requests it in writing from the Company. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.
20. Share certificates shall be issued within the relevant time limit as prescribed by the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.
21.
  - (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article 21. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.
  - (2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.
22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.

#### LIEN

23. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually become due or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article 23.
24. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

25. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

#### CALLS ON SHARES

26. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
27. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
28. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.
29. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest in whole or in part.
30. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
31. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

32. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
33. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
34. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one (1) month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

#### FORFEITURE OF SHARES

35. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:
- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
  - (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.
- (2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
36. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.
37. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.
38. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.



39. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Board shall in its discretion so requires) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board shall determine. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article 39 any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
40. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
41. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
42. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### REGISTER OF MEMBERS

44. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:
- (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;
  - (b) the date on which each person was entered in the Register; and
  - (c) the date on which any person ceased to be a Member.
- (2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.
45. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of \$2.50 or such other sum specified by the Board, at the Office or Registration Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after compliance with any notice requirements of the Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

#### RECORD DATES

46. For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of the Members of record entitled to notice of or to vote at a meeting of the Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

## TRANSFER OF SHARES

47. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
48. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to Article 47, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
49. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.
- (2) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.
- (3) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Act.
50. Without limiting the generality of the Article 49, the Board may decline to recognise any instrument of transfer unless:-
- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

(d) if applicable, the instrument of transfer is duly and properly stamped.

51. If the Board refuses to register a transfer of any share, it shall, within three months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
52. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the Designated Stock Exchange, be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

#### TRANSMISSION OF SHARES

53. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.
54. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or the Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.
55. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 76(2) being met, such a person may vote at meetings.

#### UNTRACEABLE MEMBERS

56. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 56, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;
  - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
  - (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of, the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

#### GENERAL MEETINGS

57. The Company may, but is not obliged to, hold a general meeting each year as its annual general meeting, and shall specify the meeting as such in the notices calling it. An annual general meeting of the Company shall be held at such time and place as may be determined by the Board.

58. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board.
59. A majority of the Board or the Chairman of the Board may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine. Any one or more Members holding not less than one-third of the total issued and paid up share capital of the Company carrying the right to vote at general meetings of the Company at the date of deposit of the requisition shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### NOTICE OF GENERAL MEETINGS

60. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ten (10) clear days' Notice but a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.
- (2) The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors.
61. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

62. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:
- (a) the declaration and sanctioning of dividends;

- (b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet; and
  - (c) the election of Directors.
- (2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, one or more Members entitled to vote and present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing not less than one-third in nominal value of the total issued voting shares in the Company throughout the meeting shall form a quorum for all purposes.
63. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
64. The Chairman of the Board shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman.
65. The chairman may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.
66. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

## VOTING

67. Holders of ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:
- (a) by the chairman of such meeting; or
  - (b) by a Member or Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy holding shares representing not less than ten per cent. (10%) or more of the total voting rights at such meeting.
- A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.
68. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.
69. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.
70. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.
71. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
72. On a poll votes may be given either personally or by proxy.
73. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.



74. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Act. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
75. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
76. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.
- (2) Any person entitled under Article 54 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
77. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
78. If:
- (a) any objection shall be raised to the qualification of any voter; or
  - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
  - (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

## PROXIES

79. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
80. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
81. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
82. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
83. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

84. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

85. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) If a clearing house (or its nominee(s)) or a central depository entity, being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house or a central depository entity (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house or a central depository entity (or its nominee(s)) including the right to vote individually on a show of hands.
- (3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

WRITTEN RESOLUTIONS OF MEMBERS

86. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

#### BOARD OF DIRECTORS

87. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Board. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 87 and 88 and shall hold office until the expiration of his term or until their successors are elected or appointed.
- (2) Subject to the Articles and the Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board.
- (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.
- (4) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (5) Subject to any provision to the contrary in these Articles, a Director may be removed by way of an ordinary resolution of the Members at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).
- (6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.
- (7) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

#### DISQUALIFICATION OF DIRECTORS

88. The office of a Director shall be vacated if the Director:

- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
- (2) becomes of unsound mind or dies;
- (3) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated;

- (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (5) is prohibited by law from being a Director; or
- (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

#### EXECUTIVE DIRECTORS

89. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article 91 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.
90. Notwithstanding Articles 95, 96, 97 and 98, an executive director appointed to an office under Article 89 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

#### ALTERNATE DIRECTORS

91. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointer ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

92. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.
93. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from the People's Republic of China or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
94. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

#### DIRECTORS' FEES AND EXPENSES

95. The Directors shall receive such remuneration as the Board may from time to time determine. Each Director shall be entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the board or general meetings or separate meetings of any class of shares or of debenture of the Company or otherwise in connection with the discharge of his duties as a Director.
96. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
97. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

98. The Board shall determine any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

99. A Director may:
- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
  - (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
  - (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Notwithstanding the foregoing, no "Independent Director" as defined in the rules of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, and with respect of whom the Board has determined constitutes an "Independent Director" for purposes of compliance with applicable law or the rules of the Designated Stock Exchange, shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director's status as an "Independent Director" of the Company.

100. Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 103 herein. Any such transaction that would reasonably be likely to affect a Director's status as an "Independent Director", or that would constitute a "related party transaction" as defined by the rules of the Designated Stock Exchange or under applicable laws, shall require the approval of the Audit Committee.

101. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

102. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the listing rules of the Company's Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

#### GENERAL POWERS OF THE DIRECTORS

103. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.



- (2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any one Director on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.
- (3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:
- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed;
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration; and
- (c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Act.
104. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.
105. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.

106. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.
107. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
108. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.
- (2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

#### BORROWING POWERS

109. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
110. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
111. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

112. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

#### PROCEEDINGS OF THE DIRECTORS

113. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
114. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director.
115. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2) of the Board. An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.
- (2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- (3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
116. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

117. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
118. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
119. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.
- (2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
120. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.
121. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.
122. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

#### AUDIT COMMITTEE

123. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules of the Designated Stock Exchange and the rules and regulations of the SEC.
124. The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.
125. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest in accordance with the audit committee charter.

#### OFFICERS

126. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles. In addition to the officers of the Company, the Board may also from time to time determine and appoint managers and delegate to the same such powers and duties as are prescribed by the Board.
- (2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one Director is proposed for this office, the election to such office shall take place in such manner as the Directors may determine.
- (3) The officers shall receive such remuneration as the Directors may from time to time determine.
127. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.
- (2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Articles or as may be prescribed by the Board.
128. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.
129. A provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

#### REGISTER OF DIRECTORS AND OFFICERS

130. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Act or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Act.

MINUTES

131. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
  - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the Office.

SEAL

132. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article 134 shall be deemed to be sealed and executed with the authority of the Board previously given.
- (2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

#### AUTHENTICATION OF DOCUMENTS

133. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

#### DESTRUCTION OF DOCUMENTS

134. (1) The Company shall be entitled to destroy the following documents at the following times:
- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
  - (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
  - (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
  - (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
  - (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Article 136 shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article 136 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article 136 to the destruction of any document include references to its disposal in any manner.

- (2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article 136 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

#### DIVIDENDS AND OTHER PAYMENTS

135. Subject to the Act, the Company in general meeting or the Board may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board.
136. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Act.
137. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:
- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
  - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
138. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.
139. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.



140. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
141. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.
142. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
143. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
144. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;

- (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
  - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
  - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
  - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
  - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article 144 shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article 144 in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.
- (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 144, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Board may, or the Company may upon the recommendation of the Board by ordinary resolution, determine and resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article 146 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

- (4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article 144 shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
- (5) Any resolution declaring a dividend on shares of any class by the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

#### RESERVES

145. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Act. The Company shall at all times comply with the provisions of the Act in relation to the share premium account.
- (2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

#### CAPITALISATION

146. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the basis that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article 146, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.
147. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the Article 148 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

#### SUBSCRIPTION RIGHTS RESERVE

148. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:
- (1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:
    - (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article 148) maintain in accordance with the provisions of this Article 148 a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;
    - (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;

- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
  - (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and
- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.
- (2) Shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.

- (3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Article without the sanction of a special resolution of such warrant holders or class of warrant holders.
- (4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

#### ACCOUNTING RECORDS

149. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.
150. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.
151. Subject to Article 154, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 57 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.
152. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 153 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

153. The requirement to send to a person referred to in Article 153 the documents referred to in that article or a summary financial report in accordance with Article 154 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 153 and, if applicable, a summary financial report complying with Article 154, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

#### AUDIT

154. Subject to applicable law and rules of the Designated Stock Exchange, the Board shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until removed from office by a resolution of the Directors. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.
155. Subject to the Act the accounts of the Company shall be audited at least once in every year.
156. The remuneration of the Auditor shall be determined by the Audit Committee or, in the absence of such Audit Committee, by the Board.
157. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.
158. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
159. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.



## NOTICES

160. Any Notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
161. Any Notice or other document:
- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
  - (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
  - (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
  - (d) may be given to a Member in the English language or such other language as may be approved by the Directors, subject to due compliance with all applicable Statutes, rules and regulations.

162. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- (2) A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
- (3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every Notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

#### SIGNATURES

163. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received.

#### WINDING UP

164. (1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
- (2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.
165. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, a nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

- (2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

166. (1) Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, or other officer for the time being and from time to time of the Company (but not including the Auditor) and the personal representatives of the same (each an “**Indemnified Person**”) shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person’s own dishonesty, wilful default or fraud, in or about the conduct of the 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 Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
- (2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud, willful default or dishonesty which may attach to such Director.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION  
AND NAME OF COMPANY

167. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.

INFORMATION

168. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

EXCLUSIVE FORUM

169. Unless the Company consents in writing to the selection of an alternative forum, 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, the state courts of New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company. Any person or entity purchasing or otherwise acquiring any share or other securities in the Company, or purchasing or otherwise acquiring American depositary shares issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of this Article. Without prejudice to the foregoing, if the provision in this Article is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of these Articles shall not be affected and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company.

Incorporated in the Cayman Islands  
**Jianzhi Education Technology Group Company Limited**

This is to certify that

is / are the registered shareholders of:

No. of Shares	Type of Share <b>Ordinary</b>	Par Value <b>USD 0.0001</b>
Date of Record	Certificate Number	% Paid

The above shares are subject to the Memorandum and Articles of Association of the Company and transferable in accordance therewith.

\_\_\_\_\_ Director

\_\_\_\_\_ Director / Secretary

JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

AND

THE BANK OF NEW YORK MELLON

As Depositary

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

Deposit Agreement

\_\_\_\_\_, 2021

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of \_\_\_\_\_, 2021 among JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED , a company incorporated under the laws of the Cayman Islands (herein called the Company), THE BANK OF NEW YORK MELLON, a New York banking corporation (herein called the Depository), and all Owners and Holders (each as hereinafter defined) from time to time of American Depositary Shares issued hereunder.

W I T N E S S E T H:

WHEREAS, the Company desires to provide, as set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Company from time to time with the Depository or with the Custodian (as hereinafter defined) under this Deposit Agreement, for the creation of American Depositary Shares representing the Shares so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as set forth in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.1. American Depositary Shares.

The term "American Depositary Shares" shall mean the securities created under this Deposit Agreement representing rights with respect to the Deposited Securities. American Depositary Shares may be certificated securities evidenced by Receipts or uncertificated securities. The form of Receipt annexed as Exhibit A to this Deposit Agreement shall be the prospectus required under the Securities Act of 1933 for sales of both certificated and uncertificated American Depositary Shares. Except for those provisions of this Deposit Agreement that refer specifically to Receipts, all the provisions of this Deposit Agreement shall apply to both certificated and uncertificated American Depositary Shares.

Each American Depositary Share shall represent the number of Shares specified in Exhibit A to this Deposit Agreement, except that, if there is a distribution upon Deposited Securities covered by Section 4.3, a change in Deposited Securities covered by Section 4.8 with respect to which additional American Depositary Shares are not delivered or a sale of Deposited Securities under Section 3.2 or 4.8, each American Depositary Share shall thereafter represent the amount of Shares or other Deposited Securities that are then on deposit per American Depositary Share after giving effect to that distribution, change or sale.

SECTION 1.2. Commission.

The term “Commission” shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.3. Company.

The term “Company” shall mean Jianzhi Education Technology Group Company Limited, a company incorporated under the laws of the Cayman Islands, and its successors.

SECTION 1.4. Custodian.

The term “Custodian” shall mean The Hongkong and Shanghai Banking Corporation Limited, as custodian for the Depository in Hong Kong for the purposes of this Deposit Agreement, and any other firm or corporation the Depository appoints under Section 5.5 as a substitute or additional custodian under this Deposit Agreement, and shall also mean all of them collectively.

SECTION 1.5. Deliver; Surrender.

(a) The term “deliver”, or its noun form, when used with respect to Shares or other Deposited Securities, shall mean (i) book-entry transfer of those Shares or other Deposited Securities to an account maintained by an institution authorized under applicable law to effect transfers of such securities designated by the person entitled to that delivery or (ii) physical transfer of certificates evidencing those Shares or other Deposited Securities registered in the name of, or duly endorsed or accompanied by proper instruments of transfer to, the person entitled to that delivery.

(b) The term “deliver”, or its noun form, when used with respect to American Depositary Shares, shall mean (i) registration of those American Depositary Shares in the name of DTC or its nominee and book-entry transfer of those American Depositary Shares to an account at DTC designated by the person entitled to that delivery, (ii) registration of those American Depositary Shares not evidenced by a Receipt on the books of the Depository in the name requested by the person entitled to that delivery and mailing to that person of a statement confirming that registration or (iii) if requested by the person entitled to that delivery, execution and delivery at the Depository’s Office to the person entitled to that delivery of one or more Receipts evidencing those American Depositary Shares registered in the name requested by that person.

(c) The term “surrender”, when used with respect to American Depositary Shares, shall mean (i) one or more book-entry transfers of American Depositary Shares to the DTC account of the Depository, (ii) delivery to the Depository at its Office of an instruction to surrender American Depositary Shares not evidenced by a Receipt or (iii) surrender to the Depository at its Office of one or more Receipts evidencing American Depositary Shares.

SECTION 1.6. Deposit Agreement.

The term “Deposit Agreement” shall mean this Deposit Agreement, as it may be amended from time to time in accordance with the provisions of this Deposit Agreement.

SECTION 1.7. Depository; Depository’s Office.

The term “Depository” shall mean The Bank of New York Mellon, a New York banking corporation, and any successor as depository under this Deposit Agreement. The term “Office”, when used with respect to the Depository, shall mean the office at which its depository receipts business is administered, which, at the date of this Deposit Agreement, is located at 240 Greenwich Street, New York, New York 10286.

SECTION 1.8. Deposited Securities.

The term “Deposited Securities” as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement, including without limitation, Shares that have not been successfully delivered upon surrender of American Depositary Shares, and any and all other securities, property and cash received by the Depository or the Custodian in respect of Deposited Securities and at that time held under this Deposit Agreement.

SECTION 1.9. Disseminate.

The term “Disseminate,” when referring to a notice or other information to be sent by the Depository to Owners, shall mean (i) sending that information to Owners in paper form by mail or another means or (ii) with the consent of Owners, another procedure that has the effect of making the information available to Owners, which may include (A) sending the information by electronic mail or electronic messaging or (B) sending in paper form or by electronic mail or messaging a statement that the information is available and may be accessed by the Owner on an Internet website and that it will be sent in paper form upon request by the Owner, when that information is so available and is sent in paper form as promptly as practicable upon request.

SECTION 1.10. Dollars.

The term “Dollars” shall mean United States dollars.

SECTION 1.11. DTC.

The term “DTC” shall mean The Depository Trust Company or its successor.

SECTION 1.12. Foreign Registrar.

The term “Foreign Registrar” shall mean the entity that carries out the duties of registrar for the Shares and any other agent of the Company for the transfer and registration of Shares, including, without limitation, any securities depository for the Shares.

SECTION 1.13. Holder.

The term “Holder” shall mean any person holding a Receipt or a security entitlement or other interest in American Depositary Shares, whether for its own account or for the account of another person, but that is not the Owner of that Receipt or those American Depositary Shares.

SECTION 1.14. Owner.

The term “Owner” shall mean the person in whose name American Depositary Shares are registered on the books of the Depository maintained for that purpose.

SECTION 1.15. Receipts.

The term “Receipts” shall mean the American Depositary Receipts issued under this Deposit Agreement evidencing certificated American Depositary Shares, as the same may be amended from time to time in accordance with the provisions of this Deposit Agreement.

SECTION 1.16. Registrar.

The term “Registrar” shall mean any corporation or other entity that is appointed by the Depository to register American Depositary Shares and transfers of American Depositary Shares as provided in this Deposit Agreement.

SECTION 1.17. Replacement.

The term “Replacement” shall have the meaning assigned to it in Section 4.8.

SECTION 1.18. Restricted Securities.

The term "Restricted Securities" shall mean Shares that (i) are "restricted securities," as defined in Rule 144 under the Securities Act of 1933, except for Shares that could be resold in reliance on Rule 144 without any conditions, (ii) are beneficially owned by an officer, director (or person performing similar functions) or other affiliate of the Company, (iii) otherwise would require registration under the Securities Act of 1933 in connection with the public offer and sale thereof in the United States or (iv) are subject to other restrictions on sale or deposit under the laws of the Cayman Islands, a shareholder agreement or the articles of association or similar document of the Company.

SECTION 1.19. Securities Act of 1933.

The term "Securities Act of 1933" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.20. Shares.

The term "Shares" shall mean the ordinary shares of the Company that are validly issued and outstanding, fully paid and nonassessable and that were not issued in violation of any pre-emptive or similar rights of the holders of outstanding securities of the Company; provided, however, that, if there shall occur any change in nominal or par value, a split-up or consolidation or any other reclassification or, upon the occurrence of an event described in Section 4.8, an exchange or conversion in respect of the Shares of the Company, the term "Shares" shall thereafter also mean the successor securities resulting from such change in nominal value, split-up or consolidation or such other reclassification or such exchange or conversion.

SECTION 1.21. SWIFT.

The term "SWIFT" shall mean the financial messaging network operated by the Society for Worldwide Interbank Financial Telecommunication, or its successor.

SECTION 1.22. Termination Option Event.

The term "Termination Option Event" shall mean any of the following events or conditions:

(i) the Company institutes proceedings to be adjudicated as bankrupt or insolvent, consents to the institution of bankruptcy or insolvency proceedings against it, files a petition or answer or consent seeking reorganization or relief under any applicable law in respect of bankruptcy or insolvency, consents to the filing of any petition of that kind or to the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of it or any substantial part of its property or makes an assignment for the benefit of creditors, or if information becomes publicly available indicating that unsecured claims against the Company are not expected to be paid;

(ii) the Shares are delisted, or the Company announces its intention to delist the Shares, from a stock exchange outside the United States, and the Company has not applied to list the Shares on any other stock exchange outside the United States;

(iii) the American Depositary Shares are delisted from a stock exchange in the United States on which the American Depositary Shares were listed and, 30 days after that delisting, the American Depositary Shares have not been listed on another stock exchange in the United States, nor is there a symbol available for over-the-counter trading of the American Depositary Shares in the United States; or

(iv) an event or condition that is defined as a Termination Option Event in Section 4.1, 4.2 or 4.8.

## ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, DELIVERY, TRANSFER AND SURRENDER OF AMERICAN DEPOSITARY SHARES

### SECTION 2.1. Form of Receipts; Registration and Transferability of American Depositary Shares.

Definitive Receipts shall be substantially in the form set forth in Exhibit A to this Deposit Agreement, with appropriate insertions, modifications and omissions, as permitted under this Deposit Agreement. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless that Receipt has been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or the Registrar or a co-registrar. The Depositary shall maintain books on which (x) each Receipt so executed and delivered as provided in this Deposit Agreement and each transfer of that Receipt and (y) all American Depositary Shares delivered as provided in this Deposit Agreement and all registrations of transfer of American Depositary Shares, shall be registered. A Receipt bearing the facsimile signature of a person that was at any time a proper officer of the Depositary shall, subject to the other provisions of this paragraph, bind the Depositary, even if that person was not a proper officer of the Depositary on the date of issuance of that Receipt.

The Receipts and statements confirming registration of American Depositary Shares may have incorporated in or attached to them such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts and American Depositary Shares are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

American Depositary Shares evidenced by a Receipt, when the Receipt is properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York. American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under this Deposit Agreement to any Holder of American Depositary Shares (but only to the Owner of those American Depositary Shares).

#### SECTION 2.2. Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited under this Deposit Agreement by delivery thereof to any Custodian, accompanied by any appropriate instruments or instructions for transfer, or endorsement, in form satisfactory to the Custodian.

As conditions of accepting Shares for deposit, the Depositary may require (i) any certification required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, (ii) a written order directing the Depositary to deliver to, or upon the written order of, the person or persons stated in that order American Depositary Shares representing those deposited Shares, (iii) evidence satisfactory to the Depositary that those Shares have been re-registered in the books of the Company or the Foreign Registrar in the name of the Depositary, a Custodian or a nominee of the Depositary or a Custodian, (iv) evidence satisfactory to the Depositary that any necessary approval for the transfer or deposit has been granted by any governmental body in each applicable jurisdiction and (v) an agreement or assignment, or other instrument satisfactory to the Depositary, that provides for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property, that any person in whose name those Shares are or have been recorded may thereafter receive upon or in respect of those Shares, or, in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

The Depositary shall refuse, and shall instruct the Custodian to refuse, to accept Shares for deposit if the Depositary has received written notice from the Company that the Company has restricted transfer of those Shares under the Company's memorandum and articles of association, any agreement, or any applicable laws or that the deposit would result in any violation of the Company's memorandum and articles of association, any agreement, or any applicable laws.

At the request and risk and expense of a person proposing to deposit Shares, and for the account of that person, the Depositary may receive certificates for Shares to be deposited, together with the other instruments specified in this Section, for the purpose of forwarding those Share certificates to the Custodian for deposit under this Deposit Agreement.

The Depositary shall instruct each Custodian that, upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited under this Deposit Agreement, together with the other documents specified in this Section, that Custodian shall, as soon as transfer and recordation can be accomplished, present that certificate or those certificates to the Company or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depositary or its nominee or that Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

SECTION 2.3. Delivery of American Depositary Shares.

The Depositary shall instruct each Custodian that, upon receipt by that Custodian of any deposit pursuant to Section 2.2, together with the other documents or evidence required under that Section, that Custodian shall notify the Depositary of that deposit and the person or persons to whom or upon whose written order American Depositary Shares are deliverable in respect thereof. Upon receiving a notice of a deposit from a Custodian, or upon the receipt of Shares or evidence of the right to receive Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall deliver, to or upon the order of the person or persons entitled thereto, the number of American Depositary Shares issuable in respect of that deposit, but only upon payment to the Depositary of the fees and expenses of the Depositary for the delivery of those American Depositary Shares as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with that deposit and the transfer of the deposited Shares. However, the Depositary shall deliver only whole numbers of American Depositary Shares.

SECTION 2.4. Registration of Transfer of American Depositary Shares; Combination and Split-up of Receipts; Interchange of Certificated and Uncertificated American Depositary Shares.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register a transfer of American Depositary Shares on its transfer books upon (i) in the case of certificated American Depositary Shares, surrender of the Receipt evidencing those American Depositary Shares, by the Owner or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer or (ii) in the case of uncertificated American Depositary Shares, receipt from the Owner of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9), and, in either case, duly stamped as may be required by the laws of the State of New York and of the United States of America. Upon registration of a transfer, the Depositary shall deliver the transferred American Depositary Shares to or upon the order of the person entitled thereto.



The Depository, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depository, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel the Receipt evidencing those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the owner of the same number of uncertificated American Depositary Shares. The Depository, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and register and deliver to the Owner a Receipt evidencing the same number of certificated American Depositary Shares.

The Depository may appoint one or more co-transfer agents for the purpose of effecting registration of transfers of American Depositary Shares and combinations and split-ups of Receipts at designated transfer offices on behalf of the Depository. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to American Depositary Shares and will be entitled to protection and indemnity to the same extent as the Depository.

#### SECTION 2.5. Surrender of American Depositary Shares and Withdrawal of Deposited Securities.

Upon surrender of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby and payment of the fee of the Depository for the surrender of American Depositary Shares as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with that surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Owner of those American Depositary Shares shall be entitled to delivery (to the extent delivery can then be lawfully and practicably made), to or as instructed by that Owner, of the amount of Deposited Securities at the time represented by those American Depositary Shares, but not any money or other property as to which a record date for distribution to Owners has passed (since money or other property of that kind will be delivered or paid on the scheduled payment date to the Owner as of that record date), and except that the Depository shall not be required to accept surrender of American Depositary Shares for the purpose of withdrawal to the extent it would require delivery of a fraction of a Deposited Security. That delivery shall be made, as provided in this Section, without unreasonable delay.

As a condition of accepting a surrender of American Depositary Shares for the purpose of withdrawal of Deposited Securities, the Depository may require (i) that each surrendered Receipt be properly endorsed in blank or accompanied by proper instruments of transfer in blank and (ii) that the surrendering Owner execute and deliver to the Depository a written order directing the Depository to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in that order.

Thereupon, the Depositary shall direct the Custodian to deliver, subject to Sections 2.6, 3.1 and 3.2, the other terms and conditions of this Deposit Agreement and local market rules and practices, to the surrendering Owner or to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the surrendered American Depositary Shares, and the Depositary may charge the surrendering Owner a fee and its expenses for giving that direction by cable (including SWIFT) or facsimile transmission.

If Deposited Securities are delivered physically upon surrender of American Depositary Shares for the purpose of withdrawal, that delivery will be made at the Custodian's office, except that, at the request, risk and expense of an Owner surrendering American Depositary Shares for withdrawal of Deposited Securities, and for the account of that Owner, the Depositary shall direct the Custodian to forward any cash or other property comprising, and forward a certificate or certificates, if applicable, and other proper documents of title, if any, for, the Deposited Securities represented by the surrendered American Depositary Shares to the Depositary for delivery at the Depositary's Office or to another address specified in the order received from the surrendering Owner.

SECTION 2.6. Limitations on Delivery, Registration of Transfer and Surrender of American Depositary Shares.

As a condition precedent to the delivery, registration of transfer or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Deposit Agreement, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The Depositary may refuse to accept deposits of Shares for delivery of American Depositary Shares or to register transfers of American Depositary Shares in particular instances, or may suspend deposits of Shares or registration of transfer generally, whenever it or the Company considers it necessary or advisable to do so. The Depositary may refuse surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities in particular instances, or may suspend surrenders for the purpose of withdrawal generally, but, notwithstanding anything to the contrary in this Deposit Agreement, only for (i) temporary delays caused by closing of the Depositary's register or the register of holders of Shares maintained by the Company or the Foreign Registrar, or the deposit of Shares, in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities or (iv) any other reason that, at the time, is permitted under paragraph I(A)(1) of the General Instructions to Form F-6 under the Securities Act of 1933 or any successor to that provision.

The Depository shall not knowingly accept for deposit under this Deposit Agreement any Shares that, at the time of deposit, are Restricted Securities.

**SECTION 2.7. Lost Receipts, etc.**

If a Receipt is mutilated, destroyed, lost or stolen, the Depository shall deliver to the Owner the American Depositary Shares evidenced by that Receipt in uncertificated form or, if requested by the Owner, execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt, upon surrender and cancellation of that mutilated Receipt, or in lieu of and in substitution for that destroyed, lost or stolen Receipt. However, before the Depository will deliver American Depositary Shares in uncertificated form or execute and deliver a new Receipt, in substitution for a destroyed, lost or stolen Receipt, the Owner must (a) file with the Depository (i) a request for that replacement before the Depository has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfy any other reasonable requirements imposed by the Depository.

**SECTION 2.8. Cancellation and Destruction of Surrendered Receipts.**

The Depository shall cancel all Receipts surrendered to it and is authorized to destroy Receipts so cancelled.

**SECTION 2.9. DTC Direct Registration System and Profile Modification System.**

(a) Notwithstanding the provisions of Section 2.4, the parties acknowledge that DTC's Direct Registration System ("DRS") and Profile Modification System ("Profile") apply to the American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC that facilitates interchange between registered holding of uncertificated securities and holding of security entitlements in those securities through DTC and a DTC participant. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of an Owner of American Depositary Shares, to direct the Depository to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depository of prior authorization from the Owner to register that transfer.

(b) In connection with DRS/Profile, the parties acknowledge that the Depository will not determine whether the DTC participant that is claiming to be acting on behalf of an Owner in requesting a registration of transfer and delivery as described in paragraph (a) above has the actual authority to act on behalf of that Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 apply to the matters arising from the use of the DRS/Profile. The parties agree that the Depository's reliance on and compliance with instructions received by the Depository through the DRS/Profile system and otherwise in accordance with this Deposit Agreement shall not constitute negligence or bad faith on the part of the Depository.

## ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

### SECTION 3.1. Filing Proofs, Certificates and Other Information.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper, or as the Company may reasonably require by written request to the Depositary. The Depositary may withhold the delivery or registration of transfer of American Depositary Shares, the distribution of any dividend or other distribution or of the proceeds thereof or the delivery of any Deposited Securities until that proof or other information is filed or those certificates are executed or those representations and warranties are made. The Depositary shall provide the Company, upon the Company's written request and at the Company's expense, as promptly as practicable, with copies of any information or other materials that the Depositary receives pursuant to this Section, to the extent that the requested disclosure is permitted under applicable law.

### SECTION 3.2. Liability of Owner for Taxes.

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to or in connection with any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares or in connection with a transaction to which Section 4.8 applies, that tax or other governmental charge shall be payable by the Owner of those American Depositary Shares to the Depositary. The Depositary may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until that payment is made, and may withhold any dividends or other distributions or the proceeds thereof, or may sell for the account of the Owner any part or all of the Deposited Securities represented by those American Depositary Shares and apply those dividends or other distributions or the net proceeds of any sale of that kind in payment of that tax or other governmental charge but, even after a sale of that kind, the Owner of those American Depositary Shares shall remain liable for any deficiency. The Depositary shall distribute any net proceeds of a sale made under this Section that are not used to pay taxes or governmental charges to the Owners entitled to them in accordance with Section 4.1. If the number of Shares represented by each American Depositary Share decreases as a result of a sale of Deposited Securities under this Section, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

### SECTION 3.3. Warranties on Deposit of Shares.

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that those Shares and each certificate therefor, if applicable, are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive or similar rights of the holders of outstanding securities of the Company and that the person making that deposit is duly authorized so to do. Every depositing person shall also be deemed to represent that the Shares, at the time of deposit, are not Restricted Securities. All representations and warranties deemed made under this Section shall survive the deposit of Shares and delivery of American Depositary Shares.

### SECTION 3.4. Disclosure of Interests.

When required in order to comply with applicable laws and regulations or the articles of association or similar document of the Company, the Company may from time to time request each Owner and Holder to provide to the Depositary information relating to: (a) the capacity in which it holds American Depositary Shares, (b) the identity of any Holders or other persons or entities then or previously interested in those American Depositary Shares and the nature of those interests and (c) any other matter where disclosure of such matter is required for that compliance. Each Owner and Holder agrees to provide all information known to it in response to a request made pursuant to this Section. Each Holder consents to the disclosure by the Depositary and the Owner or any other Holder through which it holds American Depositary Shares, directly or indirectly, of all information responsive to a request made pursuant to this Section relating to that Holder that is known to that Owner or other Holder. The Depositary agrees to use reasonable efforts to comply with written instructions requesting that the Depositary forward any request authorized under this Section to the Owners and to forward to the Company any responses it receives in response to that request. The Depositary may charge the Company a fee and its expenses for complying with requests under this Section 3.4.

ARTICLE 4. THE DEPOSITED SECURITIES

SECTION 4.1. Cash Distributions.

Whenever the Depositary receives any cash dividend or other cash distribution on Deposited Securities, the Depositary shall, subject to the provisions of Section 4.5, convert that dividend or other distribution into Dollars and distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing those Deposited Securities held by them respectively; provided, however, that if the Custodian or the Depositary shall be required to withhold and does withhold from that cash dividend or other cash distribution an amount on account of taxes or other governmental charges, the amount distributed to the Owners of the American Depositary Shares representing those Deposited Securities shall be reduced accordingly. However, the Depositary will not pay any Owner a fraction of one cent, but will round each Owner's entitlement to the nearest whole cent.

The Company or its agent will remit to the appropriate governmental agency in each applicable jurisdiction all amounts withheld and owing to such agency.

If a cash distribution would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that cash distribution; or

(ii) sell all Deposited Securities other than the subject cash distribution and add any net cash proceeds of that sale to the cash distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that cash distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

SECTION 4.2. Distributions Other Than Cash, Shares or Rights.

Subject to the provisions of Sections 4.11 and 5.9, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 on Deposited Securities (but not in exchange for or in conversion or in lieu of Deposited Securities), the Depositary shall cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary and any taxes or other governmental charges, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary deems equitable and practicable for accomplishing that distribution (which may be a distribution of depositary shares representing the securities received); provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Company or the Depositary withhold an amount on account of taxes or other governmental charges or that securities received must be registered under the Securities Act of 1933 in order to be distributed to Owners or Holders) the Depositary deems such distribution not to be lawful and feasible, the Depositary, after consultation with the Company to the extent practicable, may adopt such other method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and distribution of the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, all in the manner and subject to the conditions set forth in Section 4.1. The Depositary may withhold any distribution of securities under this Section 4.2 if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Section 4.2 that is sufficient to pay its fees and expenses in respect of that distribution.

If a distribution to be made under this Section 4.2 would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that distribution; or

(ii) sell all Deposited Securities other than the subject distribution and add any net cash proceeds of that sale to the distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

#### SECTION 4.3. Distributions in Shares.

Whenever the Depositary receives any distribution on Deposited Securities consisting of a dividend in, or free distribution of, Shares, the Depositary may, and if the Company so requests in writing, shall, deliver to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing those Deposited Securities held by them respectively, an aggregate number of American Depositary Shares representing the amount of Shares received as that dividend or free distribution, subject to the terms and conditions of this Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares, including withholding of any tax or governmental charge as provided in Section 4.11 and payment of the fees and expenses of the Depositary as provided in Section 5.9 (and the Depositary may sell, by public or private sale, an amount of the Shares received (or American Depositary Shares representing those Shares) sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering fractional American Depositary Shares, the Depositary may sell the amount of Shares represented by the aggregate of those fractions (or American Depositary Shares representing those Shares) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. If and to the extent that additional American Depositary Shares are not delivered and Shares or American Depositary Shares are not sold, each American Depositary Share shall thenceforth also represent the additional Shares distributed on the Deposited Securities represented thereby.

If the Company declares a distribution in which holders of Deposited Securities have a right to elect whether to receive cash, Shares or other securities or a combination of those things, or a right to elect to have a distribution sold on their behalf, the Depositary may, after consultation with the Company, make that right of election available for exercise by Owners in any manner the Depositary considers to be lawful and practical. As a condition of making a distribution election right available to Owners, the Depositary may require satisfactory assurances from the Company that doing so does not require registration of any securities under the Securities Act of 1933 that has not been effected.

#### SECTION 4.4. Rights.

(a) If rights are granted to the Depositary in respect of deposited Shares to purchase additional Shares or other securities, the Company and the Depositary shall endeavor to consult as to the actions, if any, the Depositary should take in connection with that grant of rights. The Depositary may, to the extent deemed by it to be lawful and practical (i) if requested in writing by the Company, grant to all or certain Owners rights to instruct the Depositary to purchase the securities to which the rights relate and deliver those securities or American Depositary Shares representing those securities to Owners, (ii) if requested in writing by the Company, deliver the rights to or to the order of certain Owners, or (iii) sell the rights to the extent practicable and distribute the net proceeds of that sale to Owners entitled to those proceeds. To the extent rights are not exercised, delivered or disposed of under (i), (ii) or (iii) above, the Depositary shall permit the rights to lapse unexercised.

(b) If the Depositary will act under (a)(i) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon instruction from an applicable Owner in the form the Depositary specified and upon payment by that Owner to the Depositary of an amount equal to the purchase price of the securities to be received upon the exercise of the rights, the Depositary shall, on behalf of that Owner, exercise the rights and purchase the securities. The purchased securities shall be delivered to, or as instructed by, the Depositary. The Depositary shall (i) deposit the purchased Shares under this Deposit Agreement and deliver American Depositary Shares representing those Shares to that Owner or (ii) deliver or cause the purchased Shares or other securities to be delivered to or to the order of that Owner. The Depositary will not act under (a)(i) above unless the offer and sale of the securities to which the rights relate are registered under the Securities Act of 1933 or the Depositary has received an opinion of United States counsel that is satisfactory to it to the effect that those securities may be sold and delivered to the applicable Owners without registration under the Securities Act of 1933. For the avoidance of doubt, nothing in this Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to rights or the underlying securities or to endeavor to have such a registration statement declared effective.

(c) If the Depositary will act under (a)(ii) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon (i) the request of an applicable Owner to deliver the rights allocable to the American Depositary Shares of that Owner to an account specified by that Owner to which the rights can be delivered and (ii) receipt of such documents as the Company and the Depositary agreed to require to comply with applicable law, the Depositary will deliver those rights as requested by that Owner.

(d) If the Depositary will act under (a)(iii) above, the Depositary will use reasonable efforts to sell the rights in proportion to the number of American Depositary Shares held by the applicable Owners and pay the net proceeds to the Owners otherwise entitled to the rights that were sold, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

(e) Payment or deduction of the fees of the Depositary as provided in Section 5.9 and payment or deduction of the expenses of the Depositary and any applicable taxes or other governmental charges shall be conditions of any delivery of securities or payment of cash proceeds under this Section 4.4.

(f) The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make rights available to or exercise rights on behalf of Owners in general or any Owner in particular, or to sell rights.



SECTION 4.5. Conversion of Foreign Currency.

Whenever the Depositary or the Custodian receives foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary or one of its agents or affiliates or the Custodian shall convert or cause to be converted by sale or in any other manner that it may determine that foreign currency into Dollars, and those Dollars shall be distributed, as promptly as practicable, to the Owners entitled thereto. A cash distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners based on exchange restrictions, the date of delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9.

If a conversion of foreign currency or the repatriation or distribution of Dollars can be effected only with the approval or license of any government or agency thereof, the Depositary may, but will not be required to, file an application for that approval or license.

If the Depositary determines that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof that is required for such conversion is not filed or sought by the Depositary or is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make that conversion and distribution in Dollars to the extent practicable and permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold that balance uninvested and without liability for interest thereon for the account of, the Owners entitled thereto.

The Depositary may convert currency itself or through any of its affiliates, or the Custodian or the Company may convert currency and pay Dollars to the Depositary. Where the Depositary converts currency itself or through any of its affiliates, the Depositary 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 this 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 by it or its affiliate in any currency conversion under this 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 Owners, subject to the Depositary's obligations under Section 5.3. The methodology used to determine exchange rates used in currency conversions made by the Depositary is available upon request. Where the Custodian converts currency, the Custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to Owners, and the Depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the Depositary may receive dividends or other distributions from the Company in Dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by or on behalf of the Company and, in such cases, the Depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor the Company makes any representation that the rate obtained or determined by the Company is the most favorable rate and neither it nor the Company will be liable for any direct or indirect losses associated with the rate.

SECTION 4.6. Fixing of Record Date.

Whenever a cash dividend, cash distribution or any other distribution is made on Deposited Securities or rights to purchase Shares or other securities are issued with respect to Deposited Securities (which rights will be delivered to or exercised or sold on behalf of Owners in accordance with Section 4.4) or the Depositary receives notice that a distribution or issuance of that kind will be made, or whenever the Depositary receives notice that a meeting of holders of Shares will be held in respect of which the Company has requested the Depositary to send a notice under Section 4.7, or whenever the Depositary will assess a fee or charge against the Owners, or whenever the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary otherwise finds it necessary or convenient, the Depositary shall fix a record date, which shall be the same as, or as near as practicable to, any corresponding record date set by the Company with respect to Shares, (a) for the determination of the Owners (i) who shall be entitled to receive the benefit of that dividend or other distribution or those rights, (ii) who shall be entitled to give instructions for the exercise of voting rights at that meeting, (iii) who shall be responsible for that fee or charge or (iv) for any other purpose for which the record date was set, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Owners on a record date fixed by the Depositary shall be entitled to receive the amount distributable by the Depositary with respect to that dividend or other distribution or those rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively, to give voting instructions or to act in respect of the other matter for which that record date was fixed, or be responsible for that fee or charge, as the case may be.

SECTION 4.7. Voting of Deposited Shares.

(a) Upon receipt of notice of any meeting of holders of Shares at which holders of Shares will be entitled to vote, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, Disseminate to the Owners a notice, the form of which shall be in the sole discretion of the Depositary, that shall contain (i) the information contained in the notice of meeting received by the Depositary, (ii) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of the laws of the Cayman Islands and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Shares represented by their respective American Depositary Shares, (iii) a statement as to the manner in which those instructions may be given, including an express indication that instructions may be deemed given in accordance with the last sentence of paragraph (b) below, if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company, and (iv) the last date on which the Depositary will accept instructions (the "Instruction Cutoff Date").

(b) Upon the written request of an Owner of American Depositary Shares, as of the date of the request or, if a record date was specified by the Depositary, as of that record date, received on or before any Instruction Cutoff Date established by the Depositary, the Depositary may, and if the Depositary sent a notice under the preceding paragraph shall, endeavor, in so far as practicable, to vote or cause to be voted the amount of deposited Shares represented by those American Depositary Shares in accordance with the instructions set forth in that request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the deposited Shares other than in accordance with instructions given by Owners and received by the Depositary or as provided in the following sentence. If

(i) the Company instructed the Depositary to Disseminate a notice under paragraph (a) above and complied with paragraph (d) below,

(ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the Instruction Cutoff Date, and

(iii) the Depositary has received from the Company, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) the Company wishes a proxy to be given under this sentence, (y) the Company reasonably does not know of any substantial opposition to the matter and (z) the matter is not materially adverse to the interests of shareholders,

then, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of deposited Shares represented by the amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of deposited Shares as to that matter.

(c) There can be no assurance that Owners generally or any Owner in particular will receive the notice described in paragraph (a) above in time to enable Owners to give instructions to the Depositary prior to the Instruction Cutoff Date.

(d) In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Shares, if the Company will request the Depositary to Disseminate a notice under paragraph (a) above, the Company shall give the Depositary notice of the meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Shares in connection with the meeting not less than 40 days prior to the meeting date.

#### SECTION 4.8. Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities.

(a) The Depositary shall not tender any Deposited Securities in response to any voluntary cash tender offer, exchange offer or similar offer made to holders of Deposited Securities (a "Voluntary Offer"), except when instructed in writing to do so by an Owner surrendering American Depositary Shares and subject to any conditions or procedures the Depositary may require.

(b) If the Depositary receives a written notice that Deposited Securities have been redeemed for cash or otherwise purchased for cash in a transaction that is mandatory and binding on the Depositary as a holder of those Deposited Securities (a "Redemption"), the Depositary, at the expense of the Company, shall (i) if required, surrender Deposited Securities that have been redeemed to the issuer of those securities or its agent on the redemption date, (ii) Disseminate a notice to Owners (A) notifying them of that Redemption, (B) calling for surrender of a corresponding number of American Depositary Shares and (C) notifying them that the called American Depositary Shares have been converted into a right only to receive the money received by the Depositary upon that Redemption and those net proceeds shall be the Deposited Securities to which Owners of those converted American Depositary Shares shall be entitled upon surrenders of those American Depositary Shares in accordance with Section 2.5 or 6.2 and (iii) distribute the money received upon that Redemption to the Owners entitled to it upon surrender by them of called American Depositary Shares in accordance with Section 2.5 (and, for the avoidance of doubt, Owners shall not be entitled to receive that money under Section 4.1). If the Redemption affects less than all the Deposited Securities, the Depositary shall call for surrender a corresponding portion of the outstanding American Depositary Shares and only those American Depositary Shares will automatically be converted into a right to receive the net proceeds of the Redemption. The Depositary shall allocate the American Depositary Shares converted under the preceding sentence among the Owners pro-rata to their respective holdings of American Depositary Shares immediately prior to the Redemption, except that the allocations may be adjusted so that no fraction of a converted American Depositary Share is allocated to any Owner. A Redemption of all or substantially all of the Deposited Securities shall be a Termination Option Event.

(c) If the Depositary is notified of or there occurs any change in nominal value or any subdivision, combination or any other reclassification of the Deposited Securities or any recapitalization, reorganization, sale of assets substantially as an entirety, merger or consolidation affecting the issuer of the Deposited Securities or to which it is a party that is mandatory and binding on the Depositary as a holder of Deposited Securities and, as a result, securities or other property have been or will be delivered in exchange, conversion, replacement or in lieu of, Deposited Securities (a "Replacement"), the Depositary shall, if required, surrender the old Deposited Securities affected by that Replacement of Shares and hold, as new Deposited Securities under this Deposit Agreement, the new securities or other property delivered to it in that Replacement. However, the Depositary may elect to sell those new Deposited Securities if in the opinion of the Depositary it is not lawful or not practical for it to hold those new Deposited Securities under this Deposit Agreement because those new Deposited Securities may not be distributed to Owners without registration under the Securities Act of 1933 or for any other reason, at public or private sale, at such places and on such terms as it deems proper and proceed as if those new Deposited Securities had been Redeemed under paragraph (b) above. A Replacement shall be a Termination Option Event.

(d) In the case of a Replacement where the new Deposited Securities will continue to be held under this Deposit Agreement, the Depositary may call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing the new Deposited Securities and the number of those new Deposited Securities represented by each American Depositary Share. If the number of Shares represented by each American Depositary Share decreases as a result of a Replacement, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

(e) If there are no Deposited Securities with respect to American Depositary Shares, including if the Deposited Securities are cancelled, or the Deposited Securities with respect to American Depositary Shares have become apparently worthless, the Depositary may call for surrender of those American Depositary Shares or may cancel those American Depositary Shares, upon notice to Owners, and that condition shall be a Termination Option Event.

#### SECTION 4.9. Reports.

The Depositary shall make available for inspection by Owners at its Office any reports and communications, including any proxy solicitation material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of those Deposited Securities by the Company. The Company shall furnish reports and communications, including any proxy soliciting material to which this Section applies, to the Depositary in English, to the extent those materials are required to be translated into English pursuant to any regulations of the Commission.

#### SECTION 4.10. Lists of Owners.

Upon written request by the Company, the Depositary shall, at the expense of the Company, furnish to it a list, as of a recent date, of the names, addresses and American Depositary Share holdings of all Owners.

#### SECTION 4.11. Withholding.

If the Depositary determines that any distribution received or to be made by the Depositary (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge that the Depositary is obligated to withhold, the Depositary may sell, by public or private sale, all or a portion of the distributed property (including Shares and rights to subscribe therefor) in the amounts and manner the Depositary deems necessary and practicable to pay those taxes or charges, and the Depositary shall distribute the net proceeds of that sale, after deduction of those taxes or charges, to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

Services for Owners and Holders that may permit them to obtain reduced rates of tax withholding at source or reclaim excess tax withheld, and the fees and costs associated with using services of that kind, are not provided under, and are outside the scope of, this Deposit Agreement.

Each Owner and Holder agrees to indemnify the Company, the Depositary, the Custodian and their respective directors, employees, agents and affiliates for, and hold each of them harmless against, any claim by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced withholding at source or other tax benefit received by it.

#### ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE COMPANY

##### SECTION 5.1. Maintenance of Office and Register by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain facilities for the delivery, registration of transfers and surrender of American Depositary Shares in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep a register of all Owners and all outstanding American Depositary Shares, which shall be open for inspection by the Owners at the Depositary's Office during regular business hours, but only for the purpose of communicating with Owners regarding the business of the Company or a matter related to this Deposit Agreement or the American Depositary Shares.

The Depositary may close the register for delivery, registration of transfer or surrender for the purpose of withdrawal from time to time as provided in Section 2.6 or upon the Company's reasonable written request.

If any American Depositary Shares are listed on one or more stock exchanges, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registration of those American Depositary Shares in accordance with any requirements of that exchange or those exchanges.

The Company shall have the right, at all reasonable times, upon written request, to inspect the transfer and registration records of the Depositary, the Registrar and any co-transfer agents or co-registrars and to require them to supply, at the Company's expense (unless otherwise agreed in writing between the Company and the Depositary), copies of such portion of their records as the Company may reasonably request.

SECTION 5.2. Prevention or Delay of Performance by the Company or the Depository.

Neither the Depository nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or Holder:

(i) if by reason of (A) any provision of any present or future law or regulation or other act of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange; (B) (in the case of the Depository only) any provision, present or future, of the articles of association or similar document of the Company, or any provision of any securities issued or distributed by the Company, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depository or the Company, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to, earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labor disputes, criminal acts or outbreaks of infectious disease; interruptions or malfunctions of utility services, Internet or other communications lines or systems; unauthorized access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the Depository or the Company is, directly or indirectly, prevented from, forbidden to or delayed in, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing that, by the terms of this Deposit Agreement or the Deposited Securities, it is provided shall be done or performed;

(ii) for any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement (including any determination by the Depository or the Company to take, or not take, any action that this Deposit Agreement provides the Depository or the Company, as the case may be, may take);

(iii) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Owners or Holders; or

(iv) for any special, consequential or punitive damages for any breach of the terms of this Deposit Agreement.

Where, by the terms of a distribution to which Section 4.1, 4.2 or 4.3 applies, or an offering to which Section 4.4 applies, or for any other reason, that distribution or offering may not be made available to Owners, and the Depository may not dispose of that distribution or offering on behalf of Owners and make the net proceeds available to Owners, then the Depository shall not make that distribution or offering available to Owners, and shall allow any rights, if applicable, to lapse.

SECTION 5.3. Obligations of the Depository and the Company.

The Company assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or Holder, except that the Company agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or Holder (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that the Depositary agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith, and the Depositary shall not be a fiduciary or have any fiduciary duty to Owners or Holders.

Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares on behalf of any Owner or Holder or any other person.

Each of the Depositary and the Company may rely, and shall be protected in relying upon, any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the Depositary nor the Company shall be liable for any action or non-action by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of American Depositary Shares or Deposited Securities or otherwise.

In the absence of bad faith on its part, the Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote.

The Depositary shall have no duty to make any determination or provide any information as to the tax status of the Company. Neither the Depositary nor the Company shall have any liability for any tax consequences that may be incurred by Owners or Holders as a result of owning or holding American Depositary Shares. Neither the Depositary nor the Company shall be liable for the inability or failure of an Owner or Holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.



SECTION 5.4. Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Company, to become effective upon the appointment of a successor depositary and its acceptance of that appointment as provided in this Section. The effect of resignation if a successor depositary is not appointed is provided for in Section 6.2.

The Depositary may at any time be removed by the Company by 90 days' prior written notice of that removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of its appointment as provided in this Section.

If the Depositary resigns or is removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to the Company an instrument in writing accepting its appointment under this Deposit Agreement. If the Depositary receives notice from the Company that a successor depositary has been appointed following its resignation or removal, the Depositary, upon payment of all sums due it from the Company, shall deliver to its successor a register listing all the Owners and their respective holdings of outstanding American Depositary Shares and shall deliver the Deposited Securities to or to the order of its successor. When the Depositary has taken the actions specified in the preceding sentence (i) the successor shall become the Depositary and shall have all the rights and shall assume all the duties of the Depositary under this Deposit Agreement and (ii) the predecessor depositary shall cease to be the Depositary and shall be discharged and released from all obligations under this Deposit Agreement, except for its duties under Section 5.8 with respect to the time before that discharge. A successor Depositary shall notify the Owners of its appointment as soon as practical after assuming the duties of Depositary.

Any corporation or other entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5. The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. The Depositary in its discretion may at any time appoint a substitute or additional custodian or custodians, each of which shall thereafter be one of the Custodians under this Deposit Agreement. If the Depositary receives notice that a Custodian is resigning and, upon the effectiveness of that resignation there would be no Custodian acting under this Deposit Agreement, the Depositary shall, as promptly as practicable after receiving that notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian under this Deposit Agreement. The Depositary shall notify the Company of the appointment of a substitute or additional Custodian as promptly as practicable. The Depositary shall require any Custodian that resigns or is removed to deliver all Deposited Securities held by it to another Custodian.

SECTION 5.6. Notices and Reports.

If the Company takes or decides to take any corporate action of a kind that is addressed in Sections 4.1 to 4.4, or 4.6 to 4.8, or that effects or will effect a change of the name or legal structure of the Company, or that effects or will effect a change to the Shares, the Company shall notify the Depositary and the Custodian of that action or decision as soon as it is lawful and practical to give that notice. The notice shall be in English and shall include all details that the Company is required to include in any notice to any governmental or regulatory authority or securities exchange or is required to make available generally to holders of Shares by publication or otherwise.

The Company will arrange for the translation into English, if not already in English, to the extent required pursuant to any regulations of the Commission, and the prompt transmittal by the Company to the Depositary and the Custodian of all notices and any other reports and communications which are made generally available by the Company to holders of its Shares. If requested in writing by the Company, the Depositary will Disseminate, at the Company's expense, those notices, reports and communications to all Owners or otherwise make them available to Owners in a manner that the Company specifies as substantially equivalent to the manner in which those communications are made available to holders of Shares and compliant with the requirements of any securities exchange on which the American Depositary Shares are listed. The Company will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect that Dissemination.

The Company represents, continuously, that the statements in Article 11 of the form of Receipt appearing as Exhibit A to this Deposit Agreement or, if applicable, most recently filed with the Commission pursuant to Rule 424(b) under the Securities Act of 1933 with respect to the Company's obligation to file periodic reports under the United States Securities Exchange Act of 1934, as amended, or its qualification for exemption from registration under that Act pursuant to Rule 12g3-2(b) under that Act, as the case may be, are true and correct. The Company agrees to promptly notify the Depositary upon becoming aware of any change in the truth of any of those statements or if there is any change in the Company's status regarding those reporting obligations or that qualification.

SECTION 5.7. Distribution of Additional Shares, Rights, etc.

If the Company or any affiliate of the Company determines to make any issuance or distribution of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities (each a "Distribution"), the Company shall notify the Depositary in writing in English as promptly as practicable and in any event before the Distribution starts and, if requested in writing by the Depositary, the Company shall promptly furnish to the Depositary either (i) evidence satisfactory to the Depositary that the Distribution is registered under the Securities Act of 1933 or (ii) a written opinion from U.S. counsel for the Company that is reasonably satisfactory to the Depositary, stating that the Distribution does not require, or, if made in the United States, would not require, registration under the Securities Act of 1933.

The Company agrees with the Depository that neither the Company nor any company controlled by, controlling or under common control with the Company will at any time deposit any Shares that, at the time of deposit, are Restricted Securities.

**SECTION 5.8. Indemnification.**

The Company agrees to indemnify the Depository, its directors, employees, agents and affiliates and each Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to any documented fees and expenses incurred in seeking, enforcing or collecting such indemnity and the reasonable fees and expenses of counsel) (“Losses”) that may arise out of or in connection with (a) any registration with the Commission of American Depositary Shares or Deposited Securities or the offer or sale thereof or (b) acts performed or omitted, pursuant to the provisions of or in connection with this Deposit Agreement and the American Depositary Shares, as the same may be amended, modified or supplemented from time to time, (i) by either the Depository or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates.

The indemnities contained in the preceding paragraph shall not extend to any Losses arising out of information relating to the Depository or any Custodian, as the case may be, furnished in writing by the Depository to the Company expressly for use in any registration statement, proxy statement, prospectus or preliminary prospectus or any other offering documents relating to the American Depositary Share, the Shares or any other Deposited Securities (it being acknowledged that, as of the date of this Deposit Agreement, the Depository has not furnished any information of that kind).

The Depository agrees to indemnify the Company, its directors, employees, agents and affiliates and hold them harmless from any liability or expense (including, but not limited to any documented fees and expenses incurred in seeking, enforcing or collecting such indemnity and the documented, reasonable fees and expenses of counsel) that may arise out of acts performed or omitted by the Depository or any Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

If a claim is asserted or an action is commenced against a person that is entitled to seek and intends to seek indemnification for that claim or action under this Section 5.8 (an “Indemnifiable Claim”), that person (an “Indemnified Person”) shall (i) promptly notify in writing the person obligated to provide that indemnification (the “Indemnifying Person”) of that assertion or commencement and (ii) consult in good faith with the Indemnifying Person as to the conduct of the defense of that Indemnifiable Claim. To the extent that (x) no conflict of interest exists in the conduct of the defense and (y) no legal defenses are available to the Indemnified Person that are different from or in addition to those available to the Indemnifying Person, the Indemnifying Person may, by written notice to the Indemnified Person, assume the defense of an Indemnifiable Claim with counsel reasonably satisfactory to the Indemnified Person. After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of an Indemnifiable Claim, and provided no conflict of interest exists and no different or additional legal defenses are available, the Indemnifying Person shall not be liable to the Indemnified Person for any legal expenses of other counsel or any other expenses subsequently incurred by the Indemnified Person in connection with the defense other than reasonable costs of investigation. Neither the Indemnified Person nor the Indemnifying Person shall compromise or settle an Indemnifiable Claim without the consent of the other (which consent shall not be unreasonably withheld). The Indemnifying Person shall have no obligation to indemnify and hold harmless the Indemnified Person from any loss, expense or liability incurred by the Indemnified Person as a result of a default judgment entered against the Indemnified Person in an Indemnifiable Claim unless that judgment was entered after the Indemnifying Person agreed, in writing, to assume the defense of that Indemnifiable Claim.

SECTION 5.9. Charges of Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable (including SWIFT) and facsimile transmission fees and expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2, (6) a fee of \$.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to this Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 and Section 4.8, (7) a fee for the distribution of securities pursuant to Section 4.2 or of rights pursuant to Section 4.4 (where the Depositary will not exercise or sell those rights on behalf of Owners), such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities under this Deposit Agreement (for purposes of this item 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) in addition to any fee charged under item 6 above, a fee of \$.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in item 9 below, and (9) any other charges payable by the Depositary or the Custodian, any of the Depositary's or Custodian's agents or the agents of the Depositary's or Custodian's agents, in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 and shall be payable at the sole discretion of the Depositary by billing those Owners for those charges or by deducting those charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable, or by selling a portion of any securities to be distributed, to Owners that are obligated to pay those fees.

In performing its duties under this Deposit Agreement, the Depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Depositary and that may earn or share fees, spreads or commissions.

The Depositary may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

SECTION 5.10. Retention of Depositary Documents.

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary, unless the Company requests in writing, at the Company's expense and sufficiently prior to any such destruction, that those papers be retained for a longer period or turned over to the Company.

SECTION 5.11. Exclusivity.

Without prejudice to the Company's rights under Section 5.4, the Company agrees not to appoint any other depositary for issuance of depositary shares, depositary receipts or any similar securities or instruments so long as The Bank of New York Mellon is acting as Depositary under this Deposit Agreement.

SECTION 5.12. Information for Regulatory Compliance.

Each of the Company and the Depositary shall provide to the other, as promptly as practicable, information from its records or otherwise available to it that is reasonably requested by the other to permit the other to comply with applicable law or requirements of governmental or regulatory authorities.

ARTICLE 6. AMENDMENT AND TERMINATION

SECTION 6.1. Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or Holders in any respect that they may deem necessary or desirable. Any amendment that would impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses), or that would otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of 30 days after notice of that amendment has been Disseminated to the Owners of outstanding American Depositary Shares. Every Owner and Holder, at the time any amendment so becomes effective, shall be deemed, by continuing to hold American Depositary Shares or any interest therein, to consent and agree to that amendment and to be bound by this Deposit Agreement as amended thereby. Upon the effectiveness of an amendment to the form of Receipt, including a change in the number of Shares represented by each American Depositary Share, the Depositary may call for surrender of Receipts to be replaced with new Receipts in the amended form or call for surrender of American Depositary Shares to effect that change of ratio. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive delivery of the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.2. Termination.

(a) The Company may initiate termination of this Deposit Agreement by notice to the Depositary. The Depositary may initiate termination of this Deposit Agreement if (i) at any time 90 days shall have expired after the Depositary delivered to the Company a written resignation notice and a successor depositary has not been appointed and accepted its appointment as provided in Section 5.4 or (ii) a Termination Option Event has occurred or will occur. If termination of this Deposit Agreement is initiated, the Depositary shall Disseminate a notice of termination to the Owners of all American Depositary Shares then outstanding setting a date for termination (the "Termination Date"), which shall be at least 90 days after the date of that notice, and this Deposit Agreement shall terminate on that Termination Date.

(b) After the Termination Date, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9.

(c) At any time after the Termination Date, the Depositary may sell the Deposited Securities then held under this Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that remain outstanding, and those Owners will be general creditors of the Depositary with respect to those net proceeds and that other cash. After making that sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except (i) to account for the net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges) to pay them to Owners upon surrender of American Depositary Shares in accordance with Section 2.5 and (ii) for its obligations under Section 5.8 and (iii) to act as provided in paragraph (d) below.

(d) After the Termination Date, if any American Depositary Shares shall remain outstanding, the Depositary shall continue to receive dividends and other distributions pertaining to Deposited Securities (that have not been sold), may sell rights and other property as provided in this Deposit Agreement and shall deliver Deposited Securities (or sale proceeds) upon surrender of American Depositary Shares (after payment or upon deduction, in each case, of the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of those American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges). After the Termination Date, the Depositary shall not accept deposits of Shares or deliver American Depositary Shares. After the Termination Date, (i) the Depositary may refuse to accept surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities (that have not been sold) or reverse previously accepted surrenders of that kind that have not settled if in its judgment the requested withdrawal would interfere with its efforts to sell the Deposited Securities, (ii) the Depositary will not be required to deliver cash proceeds of the sale of Deposited Securities until all Deposited Securities have been sold and (iii) the Depositary may discontinue the registration of transfers of American Depositary Shares and suspend the distribution of dividends and other distributions on Deposited Securities to the Owners and need not give any further notices or perform any further acts under this Deposit Agreement except as provided in this Section.

ARTICLE 7. MISCELLANEOUS

SECTION 7.1. Counterparts; Signatures; Delivery.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of those counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depository and the Custodians and shall be open to inspection by any Owner or Holder during regular business hours.

The exchange of copies of this Deposit Agreement and manually-signed signature pages by facsimile, or email attaching a pdf or similar bit-mapped image, shall constitute effective execution and delivery of this Deposit Agreement as to the parties to it; copies and signature pages so exchanged may be used in lieu of the original Deposit Agreement and signature pages for all purposes and shall have the same validity, legal effect and admissibility in evidence as an original manual signature; the parties to this Deposit Agreement hereby agree not to argue to the contrary.

SECTION 7.2. No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the Company, the Depository, the Owners and the Holders and their respective successors and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.3. Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in a Receipt should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Deposit Agreement or that Receipt shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4. Owners and Holders as Parties; Binding Effect.

The Owners and Holders from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions of this Deposit Agreement and of the Receipts by acceptance of American Depositary Shares or any interest therein.

SECTION 7.5. Notices.

Any and all notices to be given to the Company shall be in writing and shall be deemed to have been duly given if personally delivered or sent by domestic first class or international air mail or air courier or sent by facsimile transmission or email attaching a pdf or similar bit-mapped image of a signed writing, addressed to Jianzhi Education Technology Group Limited, 27/F, Tower A, Yingdu Building, Zhichun Road, Haidian District, Beijing 10008, People's Republic of China, Attention: Peixuan Wang, or any other place to which the Company may have transferred its principal office with notice to the Depository.

Any and all notices to be given to the Depository shall be in writing and shall be deemed to have been duly given if in English and personally delivered or sent by first class domestic or international air mail or air courier or sent by facsimile transmission or email attaching a pdf or similar bit-mapped image of a signed writing, addressed to The Bank of New York Mellon, 240 Greenwich Street, New York, New York 10286, Attention: Depository Receipt Administration, or any other place to which the Depository may have transferred its Office with notice to the Company.

Delivery of a notice to the Company or Depository by mail or air courier shall be deemed effected when deposited, postage prepaid, in a post-office letter box or received by an air courier service. Delivery of a notice to the Company or Depository sent by facsimile transmission or email shall be deemed effected when the recipient acknowledges receipt of that notice.

A notice to be given to an Owner shall be deemed to have been duly given when Disseminated to that Owner. Dissemination in paper form will be effective when personally delivered or sent by first class domestic or international air mail or air courier, addressed to that Owner at the address of that Owner as it appears on the transfer books for American Depositary Shares of the Depository, or, if that Owner has filed with the Depository a written request that notices intended for that Owner be mailed to some other address, at the address designated in that request. Dissemination in electronic form will be effective when sent in the manner consented to by the Owner to the electronic address most recently provided by the Owner for that purpose.

SECTION 7.6. Arbitration; Settlement of Disputes.

Any controversy, claim or cause of action brought by any party hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, or the breach hereof or thereof, if so elected by the claimant, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Deposit Agreement.



SECTION 7.7. Appointment of Agent for Service of Process; Submission to Jurisdiction; Jury Trial Waiver.

The Company hereby (i) designates and appoints the person named in Exhibit A to this Deposit Agreement as the Company's authorized agent in the United States upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement (a "Proceeding") and (ii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any Proceeding. The Company agrees to deliver to the Depository, upon the execution and delivery of this Deposit Agreement, a written acceptance by the agent named in Exhibit A to this Deposit Agreement of its appointment as process agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue that designation and appointment in full force and effect, or to appoint and maintain the appointment of another process agent located in the United States as required above, and to deliver to the Depository a written acceptance by that agent of that appointment, for so long as any American Depositary Shares or Receipts remain outstanding or this Deposit Agreement remains in force. In the event the Company fails to maintain the designation and appointment of a process agent in the United States in full force and effect, the Company hereby waives personal service of process upon it and consents that a service of process in connection with a Proceeding may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under this Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

Holders and Owners understand, and by holding an American Depositary Share or an interest therein such Holders and Owners each irrevocably agrees, that any legal suit, action or proceeding against or involving the Company or the Depository, regardless of whether such legal suit, action or proceeding also involves parties other than the Company or the Depository, arising out of or related in any way to the Deposit Agreement, American Depositary Shares, Receipts or the transactions contemplated hereby or thereby or by virtue of ownership thereof, including without limitation claims under the Securities Act of 1933, 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 American Depositary Share or an interest therein each irrevocably waives any objection that it may now or hereafter have to the above-specified venue for any such suit, action or proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Nothing in the two preceding paragraphs shall affect the right of any party to this Deposit Agreement to elect to submit a claim against the Company to arbitration, or the duty of the Company to submit that claim to arbitration, as provided in Section 7.6, or the right of any party to an arbitration under Section 7.6 to commence an action to compel that arbitration, or to enter judgment upon or to enforce an award by the arbitrators, in any court having jurisdiction over an action of that kind.

EACH PARTY TO THIS DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN DEPOSITARY SHARES OR THE RECEIPTS, THIS DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING, WITHOUT LIMITATION, ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND ANY CLAIM BASED ON U.S. FEDERAL SECURITIES LAWS.

No disclaimer of liability under the United States federal securities laws or the rules and regulations thereunder is intended by any provision of this Deposit Agreement, inasmuch as no person is able to effectively waive the duty of any other person to comply with its obligations under those laws, rules and regulations.

SECTION 7.8. Waiver of Immunities.

To the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any immunity of that kind and consents to relief and enforcement as provided above.

SECTION 7.9. Governing Law.

This Deposit Agreement and the Receipts shall be interpreted in accordance with and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED and THE BANK OF NEW YORK MELLON have duly executed this Deposit Agreement as of the day and year first set forth above and all Owners and Holders shall become parties hereto upon acceptance by them of American Depositary Shares or any interest therein.

JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED

By: \_\_\_\_\_  
Name:  
Title:

THE BANK OF NEW YORK MELLON, as Depositary

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

AMERICAN DEPOSITARY SHARES  
(Each American Depositary Share represents  
\_\_\_\_\_ deposited Shares)

THE BANK OF NEW YORK MELLON  
AMERICAN DEPOSITARY RECEIPT  
FOR ORDINARY SHARES OF  
JIANZHI EDUCATION TECHNOLOGY GROUP COMPANY LIMITED  
(INCORPORATED UNDER THE LAWS OF THE CAYMAN ISLANDS)

The Bank of New York Mellon, as depositary (hereinafter called the "Depositary"), hereby certifies that \_\_\_\_\_, or registered assigns IS THE OWNER OF \_\_\_\_\_

AMERICAN DEPOSITARY SHARES

representing deposited ordinary shares (herein called "Shares") of Jianzhi Education Technology Group Company Limited, incorporated under the laws of the Cayman Islands (herein called the "Company"). At the date hereof, each American Depositary Share represents \_\_\_\_\_ Shares deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) with a custodian for the Depositary (herein called the "Custodian") that, as of the date of the Deposit Agreement, was The Hongkong and Shanghai Banking Corporation Limited located in Hong Kong. The Depositary's Office and its principal executive office are located at 240 Greenwich Street, New York, N.Y. 10286.

THE DEPOSITARY'S OFFICE ADDRESS IS  
240 GREENWICH STREET, NEW YORK, N.Y. 10286

1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement dated as of \_\_\_\_\_, 2021 (herein called the "Deposit Agreement") among the Company, the Depository, and all Owners and Holders from time to time of American Depositary Shares issued thereunder, each of whom by accepting American Depositary Shares agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and Holders and the rights and duties of the Depository in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of those Shares and held thereunder (those Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depository's Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF AMERICAN DEPOSITARY SHARES AND WITHDRAWAL OF SHARES.

Upon surrender of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby and payment of the fee of the Depository for the surrender of American Depositary Shares as provided in Section 5.9 of the Deposit Agreement and payment of all taxes and governmental charges payable in connection with that surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of the Deposit Agreement, the Owner of those American Depositary Shares shall be entitled to delivery (to the extent delivery can then be lawfully and practicably made), to or as instructed by that Owner, of the amount of Deposited Securities at the time represented by those American Depositary Shares, but not any money or other property as to which a record date for distribution to Owners has passed (since money or other property of that kind will be delivered or paid on the scheduled payment date to the Owner as of that record date), and except that the Depository shall not be required to accept surrender of American Depositary Shares for the purpose of withdrawal to the extent it would require delivery of a fraction of a Deposited Security. The Depository shall direct the Custodian with respect to delivery of Deposited Securities and may charge the surrendering Owner a fee and its expenses for giving that direction by cable (including SWIFT) or facsimile transmission. If Deposited Securities are delivered physically upon surrender of American Depositary Shares for the purpose of withdrawal, that delivery will be made at the Custodian's office, except that, at the request, risk and expense of the surrendering Owner, and for the account of that Owner, the Depository shall direct the Custodian to forward any cash or other property comprising, and forward a certificate or certificates, if applicable, and other proper documents of title, if any, for, the Deposited Securities represented by the surrendered American Depositary Shares to the Depository for delivery at the Depository's Office or to another address specified in the order received from the surrendering Owner.

3. REGISTRATION OF TRANSFER OF AMERICAN DEPOSITARY SHARES; COMBINATION AND SPLIT-UP OF RECEIPTS; INTERCHANGE OF CERTIFICATED AND UNCERTIFICATED AMERICAN DEPOSITARY SHARES.

The Depositary, subject to the terms and conditions of the Deposit Agreement, shall register a transfer of American Depositary Shares on its transfer books upon (i) in the case of certificated American Depositary Shares, surrender of the Receipt evidencing those American Depositary Shares, by the Owner or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer or (ii) in the case of uncertificated American Depositary Shares, receipt from the Owner of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9 of that Agreement), and, in either case, duly stamped as may be required by the laws of the State of New York and of the United States of America. Upon registration of a transfer, the Depositary shall deliver the transferred American Depositary Shares to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of the Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel the Receipt evidencing those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the owner of the same number of uncertificated American Depositary Shares. The Depositary, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.9 of the Deposit Agreement) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and register and deliver to the Owner a Receipt evidencing the same number of certificated American Depositary Shares.

As a condition precedent to the delivery, registration of transfer, or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of the Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in the Deposit Agreement, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement.

The Depositary may refuse to accept deposits of Shares for delivery of American Depositary Shares or to register transfers of American Depositary Shares in particular instances, or may suspend deposits of Shares or registration of transfer generally, whenever it or the Company considers it necessary or advisable to do so. The Depositary may refuse surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities in particular instances, or may suspend surrenders for the purpose of withdrawal generally, but, notwithstanding anything to the contrary in the Deposit Agreement, only for (i) temporary delays caused by closing of the Depositary's register or the register of holders of Shares maintained by the Company or the Foreign Registrar, or the deposit of Shares, in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities or (iv) any other reason that, at the time, is permitted under paragraph I(A)(1) of the General Instructions to Form F-6 under the Securities Act of 1933 or any successor to that provision.

The Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares that, at the time of deposit, are Restricted Securities.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge shall become payable by the Custodian or the Depository with respect to or in connection with any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares or in connection with a transaction to which Section 4.8 of the Deposit Agreement applies, that tax or other governmental charge shall be payable by the Owner of those American Depositary Shares to the Depository. The Depository may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until that payment is made, and may withhold any dividends or other distributions or the proceeds thereof, or may sell for the account of the Owner any part or all of the Deposited Securities represented by those American Depositary Shares, and may apply those dividends or other distributions or the net proceeds of any sale of that kind in payment of that tax or other governmental charge but, even after a sale of that kind, the Owner shall remain liable for any deficiency. The Depository shall distribute any net proceeds of a sale made under Section 3.2 of the Deposit Agreement that are not used to pay taxes or governmental charges to the Owners entitled to them in accordance with Section 4.1 of the Deposit Agreement. If the number of Shares represented by each American Depositary Share decreases as a result of a sale of Deposited Securities under Section 3.2 of the Deposit Agreement, the Depository may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

5. WARRANTIES ON DEPOSIT OF SHARES.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that those Shares and each certificate therefor, if applicable, are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive or similar rights of the holders of outstanding securities of the Company and that the person making that deposit is duly authorized so to do. Every depositing person shall also be deemed to represent that the Shares, at the time of deposit, are not Restricted Securities. All representations and warranties deemed made under Section 3.3 of the Deposit Agreement shall survive the deposit of Shares and delivery of American Depositary Shares.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depository or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depository may deem necessary or proper, or as the Company may reasonably require by written request to the Depository. The Depository may withhold the delivery or registration of transfer of any American Depositary Shares, the distribution of any dividend or other distribution or of the proceeds thereof or the delivery of any Deposited Securities until that proof or other information is filed or those certificates are executed or those representations and warranties are made. As conditions of accepting Shares for deposit, the Depository may require (i) any certification required by the Depository or the Custodian in accordance with the provisions of the Deposit Agreement, (ii) a written order directing the Depository to deliver to, or upon the written order of, the person or persons stated in that order, the number of American Depositary Shares representing those Deposited Shares, (iii) evidence satisfactory to the Depository that those Shares have been re-registered in the books of the Company or the Foreign Registrar in the name of the Depository, a Custodian or a nominee of the Depository or a Custodian, (iv) evidence satisfactory to the Depository that any necessary approval for the transfer or deposit has been granted by any governmental body in each applicable jurisdiction and (v) an agreement or assignment, or other instrument satisfactory to the Depository, that provides for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property, that any person in whose name those Shares are or have been recorded may thereafter receive upon or in respect of those Shares, or, in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depository. The Depository shall refuse, and shall instruct the Custodian to refuse, to accept Shares for deposit if the Depository has received a notice from the Company that the Company has restricted transfer of those Shares under the Company's articles of association or any applicable laws.

## 7. CHARGES OF DEPOSITARY.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable (including SWIFT) and facsimile transmission fees and expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) a fee of \$.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 and 4.8 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement or of rights pursuant to Section 4.4 of that Agreement (where the Depositary will not exercise or sell those rights on behalf of Owners), such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities under the Deposit Agreement (for purposes of this item 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) in addition to any fee charged under item 6, a fee of \$.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in item 9 below, and (9) any other charges payable by the Depositary or the Custodian, any of the Depositary's or Custodian's agents or the agents of the Depositary's or Custodian's agents, in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing those Owners for those charges or by deducting those charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable, or by selling a portion of any securities to be distributed, to Owners that are obligated to pay those fees.

The Depositary may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

From time to time, the Depositary may make payments to the Company to reimburse the Company for costs and expenses generally arising out of establishment and maintenance of the American Depositary Shares program, waive fees and expenses for services provided by the Depositary or share revenue from the fees collected from Owners or Holders. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Depositary and that may earn or share fees, spreads or commissions.

## 8. DISCLOSURE OF INTERESTS.

When required in order to comply with applicable laws and regulations or the articles of association or similar document of the Company, the Company may from time to time request each Owner and Holder to provide to the Depositary information relating to: (a) the capacity in which it holds American Depositary Shares, (b) the identity of any Holders or other persons or entities then or previously interested in those American Depositary Shares and the nature of those interests and (c) any other matter where disclosure of such matter is required for that compliance. Each Owner and Holder agrees to provide all information known to it in response to a request made pursuant to Section 3.4 of the Deposit Agreement. Each Holder consents to the disclosure by the Depositary and the Owner or other Holder through which it holds American Depositary Shares, directly or indirectly, of all information responsive to a request made pursuant to that Section relating to that Holder that is known to that Owner or other Holder.



9. TITLE TO AMERICAN DEPOSITARY SHARES.

It is a condition of the American Depositary Shares, and every successive Owner and Holder of American Depositary Shares, by accepting or holding the same, consents and agrees that American Depositary Shares evidenced by a Receipt, when the Receipt is properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York, and that American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any Holder of American Depositary Shares, but only to the Owner.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or the Registrar or a co-registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Those reports will be available for inspection and copying through the Commission's EDGAR system or at public reference facilities maintained by the Commission in Washington, D.C.

The Depositary will make available for inspection by Owners at its Office any reports, notices and other communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of those Deposited Securities by the Company. The Company shall furnish reports and communications, including any proxy soliciting material to which Section 4.9 of the Deposit Agreement applies, to the Depositary in English, to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will maintain a register of American Depositary Shares and transfers of American Depositary Shares, which shall be open for inspection by the Owners at the Depositary's Office during regular business hours, but only for the purpose of communicating with Owners regarding the business of the Company or a matter related to the Deposit Agreement or the American Depositary Shares.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary receives any cash dividend or other cash distribution on Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into Dollars transferable to the United States, and subject to the Deposit Agreement, convert that dividend or other cash distribution into Dollars and distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners entitled thereto; provided, however, that if the Custodian or the Depositary is required to withhold and does withhold from that cash dividend or other cash distribution an amount on account of taxes or other governmental charges, the amount distributed to the Owners of the American Depositary Shares representing those Deposited Securities shall be reduced accordingly.

If a cash distribution would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that cash distribution; or

(ii) sell all Deposited Securities other than the subject cash distribution and add any net cash proceeds of that sale to the cash distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that cash distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement on Deposited Securities (but not in exchange for or in conversion or in lieu of Deposited Securities), the Depositary will cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary and any taxes or other governmental charges, in any manner that the Depositary deems equitable and practicable for accomplishing that distribution (which may be a distribution of depositary shares representing the securities received); provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason the Depositary deems such distribution not to be lawful and feasible, the Depositary may adopt such other method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and distribution of the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners entitled thereto all in the manner and subject to the conditions set forth in Section 4.1 of the Deposit Agreement. The Depositary may withhold any distribution of securities under Section 4.2 of the Deposit Agreement if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Article that is sufficient to pay its fees and expenses in respect of that distribution.

If a distribution to be made under Section 4.2 of the Deposit Agreement would represent a return of all or substantially all the value of the Deposited Securities underlying American Depositary Shares, the Depositary may:

(i) require payment of or deduct the fee for surrender of American Depositary Shares (whether or not it is also requiring surrender of American Depositary Shares) as a condition of making that distribution; or

(ii) sell all Deposited Securities other than the subject distribution and add any net cash proceeds of that sale to the distribution, call for surrender of all those American Depositary Shares and require that surrender as a condition of making that distribution.

If the Depositary acts under this paragraph, that action shall also be a Termination Option Event.

Whenever the Depositary receives any distribution consisting of a dividend in, or free distribution of, Shares, the Depositary may, and if the Company so requests in writing, shall, deliver to the Owners entitled thereto, an aggregate number of American Depositary Shares representing the amount of Shares received as that dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of Shares received (or American Depositary Shares representing those Shares) sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering fractional American Depositary Shares, the Depositary may sell the amount of Shares represented by the aggregate of those fractions (or American Depositary Shares representing those Shares) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. If and to the extent that additional American Depositary Shares are not delivered and Shares or American Depositary Shares are not sold, each American Depositary Share shall thenceforth also represent the additional Shares distributed on the Deposited Securities represented thereby.

If the Company declares a distribution in which holders of Deposited Securities have a right to elect whether to receive cash, Shares or other securities or a combination of those things, or a right to elect to have a distribution sold on their behalf, the Depositary may, after consultation with the Company, make that right of election available for exercise by Owners in any manner the Depositary considers to be lawful and practical. As a condition of making a distribution election right available to Owners, the Depositary may require satisfactory assurances from the Company that doing so does not require registration of any securities under the Securities Act of 1933 that has not been effected.

If the Depositary determines that any distribution received or to be made by the Depositary (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge that the Depositary is obligated to withhold, the Depositary may sell, by public or private sale, all or a portion of the distributed property (including Shares and rights to subscribe therefor) in the amounts and manner the Depositary deems necessary and practicable to pay those taxes or charges, and the Depositary shall distribute the net proceeds of that sale, after deduction of those taxes or charges, to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

Each Owner and Holder agrees to indemnify the Company, the Depositary, the Custodian and their respective directors, employees, agents and affiliates for, and hold each of them harmless against, any claim by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced withholding at source or other tax benefit received by it. Services for Owners and Holders that may permit them to obtain reduced rates of tax withholding at source or reclaim excess tax withheld, and the fees and costs associated with using services of that kind, are not provided under, and are outside the scope of, the Deposit Agreement.

### 13. RIGHTS.

(a) If rights are granted to the Depositary in respect of deposited Shares to purchase additional Shares or other securities, the Company and the Depositary shall endeavor to consult as to the actions, if any, the Depositary should take in connection with that grant of rights. The Depositary may, to the extent deemed by it to be lawful and practical (i) if requested in writing by the Company, grant to all or certain Owners rights to instruct the Depositary to purchase the securities to which the rights relate and deliver those securities or American Depositary Shares representing those securities to Owners, (ii) if requested in writing by the Company, deliver the rights to or to the order of certain Owners, or (iii) sell the rights to the extent practicable and distribute the net proceeds of that sale to Owners entitled to those proceeds. To the extent rights are not exercised, delivered or disposed of under (i), (ii) or (iii) above, the Depositary shall permit the rights to lapse unexercised.

(b) If the Depositary will act under (a)(i) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon instruction from an applicable Owner in the form the Depositary specified and upon payment by that Owner to the Depositary of an amount equal to the purchase price of the securities to be received upon the exercise of the rights, the Depositary shall, on behalf of that Owner, exercise the rights and purchase the securities. The purchased securities shall be delivered to, or as instructed by, the Depositary. The Depositary shall (i) deposit the purchased Shares under the Deposit Agreement and deliver American Depositary Shares representing those Shares to that Owner or (ii) deliver or cause the purchased Shares or other securities to be delivered to or to the order of that Owner. The Depositary will not act under (a)(i) above unless the offer and sale of the securities to which the rights relate are registered under the Securities Act of 1933 or the Depositary has received an opinion of United States counsel that is satisfactory to it to the effect that those securities may be sold and delivered to the applicable Owners without registration under the Securities Act of 1933.

For the avoidance of doubt, nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to rights or the underlying securities or to endeavor to have such a registration statement declared effective.

(c) If the Depositary will act under (a)(ii) above, the Company and the Depositary will enter into a separate agreement setting forth the conditions and procedures applicable to the particular offering. Upon (i) the request of an applicable Owner to deliver the rights allocable to the American Depositary Shares of that Owner to an account specified by that Owner to which the rights can be delivered and (ii) receipt of such documents as the Company and the Depositary agreed to require to comply with applicable law, the Depositary will deliver those rights as requested by that Owner.

(d) If the Depositary will act under (a)(iii) above, the Depositary will use reasonable efforts to sell the rights in proportion to the number of American Depositary Shares held by the applicable Owners and pay the net proceeds to the Owners otherwise entitled to the rights that were sold, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

(e) Payment or deduction of the fees of the Depositary as provided in Section 5.9 of the Deposit Agreement and payment or deduction of the expenses of the Depositary and any applicable taxes or other governmental charges shall be conditions of any delivery of securities or payment of cash proceeds under Section 4.4 of the Deposit Agreement.

(f) The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make rights available to or exercise rights on behalf of Owners in general or any Owner in particular, or to sell rights.

#### 14. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary or the Custodian receives foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary or one of its agents or affiliates or the Custodian shall convert or cause to be converted by sale or in any other manner that it may determine that foreign currency into Dollars, and those Dollars shall be distributed, as promptly as practicable, to the Owners entitled thereto. A cash distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners based on exchange restrictions, the date of delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If a conversion of foreign currency or the repatriation or distribution of Dollars can be effected only with the approval or license of any government or agency thereof, the Depositary may, but will not be required to, file an application for that approval or license.

If the Depositary determines that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof that is required for such conversion is not filed or sought by the Depositary or is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make that conversion and distribution in Dollars to the extent practicable and permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold that balance uninvested and without liability for interest thereon for the account of, the Owners entitled thereto.

The Depositary may convert currency itself or through any of its affiliates, or the Custodian or the Company may convert currency and pay Dollars to the Depositary. Where the Depositary converts currency itself or through any of its affiliates, the Depositary 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 by it or its affiliate 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 Owners, subject to the Depositary's obligations under Section 5.3 of that Agreement. The methodology used to determine exchange rates used in currency conversions made by the Depositary is available upon request. Where the Custodian converts currency, the Custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to Owners, and the Depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the Depositary may receive dividends or other distributions from the Company in Dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by or on behalf of the Company and, in such cases, the Depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor the Company makes any representation that the rate obtained or determined by the Company is the most favorable rate and neither it nor the Company will be liable for any direct or indirect losses associated with the rate.

#### 15. RECORD DATES.

Whenever a cash dividend, cash distribution or any other distribution is made on Deposited Securities or rights to purchase Shares or other securities are issued with respect to Deposited Securities (which rights will be delivered to or exercised or sold on behalf of Owners in accordance with Section 4.4 of the Deposit Agreement) or the Depositary receives notice that a distribution or issuance of that kind will be made, or whenever the Depositary receives notice that a meeting of holders of Shares will be held in respect of which the Company has requested the Depositary to send a notice under Section 4.7 of the Deposit Agreement, or whenever the Depositary will assess a fee or charge against the Owners, or whenever the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary otherwise finds it necessary or convenient, the Depositary shall fix a record date, which shall be the same as, or as near as practicable to, any corresponding record date set by the Company with respect to Shares, (a) for the determination of the Owners (i) who shall be entitled to receive the benefit of that dividend or other distribution or those rights, (ii) who shall be entitled to give instructions for the exercise of voting rights at that meeting, (iii) who shall be responsible for that fee or charge or (iv) for any other purpose for which the record date was set, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 of the Deposit Agreement and to the other terms and conditions of the Deposit Agreement, the Owners on a record date fixed by the Depositary shall be entitled to receive the amount distributable by the Depositary with respect to that dividend or other distribution or those rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively, to give voting instructions or to act in respect of the other matter for which that record date was fixed, or be responsible for that fee or charge, as the case may be.

16. VOTING OF DEPOSITED SHARES.

(a) Upon receipt of notice of any meeting of holders of Shares at which holders of Shares will be entitled to vote, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, Disseminate to the Owners a notice, the form of which shall be in the sole discretion of the Depositary, that shall contain (i) the information contained in the notice of meeting received by the Depositary, (ii) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of the laws of the Cayman Islands and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Shares represented by their respective American Depositary Shares, (iii) a statement as to the manner in which those instructions may be given, including an express indication that instructions may be deemed given in accordance with the last sentence of paragraph (b) below, if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company, and (iv) the last date on which the Depositary will accept instructions (the "Instruction Cutoff Date").

(b) Upon the written request of an Owner of American Depositary Shares, as of the date of the request or, if a record date was specified by the Depositary, as of that record date, received on or before any Instruction Cutoff Date established by the Depositary, the Depositary may, and if the Depositary sent a notice under the preceding paragraph shall, endeavor, in so far as practicable, to vote or cause to be voted the amount of deposited Shares represented by those American Depositary Shares in accordance with the instructions set forth in that request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the deposited Shares other than in accordance with instructions given by Owners and received by the Depositary or as provided in the following sentence. If

(i) the Company instructed the Depositary to Disseminate a notice under paragraph (a) above and complied with paragraph (d) below,

(ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the Instruction Cutoff Date, and

(iii) the Depositary has received from the Company, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) the Company wishes a proxy to be given under this sentence, (y) the Company reasonably does not know of any substantial opposition to the matter and (z) the matter is not materially adverse to the interests of shareholders,

then, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of deposited Shares represented by the amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of deposited Shares as to that matter.

(c) There can be no assurance that Owners generally or any Owner in particular will receive the notice described in paragraph (a) above in time to enable Owners to give instructions to the Depositary prior to the Instruction Cutoff Date.

(d) In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Shares, if the Company will request the Depositary to Disseminate a notice under paragraph (a) above, the Company shall give the Depositary notice of the meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Shares in connection with the meeting not less than 40 days prior to the meeting date.

17. TENDER AND EXCHANGE OFFERS; REDEMPTION, REPLACEMENT OR CANCELLATION OF DEPOSITED SECURITIES.

(a) The Depositary shall not tender any Deposited Securities in response to any voluntary cash tender offer, exchange offer or similar offer made to holders of Deposited Securities (a "Voluntary Offer"), except when instructed in writing to do so by an Owner surrendering American Depositary Shares and subject to any conditions or procedures the Depositary may require.

(b) If the Depositary receives a written notice that Deposited Securities have been redeemed for cash or otherwise purchased for cash in a transaction that is mandatory and binding on the Depositary as a holder of those Deposited Securities (a "Redemption"), the Depositary, at the expense of the Company, shall (i) if required, surrender Deposited Securities that have been redeemed to the issuer of those securities or its agent on the redemption date, (ii) Disseminate a notice to Owners (A) notifying them of that Redemption, (B) calling for surrender of a corresponding number of American Depositary Shares and (C) notifying them that the called American Depositary Shares have been converted into a right only to receive the money received by the Depositary upon that Redemption and those net proceeds shall be the Deposited Securities to which Owners of those converted American Depositary Shares shall be entitled upon surrenders of those American Depositary Shares in accordance with Section 2.5 or 6.2 of the Deposit Agreement and (iii) distribute the money received upon that Redemption to the Owners entitled to it upon surrender by them of called American Depositary Shares in accordance with Section 2.5 of that Agreement (and, for the avoidance of doubt, Owners shall not be entitled to receive that money under Section 4.1 of that Agreement). If the Redemption affects less than all the Deposited Securities, the Depositary shall call for surrender a corresponding portion of the outstanding American Depositary Shares and only those American Depositary Shares will automatically be converted into a right to receive the net proceeds of the Redemption. The Depositary shall allocate the American Depositary Shares converted under the preceding sentence among the Owners pro-rata to their respective holdings of American Depositary Shares immediately prior to the Redemption, except that the allocations may be adjusted so that no fraction of a converted American Depositary Share is allocated to any Owner. A Redemption of all or substantially all of the Deposited Securities shall be a Termination Option Event.

(c) If the Depositary is notified of or there occurs any change in nominal value or any subdivision, combination or any other reclassification of the Deposited Securities or any recapitalization, reorganization, sale of assets substantially as an entirety, merger or consolidation affecting the issuer of the Deposited Securities or to which it is a party that is mandatory and binding on the Depositary as a holder of Deposited Securities and, as a result, securities or other property have been or will be delivered in exchange, conversion, replacement or in lieu of, Deposited Securities (a "Replacement"), the Depositary shall, if required, surrender the old Deposited Securities affected by that Replacement of Shares and hold, as new Deposited Securities under the Deposit Agreement, the new securities or other property delivered to it in that Replacement. However, the Depositary may elect to sell those new Deposited Securities if in the opinion of the Depositary it is not lawful or not practical for it to hold those new Deposited Securities under the Deposit Agreement because those new Deposited Securities may not be distributed to Owners without registration under the Securities Act of 1933 or for any other reason, at public or private sale, at such places and on such terms as it deems proper and proceed as if those new Deposited Securities had been Redeemed under paragraph (b) above. A Replacement shall be a Termination Option Event.

(d) In the case of a Replacement where the new Deposited Securities will continue to be held under the Deposit Agreement, the Depositary may call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing the new Deposited Securities and the number of those new Deposited Securities represented by each American Depositary Share. If the number of Shares represented by each American Depositary Share decreases as a result of a Replacement, the Depositary may call for surrender of the American Depositary Shares to be exchanged on a mandatory basis for a lesser number of American Depositary Shares and may sell American Depositary Shares to the extent necessary to avoid distributing fractions of American Depositary Shares in that exchange and distribute the net proceeds of that sale to the Owners entitled to them.

(e) If there are no Deposited Securities with respect to American Depositary Shares, including if the Deposited Securities are cancelled, or the Deposited Securities with respect to American Depositary Shares become apparently worthless, the Depositary may call for surrender of those American Depositary Shares or may cancel those American Depositary Shares, upon notice to Owners, and that condition shall be a Termination Option Event.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or Holder:

(i) if by reason of (A) any provision of any present or future law or regulation or other act of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange; (B) (in the case of the Depositary only) any provision, present or future, of the articles of association or similar document of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depositary or the Company, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labor disputes, criminal acts or outbreaks of infectious disease; interruptions or malfunctions of utility services, Internet or other communications lines or systems; unauthorized access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the Depositary or the Company is, directly or indirectly, prevented from, forbidden to or delayed in, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing that, by the terms of the Deposit Agreement or the Deposited Securities, it is provided shall be done or performed;

(ii) for any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement (including any determination by the Depositary or the Company to take, or not take, any action that the Deposit Agreement provides the Depositary or the Company, as the case may be, may take);

(iii) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or Holders; or

(iv) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement.

Where, by the terms of a distribution to which Section 4.1, 4.2 or 4.3 of the Deposit Agreement applies, or an offering to which Section 4.4 of that Agreement applies, or for any other reason, that distribution or offering may not be made available to Owners, and the Depositary may not dispose of that distribution or offering on behalf of Owners and make the net proceeds available to Owners, then the Depositary shall not make that distribution or offering available to Owners, and shall allow any rights, if applicable, to lapse.

Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or Holders, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be a fiduciary or have any fiduciary duty to Owners or Holders. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares, on behalf of any Owner or Holder or other person. Neither the Depositary nor the Company shall be liable for any action or non-action by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or Holder, or any other person believed by it in good faith to be competent to give such advice or information. Each of the Depositary and the Company may rely, and shall be protected in relying upon, any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of American Depositary Shares or Deposited Securities or otherwise. In the absence of bad faith on its part, the Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities or for the manner in which any such vote is cast or the effect of any such vote. The Depositary shall have no duty to make any determination or provide any information as to the tax status of the Company. Neither the Depositary nor the Company shall have any liability for any tax consequences that may be incurred by Owners or Holders as a result of owning or holding American Depositary Shares. Neither the Depositary nor the Company shall be liable for the inability or failure of an Owner or Holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.



19. RESIGNATION AND REMOVAL OF THE DEPOSITARY; APPOINTMENT OF SUCCESSOR CUSTODIAN.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, to become effective upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by 90 days' prior written notice of that removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of its appointment as provided in the Deposit Agreement. The Depositary in its discretion may at any time appoint a substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or Holders in any respect which they may deem necessary or desirable. Any amendment that would impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses), or that would otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of 30 days after notice of that amendment has been Disseminated to the Owners of outstanding American Depositary Shares. Every Owner and Holder, at the time any amendment so becomes effective, shall be deemed, by continuing to hold American Depositary Shares or any interest therein, to consent and agree to that amendment and to be bound by the Deposit Agreement as amended thereby. Upon the effectiveness of an amendment to the form of Receipt, including a change in the number of Shares represented by each American Depositary Share, the Depositary may call for surrender of Receipts to be replaced with new Receipts in the amended form or call for surrender of American Depositary Shares to effect that change of ratio. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive delivery of the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

(a) The Company may initiate termination of the Deposit Agreement by notice to the Depositary. The Depositary may initiate termination of the Deposit Agreement if (i) at any time 90 days shall have expired after the Depositary delivered to the Company a written resignation notice and a successor depositary has not been appointed and accepted its appointment as provided in Section 5.4 of that Agreement or (ii) a Termination Option Event has occurred. If termination of the Deposit Agreement is initiated, the Depositary shall Disseminate a notice of termination to the Owners of all American Depositary Shares then outstanding setting a date for termination (the "Termination Date"), which shall be at least 90 days after the date of that notice, and the Deposit Agreement shall terminate on that Termination Date.

(b) After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 of that Agreement.

(c) At any time after the Termination Date, the Depositary may sell the Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that remain outstanding, and those Owners will be general creditors of the Depositary with respect to those net proceeds and that other cash. After making that sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except (i) to account for the net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges) to pay them to Owners upon surrender of American Depositary Shares in accordance with Section 2.5 of the Deposit Agreement, (ii) for its obligations under Section 5.8 of that Agreement and (iii) to act as provided in paragraph (d) below.

(d) After the Termination Date, if any American Depositary Shares remain outstanding, the Depositary shall continue to receive dividends and other distributions pertaining to Deposited Securities (that have not been sold), may sell rights and other property as provided in the Deposit Agreement and shall deliver Deposited Securities (or sale proceeds) upon surrender of American Depositary Shares (after payment or upon deduction, in each case, of the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of those American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges). After the Termination Date, the Depositary shall not accept deposits of Shares or deliver American Depositary Shares. After the Termination Date, (i) the Depositary may refuse to accept surrenders of American Depositary Shares for the purpose of withdrawal of Deposited Securities (that have not been sold) or reverse previously accepted surrenders of that kind that have not settled if in its judgment the requested withdrawal would interfere with its efforts to sell the Deposited Securities, (ii) the Depositary will not be required to deliver cash proceeds of the sale of Deposited Securities until all Deposited Securities have been sold and (iii) the Depositary may discontinue the registration of transfers of American Depositary Shares and suspend the distribution of dividends and other distributions on Deposited Securities to the Owners and need not give any further notices or perform any further acts under the Deposit Agreement except as provided in Section 6.2 of that Agreement.

22. DTC DIRECT REGISTRATION SYSTEM AND PROFILE MODIFICATION SYSTEM.

(a) Notwithstanding the provisions of Section 2.4 of the Deposit Agreement, the parties acknowledge that DTC's Direct Registration System ("DRS") and Profile Modification System ("Profile") apply to the American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC that facilitates interchange between registered holding of uncertificated securities and holding of security entitlements in those securities through DTC and a DTC participant. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of an Owner of American Depositary Shares, to direct the Depositary to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the Owner to register that transfer.

(b) In connection with DRS/Profile, the parties acknowledge that the Depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an Owner in requesting registration of transfer and delivery as described in paragraph (a) above has the actual authority to act on behalf of that Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 of the Deposit Agreement apply to the matters arising from the use of the DRS/Profile. The parties agree that the Depositary's reliance on and compliance with instructions received by the Depositary through the DRS/Profile system and otherwise in accordance with the Deposit Agreement, shall not constitute negligence or bad faith on the part of the Depositary.

23. ARBITRATION; SETTLEMENT OF DISPUTES.

Any controversy, claim or cause of action brought by any party hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, or the breach hereof or thereof, if so elected by the claimant, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Deposit Agreement.

24. APPOINTMENT OF AGENT FOR SERVICE OF PROCESS; SUBMISSION TO JURISDICTION; JURY TRIAL WAIVER; WAIVER OF IMMUNITIES.

The Company has (i) appointed Cogency Global Inc. as the Company's authorized agent in the United States upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement and (ii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding.

The Company and the Depositary agree that 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, the state courts of New York County, New York) shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between them that may arise out of or relate in any way to this Deposit Agreement, including without limitation claims under the Securities Act of 1933, and, for such purposes, each irrevocably submits to the exclusive jurisdiction of such courts.

Holders and Owners understand, and by holding an American Depositary Share or an interest therein such Holders and Owners each irrevocably agrees, that any legal suit, action or proceeding against or involving the Company or the Depositary, regardless of whether such legal suit, action or proceeding also involves parties other than the Company or the Depositary, arising out of or related in any way to the Deposit Agreement, American Depositary Shares, Receipts or the transactions contemplated hereby or thereby or by virtue of ownership thereof, including without limitation claims under the Securities Act of 1933, 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 American Depositary Share or an interest therein each irrevocably waives any objection that it may now or hereafter have to the above-specified venue for any such suit, action or proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Nothing in the two preceding paragraphs shall affect the right of any party to the Deposit Agreement to elect to submit a claim against the Company to arbitration, or the duty of the Company to submit that claim to arbitration, as provided in Section 7.6 of the Deposit Agreement, or the right of any party to an arbitration under that Section 7.6 of the Deposit Agreement to commence an action to compel that arbitration, or to enter judgment upon or to enforce an award by the arbitrators, in any court having jurisdiction over an action of that kind.

EACH PARTY TO THE DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) THEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN DEPOSITARY SHARES OR THE RECEIPTS, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING, WITHOUT LIMITATION, ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND ANY CLAIM BASED ON U.S. FEDERAL SECURITIES LAWS.

No disclaimer of liability under the United States federal securities laws or the rules and regulations thereunder is intended by any provision of the Deposit Agreement, inasmuch as no person is able to effectively waive the duty of any other person to comply with its obligations under those laws, rules and regulations.

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

**FRIEDMAN LLP**<sup>®</sup>

ACCOUNTANTS AND ADVISORS

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the inclusion in this Registration Statement on Form F-1 of Jianzhi Education Technology Group Company Limited, of our report dated March 26, 2021, except for Notes 1 and 17, as to which the date is April 30, 2021, Note 18, as to which the date is July 13, 2021, and the convenience translation described in Note 2, as to which the date is October 29, 2021, with respect to the consolidated balance sheets of Jianzhi Education Technology Group Company Limited as of December 31, 2019 and 2020, and consolidated statements of income and comprehensive income, cash flows and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2020. We also consent to the reference to our firm under the heading "Experts" in such Registration Statement.

/s/ Friedman LLP

New York, New York  
October 29, 2021