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

FORM 20-F

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

OR

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

For the fiscal year ended June 30, 2026

OR

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

OR

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

Date of event requiring this shell company report_____

For the transition period from _____ to _____

Commission file number: 001-41590

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

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

Cayman Islands
(Jurisdiction of incorporation)

RM 3008, 30/F
TWO EXCHANGE SQUARE
8 CONNAUGHT PLACE
CENTRAL, HONG KONG
(Address of principal executive offices)

Dong Xie, Chief Financial Officer
Telephone: +852 2988 8279
E-mail: timxie@heregroup.com
Room 3008, 30/F
Two Exchange Square
8 Connaught Place
Central, Hong Kong
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

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

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

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

None

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

None

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

Class A ordinary shares, par value US$0.0001 each, 107,883,184 shares outstanding as of June 30, 2026

Class B ordinary shares, par value US$0.0001 each, 49,859,049 shares outstanding as of June 30, 2026

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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INTRODUCTION

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

- "ADRs" refers to the American depositary receipts which, if issued, evidence the ADSs;
- "ADSs" refers to American depositary shares, each of which represents three Class A ordinary shares;
- "affiliated entities" refers to Beijing Chuangyuqizhi, Beijing Feierlai, and their respective subsidiaries, and, in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, refers to the respective variable interest entity and its subsidiaries in connection with our business at such relevant time;
- "Beijing Chuangyuqizhi" refers to Beijing Chuangyuqizhi Technology Co., Ltd., a variable interest entity before the VIE Termination;
- "Beijing Feierlai" refers to Feierlai (Beijing) Technology Co., Ltd., a variable interest entity before the VIE Termination;
- "Beijing Liangzizhige" refers to Beijing Qimengdao Technology Co., Ltd. (formerly known as Beijing Liangzizhige Technology Co., Ltd.), one of our WFOEs;
- "CAC" refers to the Cyberspace Administration of China;
- "CSRC" refers to the China Securities Regulatory Commission;
- "CAGR" refers to compound annual growth rate;
- "China" or "PRC" refers to the People's Republic of China, and only in the context of describing the PRC laws, rules, regulations, regulatory authorities, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this annual report, excludes Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region;
- "Class A ordinary shares" refers to our Class A ordinary shares of par value US$0.0001 per share;
- "Class B ordinary shares" refers to our Class B ordinary shares of par value US$0.0001 per share;
- "legacy businesses" refers to all the business operations established prior to the acquisition of Shenzhen Letsvan, including the individual online learning services business, consumer businesses and other businesses aside from our pop toy business;
- "HFCAA" refers to Holding Foreign Companies Accountable Act, as amended;
- "ordinary shares" or "shares" refer to our ordinary shares comprising Class A ordinary shares, par value US$0.0001 per share and/or Class B ordinary shares, par value US$0.0001 per share;
- "RMB" or "Renminbi" refers to the legal currency of China;
- "SEC" refers to the United States Securities and Exchange Commission;
- "Shenzhen Letsvan" refers to Shenzhen Yiqi Culture Co., Ltd.;
- "US$," "U.S. dollars," "$" or "dollars" refers to the legal currency of the United States of America;

- "VIEs" refers to the variable interest entities, namely, Beijing Chuangyuqizhi and Beijing Feierlai (each, a "VIE"), and, in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, "VIE" refers to the respective variable interest entity in connection with our business at such relevant time;

- "we," "us," "our company," "our," "our group," "Here," or "Here Group" refers to Here Group Limited, formerly known as QuantaSing Group Limited, together as a group with its subsidiaries. However, in the context of describing the operations and financial information relating to such operations of Here Group Limited prior to the termination of the VIE agreements among Beijing Liangzizhige, Beijing Feierlai or Beijing Chuangyuqizhi and their respective nominee shareholder in 2025 (the "VIE Termination"), these terms refer to Here Group Limited and its subsidiaries and the affiliated entities. Where the context requires, in respect of the period prior to our company becoming the holding company of its present subsidiaries, these terms also refer to such subsidiaries as if they were subsidiaries of our company at the relevant time; and

- "WFOEs" refer to our wholly-owned PRC subsidiaries, and, (1) in the context of describing our consolidated financial information before the completion of the restructuring and spin-off in 2022, "WFOE" refers to our respective wholly-owned PRC subsidiary in connection with our business at such relevant time; and (2) in the context of describing the VIE structure and its impacts, "WFOE" refers to our respective wholly-owned PRC subsidiary under the relevant contractual arrangements.

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

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

This annual report on Form 20-F includes our audited consolidated financial statements as of June 30, 2025 and 2026 and for the fiscal years ended June 30, 2024, 2025 and 2026.

This annual report contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise stated, the translation of Renminbi into U.S. dollars has been made at RMB6.7851 to US$1.00, the noon buying rate in effect on June 30, 2026 as set forth in the H.10 Statistical Release of the Federal Reserve Board. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

The ADSs are listed on the Nasdaq Global Market under the symbol "HERE."

FORWARD LOOKING STATEMENT

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

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

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

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

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

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

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

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

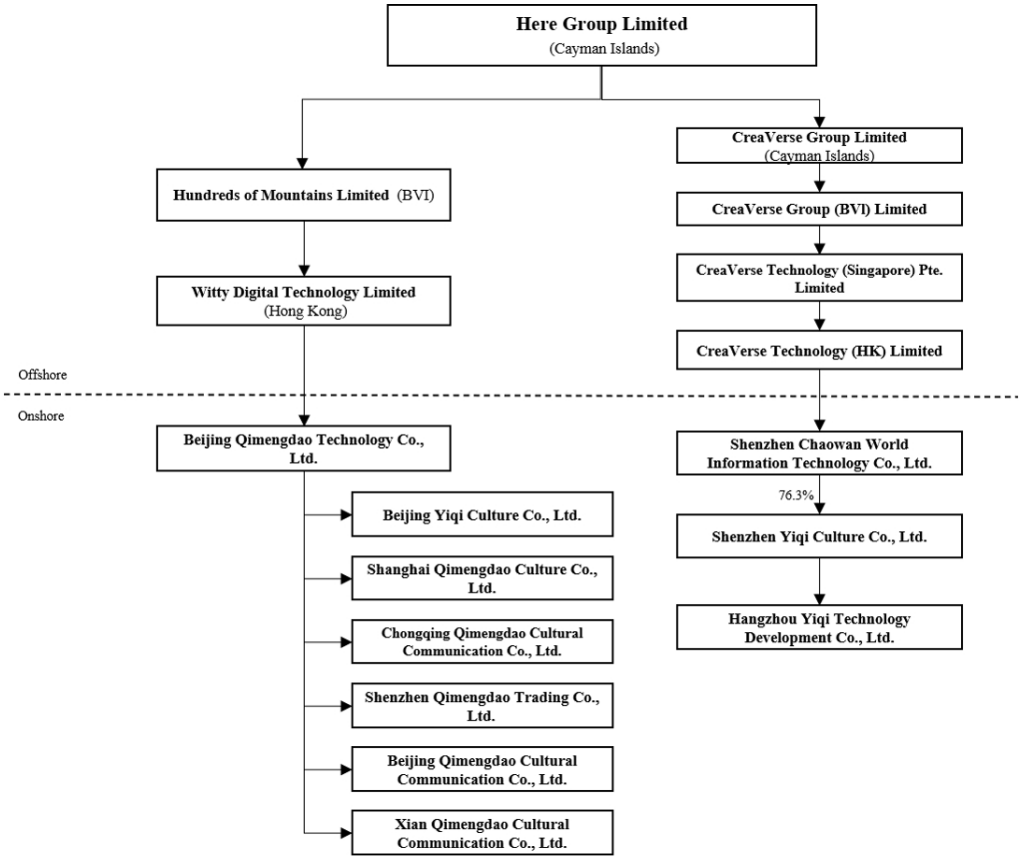
Our Company

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

Our Holding Company Structure

Here Group Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands with no substantive operations. We carry out our current business in China through Shenzhen Chaowan World Information Technology Co., Ltd. ("Shenzhen Chaowan") and Beijing Liangzizhige, our WFOEs, and their respective subsidiaries. Historically, we carried out our legacy individual learning services business in China through Beijing Liangzizhige, and its contractual arrangements, commonly known as the VIE structure, with Beijing Chuangyuqizhi and Beijing Feierlai, the variable interest entities based in China, and their respective nominee shareholder. As of June 30, 2026, we did not have any VIE structure entity in China. For details, see "Item 4. Information on the Company—A. History and Development of the Company" and "Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements." Such VIE structure was used to provide investors with exposure to foreign investment in China-based companies where the PRC law restricts direct foreign investment in certain business areas, such as certain value-added telecommunication services and other internet related business. Neither Here Group Limited nor our WFOEs owned any equity interests in the affiliated entities. Our historical contractual arrangements with the VIEs and their nominee shareholder were not equivalent of an investment in the equity interest of the VIEs, and investors may never hold equity interests in the Chinese operating companies, including the affiliated entities. Instead, we were regarded as the primary beneficiary of the VIEs and consolidated the financial results of the affiliated entities under U.S. GAAP in light of the VIE structure at the relevant time. Investors in the ADSs are purchasing the equity securities of Here Group Limited, the Cayman Islands holding company, rather than the equity securities of our operating entities.

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



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

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

We, through our WFOEs, conduct our current operations in China. Our operations in China are governed by PRC laws and regulations. We are required to obtain certain licenses, permits from or filing with relevant governmental authorities in China in order to operate our business and conduct overseas securities offerings and listings. As of June 30, 2026, as advised by our PRC counsel, CM Law Firm, our WFOEs had obtained the licenses, permits and registrations from the PRC government authorities material for our business operations in China, including, among others, the Value-added Telecommunications Business Operating License for Online Data Processing and Transaction Processing. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, and the promulgation of new laws and regulations and amendment to the existing ones, we may be required to obtain additional licenses, permits, registrations, filings or approvals for our business operations in the future. We cannot assure you that we will be able to obtain, in a timely manner or at all, or maintain such licenses, permits or approvals, and we may also inadvertently conclude that such permissions or approvals are not required. Any lack of or failure to maintain requisite approvals, licenses or permits applicable to us may have a material adverse impact on our business, results of operations, financial condition and prospects and cause the value of any securities we offer to significantly decline or become worthless. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations—We may face risks and uncertainties with respect to the licensing requirement for our business. Any lack of or failure to maintain requisite approvals, licenses or permits applicable to us may have a material adverse impact on our business, results of operations and financial condition."

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (the "Cybersecurity Review Measures"), which became effective on February 15, 2022. As a network platform operator who possesses personal information of more than one million users for purposes of the Cybersecurity Review Measures, we had applied for and completed a cybersecurity review for the initial public offering and listing of the ADSs on the Nasdaq Stock Market pursuant to the Cybersecurity Review Measures. The review was completed in August 2022. We have not received any material adverse findings in such review. As of the date of this annual report, save as disclosed above, we have not received any notice that we are a critical information infrastructure operator from any government authority, nor have we received any request from the CAC, to undergo a cybersecurity review pursuant to any PRC laws or regulations. Moreover, we have not received any notice from any PRC authority requiring us to obtain any permissions, in each case in connection with our previous issuance of securities to foreign investors.

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

Cash and Asset Flows through Our Organization

In light of our holding company structure, our ability to pay dividends to the shareholders, including the investors in the ADSs, and to service any debt we may incur may highly depend upon dividends paid by our subsidiaries (including our WFOEs) to us, despite that we may obtain financing at the holding company level through other methods. Historically, under the VIE structure, such ability also relied on the service fees paid by the affiliated entities to our WFOEs. For instance, if any of our WFOEs incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to us and the investors in the ADS as well as the ability to settle amounts owed under the contractual arrangements. In June 2024 and April 2025, Beijing Liangzizhige made the cash distribution of US$5.3 million and US$10.0 million, respectively, to Witty Digital Technology Limited ("Witty Digital"), its holding company in Hong Kong. In October 2024, our board of directors declared a special cash dividend in the amount of US$0.067 per ordinary share, or US$0.201 per ADS. The cash dividend was paid in November 2024 to shareholders of record at the close of business on October 30, 2024. The aggregate amount of cash dividends paid was US$10.9 million. As of the date of this annual report, save as disclosed above, none of Here Group Limited, our WFOEs and the VIEs have paid any dividends or made any distributions to their respective shareholder(s), including any U.S. investors. In the fiscal years ended June 30, 2024, 2025 and 2026, the total amount of the service fees that Beijing Feierlai, Beijing Chuangyuqizhi and their subsidiaries paid to Beijing Liangzizhige under the contractual arrangements was RMB713.7 million, RMB612.7 million and RMB330.2 million, respectively. Other than such payments, there were no service fee payments under the contractual arrangements within our group in the relevant fiscal years. We expect to continue to distribute earnings at the request of our WFOEs and based on our business needs. We currently have not maintained any cash management policies that specifically dictate how funds shall be transferred among Here Group Limited, the subsidiaries of Here Group Limited (including our WFOEs) and investors. We will determine the payment of dividends and fund transfer based on our specific business needs in accordance with the applicable laws and regulations.

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

Under PRC laws and regulations, we, the Cayman Islands holding company, may fund our WFOEs only through capital contributions or loans, and fund the affiliated entities (if any) only through loans, subject to satisfaction of applicable government registration and approval requirements. For the fiscal years ended June 30, 2024, 2025 and 2026, before the VIE Termination, there were certain loans among Here Group Limited, our subsidiaries, and our VIEs and their subsidiaries, and certain dividends from our WFOEs to our Hong Kong subsidiaries.

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

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

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

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

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

Risks related to our business, industry and general operations

- the shifts of our business model and offering mix, our limited experience with operating our current businesses, and the risk that our historical performance and growth rate may not be indicative of our future performance;
- uncertainties associated with our pop toy business and the development of such business;
- the intense competition in the industries that we operate in;

- our ability to maintain and enhance our brand recognition and promote our IPs and products, and the risks associated with negative publicity;
- our ability to develop a robust sales channel and implement effective marketing strategies; and
- the complexity, uncertainties and changes in PRC regulations applicable to our businesses, including the licensing requirements for our business, product liability, data privacy and personal information protection.

Risks related to doing business in China

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

Risks related to our corporate structure

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

Risks related to our corporate governance

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

Risks related to the ADSs

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

Risks Related to the Evolvement of Our Business Model

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

We have shifted our business model from the traffic-driven legacy businesses, which primarily comprise the legacy individual online learning services, to the product-driven pop toy business. We began to offer our financial literacy learning services in July 2019. From August 2021, we began to launch additional courses for other personal interests in skills upgrading and recreation and leisure. In addition, starting from early 2023, we entered into the consumer goods sector through e-commerce. Our historical performance for our legacy businesses, which have been reclassified in the accompanying consolidated financial statements as discontinued operation for all periods presented, is not directly comparable with or indicative of the performance of our current business, mainly our pop toy business, which we began to operate in 2025 along with the acquisition of equity interests in Shenzhen Letsvan. We acquired equity interests in Shenzhen Letsvan from December 2024 and obtained control over Shenzhen Letsvan in March 2025 and began to consolidate its results of operations from April 2025. For the fiscal years ended June 30, 2025 and 2026, we recorded revenue from our pop toy business of RMB65.8 million and RMB596.8 million (US$88.0 million), respectively. Subsequent to obtaining control over Shenzhen Letsvan, we undertook further steps to acquire all of the remaining equity in Shenzhen Letsvan. As of the date of this annual report, we hold 76.3% of the equity interests in Shenzhen Letsvan, and we are still in the process of acquiring the remaining equity interests in Shenzhen Letsvan, upon completion of which Shenzhen Letsvan will become our wholly-owned subsidiary. Furthermore, in September 2025, to restructure our legacy businesses, the following agreements were entered into by and among the relevant parties: (1) a termination agreement (the "VIE Termination Agreement") by and among Beijing Liangzizhige, Beijing Feierlai, Beijing Chuangyuqizhi, and Shenzhen Erwan Education Technology Co., Ltd. ("Shenzhen Erwan") to terminate the VIE agreements among these parties (the "VIE Agreements"); (2) an equity transfer agreement by and among Beijing Liangzizhige, Beijing Feierlai, Beijing Chuangyuqizhi, Shenzhen Erwan and the relevant buyer; and (3) an equity transfer agreement by and among the company, QuantaSing International Limited ("QS International"), Rare River Group Limited ("Rare River") and the relevant buyer. Upon the effectiveness of the termination of the VIE Agreements, we no longer consolidate the financial results of Beijing Feierlai and Beijing Chuangyuqizhi, effective from September 30, 2025, and we began to wholly operate as a pop toy company. For details of these transactions, see "Item 4. Information on the Company—A. History and Development of the Company."

As such, our historical business model with our legacy businesses does not serve as an adequate basis for evaluating our prospects and future operating and financial results, including, among others, our overall revenue growth, margin level and operating cash flows. We cannot assure you that our new business will achieve the same level of success as that of our legacy businesses. In addition, the completion of any restructuring activities is subject to uncertainties, including applicable regulatory approvals and filings, and the ability of prospective parties to fulfill their obligations under the transaction agreements. These uncertainties may have a material adverse effect on our business, results of operations and financial condition, as well as our future prospects and the price of the ADSs.

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

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

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

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

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

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

Risks Related to Our Pop Toy Business and the Industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Brand image is a key factor in consumer purchase decisions. We believe that market awareness of our brand has contributed, in part, to the success of our business to date. With our pivot to the pop toy sector, maintaining and enhancing our brand has become even more critical to our efforts to increase the market awareness of our products, which are in turn critical to our business growth. We believe that our future success depends substantially on the popularity of our *Here* and *Letsvan* brand and our reputation for popular and high-quality pop toy products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2026, we had inventories of RMB134.7 million (US19.9 million). We must maintain sufficient inventory levels to ensure our product demand can be met, while avoiding excess inventory. Failure to forecast consumer demand or respond to any unexpected event negatively affecting the sales of our products could expose us to inventory obsolescence or result in a decline in inventory value or inventory write-downs. Changes to our business focus or product portfolio may also cause our inventories to be irrelevant and render our capital outlays for inventories unnecessary. For instance, we incurred purchase commitment loss of inventories for our baijiu business as we voluntarily suspended relevant operations. On the other hand, inaccurate sales forecast or insufficient production capacity at our partner factories may lead to inventory shortage and result in our inability to meet market demand for our products and satisfy orders from our sales partners. Failure in managing our inventory could have a material and adverse impact on our business, results of operations and financial condition.

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

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

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

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

We cannot assure you that our business practices do not and will not infringe, misappropriate or otherwise violate any trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights of third parties, given the uncertainties inherent in the scope of certain trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights. The increasing use of artificial intelligence in our business operations, including the involvement of AI-generated content (AIGC) in the process of creating and designing IPs, may also increase the risk of intellectual property right infringement due to, among others, the potential use of third-party copyrighted materials without proper authorization in training AI models, the possibility that AI-generated designs may reproduce or closely resemble third-party protected works, and uncertainties regarding the allocation of liability for infringement arising from AI-generated content. Intellectual property related litigation is usually complex and the results of such litigation are unpredictable. As we gain greater visibility and market exposure as a public company, we may also be at greater risk of being the subject of intellectual property–related litigation. Third parties may claim that our products or activities infringe, misappropriate or otherwise violate their trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights. Defending against these allegations and lawsuits could be costly, take a significant amount of time, distract management from our business operations and delay our product launch. In addition, if we are found to have infringed, misappropriated or otherwise violated a third party's trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights, we may be required to pay substantial damages or be subject to orders, judgments or administrative penalties that prohibit us from selling certain products or impose other liabilities on us. In addition, any allegation of infringement of the intellectual property rights of others, even if unfounded, could damage our reputation and tarnish our brand image. Furthermore, our use of the disputed intellectual properties may be restricted, which could disrupt our operations. Occurrence of any of these incidents could have a material and adverse impact on our business, results of operations and financial condition.

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

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

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

Risks Related to Our Operations

Our continuing operations have incurred losses and may not achieve profitability in the future.

Our continuing operations are related to our pop toy business. We incurred net losses from continuing operations of nil, RMB21.8 million and RMB254.9 million (US$37.6 million) in the fiscal years ended June 30, 2024, 2025 and 2026, respectively (including an impairment loss on goodwill related to the acquisition of Shenzhen Letsvan was RMB124.1 million (US$18.3 million) for the fiscal year ended June 30, 2026). We cannot assure you that we will be able to generate net income or positive cash flow from operating activities in the future. Our future ability to maintain profitability will depend in large part on our ability to successfully operate and monetize from our pop toy business, maintain or increase our operating margin, either by growing our revenues at a rate faster than our costs and operating expenses increase, or by reducing our costs and operating expenses as a percentage of our revenues. In particular, our ability to achieve and maintain profitability will depend on the success of our IPs and products, which may take time to win market awareness and popularity. As a result of the foregoing, we may not be able to achieve profitability with our pop toy business in the future.

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

We continually evaluate and consider strategic investments, combinations, acquisitions or alliances. For instance, in September 2023, we entered into an agreement relating to the acquisition of KELLY'S EDUCATION LIMITED ("Kelly's Education"), a personalized online language education service provider in Hong Kong, pursuant to which we acquired all of the issued share capital of Kelly's Education for a total consideration of HK$2.0 million. In addition, through a series of transactions during the fiscal year ended June 30, 2025, we acquired controlling interests in Shenzhen Letsvan, a company specializing in IP incubation, copyright commercialization, and the promotion and sales of pop toys, through which we began to engage in our primary business currently, namely pop toy business. If these investments and acquisitions do not perform as we expected, become less valuable to our business due to a change in our overall business strategy, or if the industry, regulatory or economic environments deteriorate, they could result in significant impairment of investments. Specifically, our impairment loss on goodwill related to the acquisition of Shenzhen Letsvan was RMB124.1 million (US$18.3 million) for the fiscal year ended June 30, 2026, primarily reflecting lower-than-anticipated financial performance amid macroeconomic headwinds.

We may not be able to identify suitable strategic alliances or acquisition opportunities, complete such transactions on commercially favorable terms, or successfully integrate business operations, infrastructure and management philosophies of acquired businesses and companies. Furthermore, these transactions could be material to our business if consummated. We may not have the financial resources necessary to consummate any acquisitions in the future or the ability to obtain the necessary funds on satisfactory terms. There may be particular complexities, regulatory or otherwise, associated with further expansion into new markets, and our strategies may not succeed beyond our current markets. Any future acquisitions may also result in significant transaction expenses in addition to integration and consolidation risks. We may not have sufficient management, financial and other resources to integrate any such acquisitions or to successfully operate new businesses, and we may be unable to profitably operate our expanded company. If we are unable to effectively address these challenges, our ability to execute acquisitions will be impaired, which could have an adverse effect on our growth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Maintaining data security and protecting personal information are critical to our business. Such information is potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. In addition, we are also subject to a variety of laws and regulations regarding cybersecurity, data security and personal information protection, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal data from being divulged, stolen or tampered with.

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

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

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

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

On September 24, 2024, the State Council promulgated the Administration Regulations on Cyber Data Security, which came into effect on January 1, 2025. The Administration Regulations on Cyber Data Security reiterate and refine the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, cyber data cross-border transfer management, and the responsibilities of online platform service providers. In particular, the Administration Regulations on Cyber Data Security provide that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. However, the Administration Regulations on Cyber Data Security provide no further explanation or interpretation for the criteria on determining the risks that "affect or may affect national security." Additionally, since the Administration Regulations on Cyber Data Security are still relatively new, the interpretation and implementation of these regulations may further evolve and develop.

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

We are subject to risks associated with our international expansion.

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

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

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

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

In the course of preparing and auditing our consolidated financial statements for the fiscal years ended June 30, 2024, 2025 and 2026, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of June 30, 2026. As defined in the standards established by the PCAOB, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

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

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

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

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

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

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

We currently have limited business insurance coverage.

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

We face uncertainties with respect to our leased properties.

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

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

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

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

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

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

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

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

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

In connection with our restructuring and spin-off, we adopted our 2018 share incentive plan (the "2018 Plan") and 2021 global share plan (the "2021 Plan") in May 2022 to reflect the respective interests of grantees prior to the restructuring and spin-off and to provide for future incentive grants to our employees, directors and consultants. Under the 2018 Plan and the 2021 Plan, the maximum aggregate number of shares which may be issued pursuant to all awards is 38,240,745 Class A ordinary shares. As of October 21, 2026, options to purchase a total of 18,922,459 Class A ordinary shares under the 2021 Plan had been granted and outstanding, and 13,797,510 of such options had been exercised. As of October 21, 2026, there had been no options granted under the 2018 Plan. We recorded share-based compensation of nil, RMB2.5 million and RMB37.0 million (US$5.4 million) from continuing operations for the fiscal years ended June 30, 2024, 2025 and 2026, respectively. We may continue to record significant share-based compensation expenses in relation to such share option grants. We expect to grant awards under such plans, which we believe is of significant importance to our ability to attract and retain key personnel and employees and may therefore record additional amount of share-based compensation expenses. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans" for details. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations and financial condition.

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

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

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

During the peak of the COVID-19 pandemic, various nations imposed various measures to keep COVID-19 in check, including travel restrictions from time to time. Such measures have adversely affected our operation, as it has caused inconvenience to our day-to-day operating activities. To the extent that future waves of COVID-19 pandemic disrupt normal business operations, we may face operational challenges with our services, and decline in the individual disposable income and discretionary spending.

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

Risks Related to Our Corporate Structure

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

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

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

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

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

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

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

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

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

If we had direct ownership of the VIEs in China, we would have been able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the historical contractual arrangements, we had relied on the performance by the VIEs and their shareholder of their obligations under the contracts to direct the VIEs' activities. The shareholder of the VIEs may not act in the best interests of our company or may not perform its obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these historical contracts (if any) through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system.

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

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

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

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

The shareholder of the VIEs under our historical contractual arrangements may have actual or potential conflicts of interest with us. The shareholder may breach, or cause the VIEs to breach, the historical contractual arrangements, which would have a material adverse effect on our ability to consolidate the financial results of the affiliated entities and receive economic benefits from them. We cannot assure you that when conflicts of interest arise the shareholder will act in the best interests of our company or such conflicts will be resolved in our favor.

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

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

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

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

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

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

Risks Related to Doing Business in China

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

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

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

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

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

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

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

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

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

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

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

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

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

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended June 30, 2026.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Enterprise Income Tax Law enacted by the National People's Congress, which became effective on January 1, 2008, and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See "—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

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

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

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

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Pursuant to the SAFE Circular 19, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into Renminbi on a discretionary basis according to the actual needs. The SAFE Circular 16 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the Renminbi funds so converted, which include, among others, (1) payment for expenditure beyond its business scope or otherwise as prohibited by the applicable laws and regulations, (2) investment in securities or other financial products other than banks' principal-secured products, (3) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (4) construction or purchase of real properties for use by third parties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Corporate Governance

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

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

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

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

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

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

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

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of short-swing benefits;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

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

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

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

As of October 21, 2026, Mr. Peng Li beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constituted 31.8% of our total issued and outstanding share capital and 82.4% of the aggregate voting power of our total issued and outstanding share capital as of the same date. See "Item 6. Directors, Senior Management and Employees—E. Share Ownership." As a result of the dual-class share structure and the concentration of ownership, holder(s) of Class B ordinary shares have and will continue to have considerable influence over matters which require shareholders' approval, such as decisions regarding statutory mergers and consolidations, amendment to our memorandum and articles of association and other significant corporate actions. Such holder(s) may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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

As of October 21, 2026, Mr. Peng Li beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constitute 31.8% of our total issued and outstanding share capital and 82.4% of the aggregate voting power of our total issued and outstanding share capital as of the same date. See "Item 6. Directors, Senior Management and Employees—E. Share Ownership." Mr. Peng Li has considerable power to control actions that require shareholders' approval under Cayman Islands law, such as approving statutory mergers and consolidations, and amending our memorandum and articles of association. This control will limit your ability to influence corporate matters and may prevent transactions that would be beneficial to you, including discouraging others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our Class A ordinary shares and the ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the ADSs

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

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

- actual or anticipated variations in our revenues, earnings, cash flow and changes or revisions of our expected results;
- fluctuations in operating metrics;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products, services and courses and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- announcements of studies and reports relating to the quality of our product, service and course offerings or those of our competitors;
- changes in the performance or market valuations of other pop toy companies;

- detrimental negative publicity about us, our competitors or our industries;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industries;
- general economic or political conditions affecting China or elsewhere in the world;
- fluctuations of exchange rates between the RMB and the U.S. dollar; and
- potential litigation or regulatory investigations.

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

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

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

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

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

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

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

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

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

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

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. We had 106,735,243 Class A ordinary shares and 49,859,049 Class B ordinary shares outstanding as of October 21, 2026, including 65,688,927 Class A ordinary shares represented by ADSs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We believe we were a passive foreign investment company for our fiscal year ended June 30, 2026, and we may be a PFIC for future fiscal years which could result in adverse U.S. federal income tax consequences to U.S. investors owning the ADSs or our Class A ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes, for any fiscal year if either (1) at least 75% of its gross income for such year consists of certain types of "passive" income; or (2) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income. For purposes of making a PFIC determination, the non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. Although the law in this regard is not entirely clear, we treated the formerly affiliated entities as being owned by us for U.S. federal income tax purposes for periods prior to the VIE termination. Prior to the VIE Termination, we controlled their management decisions and were entitled to substantially all of the economic benefits associated with them. As a result, we consolidated their financial results in our consolidated U.S. GAAP financial statements for periods prior to the VIE termination. On September 30, 2025, the Company terminated its contractual arrangements with its two VIEs pursuant to the VIE Termination Agreement. Effective from September 30, 2025, we no longer consolidate the financial results of two VIEs.

Based on the market price of our ADSs and the composition of our assets, we believe we were a PFIC for U.S. federal income tax purposes for our fiscal year ended June 30, 2026. However, because the determination of whether we are or will become a PFIC for any fiscal year is a fact-intensive inquiry made annually that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance regarding our PFIC status for any taxable year. Furthermore, the value and proper classification of certain of our assets for U.S. tax purposes is subject to uncertainty, which may affect our PFIC status for any taxable year. In addition, fluctuations in the market price of the ADSs may increase the risk that we continue to be a PFIC for subsequent fiscal years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other intangibles, may generally be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets.

Because we believe we were a PFIC for the fiscal year ended June 30, 2026, certain adverse U.S. federal income tax consequences could apply to a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—General") who holds or acquires our ADSs or our Class A ordinary shares. See "Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive foreign investment company considerations."

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

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

Corporate restructuring before the IPO

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

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

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

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

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

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

Corporate restructuring after the IPO

E-commerce business

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

Acquisition of KELLY'S EDUCATION

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

Restructuring of VIE

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

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

Shenzhen Letsvan Investment

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

From June 2025, we undertook further steps to acquire all of the remaining equity interests in Shenzhen Letsvan from the minority shareholders through a mix of cash and stock consideration. The aggregate cash consideration to the minority shareholders amounted to RMB137.9 million. For the stock consideration and by way of private placement, we shall issue an aggregate of 18,219,330 Class A ordinary shares to Mr. Huiyu Zhan (Zack) ("Mr. Zhan"), the founder and chief executive officer and a director of Shenzhen Letsvan, as consideration for his remaining interests in Letsvan. The share issuance shall take place in three installments and be subject to certain restrictions and limitations, including respective vesting schedules and lock-up requirements. As of the date of this annual report, certain portion of this acquisition still remain in progress, and we hold 76.3% of the equity interests in Shenzhen Letsvan.

VIE Termination and Restructuring of Legacy Businesses

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

Our principal executive offices are located at Room 3008, 30/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The telephone number of our principal executive office is +852 2988 8279. Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our main website is http://www.heregroup.com. The information contained on our website is not a part of this annual report. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, New York 10168.

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

B. Business Overview

Our Pop Toy Business

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

Our IP portfolio

Our ecosystem is structurally designed to mitigate single-IP dependency. We are building a growing and diverse IP portfolio, underpinned by our strong ability to develop proprietary IPs as well as to attract collaborations with recognized IPs. As of June 30, 2026, our total IP portfolio expanded to 22 IPs, comprising 13 proprietary IPs, including *WAKUKU* and *ZIYULI*, and 9 exclusively licensed IPs.

Our IP portfolio is built through a balanced mix of proprietary development and strategic licensing partnerships. We also pursue selective co-branded collaborations when the right opportunities arise. This combined approach demonstrates our strong capabilities in IP creation and commercialization. Each IP in our portfolio speaks to its own target audience, with distinct characteristics and appeal. This allows us to reach different consumer segments with precision and depth. We consider these capabilities to be core competitive advantages that distinguish us within the pop toy industry. We are committed to continuing our investment in building a solid IP foundation, which we believe will support our ability to capture and sustain a meaningful share of the growing global pop toy market.

Our IP portfolio is further strengthened through strategic partnerships with globally recognized IP holders and co-branded collaborations. Under licensing agreements, we reinterpret these beloved characters to develop exclusive variants. We also work with partners across media and cultural sectors to extend our brand influence. These collaborations amplify our brand visibility, allowing us to tap into established fan communities and reach new consumer segments, while generating rapid market traction alongside our in-house-developed offerings.

From July 1, 2025 to September 30, 2026, we continued to expand our IP portfolio across both proprietary and exclusively licensed IP offerings. On the proprietary side, we introduced *YONNNA*, a new IP with a retro-fantasy aesthetic, while continuing to develop new collections for our established flagship IPs. On the exclusively licensed IP side, we have expanded our portfolio including *YEAOHUA*, *VIVIMANI*, *fluffy lili*, *LucStarry*, *Clomii*, *NAAYE* and *mix angel*. These additions further enriched our IP matrix and expanded our reach across different consumer segments.

We remain fully committed to strengthening our IP foundation, which we believe will enable us to capture and sustain a meaningful share of the growing global pop toy market.

Our proprietary IPs

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



WAKUKU

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

In the fiscal year ended June 30, 2026, we generated a total revenue of RMB369.3 million from the sales of *WAKUKU*, accounting for 61.9% of our total revenue of the same period, which underscored its foundational market stability and lasting emotional equity with consumers.





ZIYULI

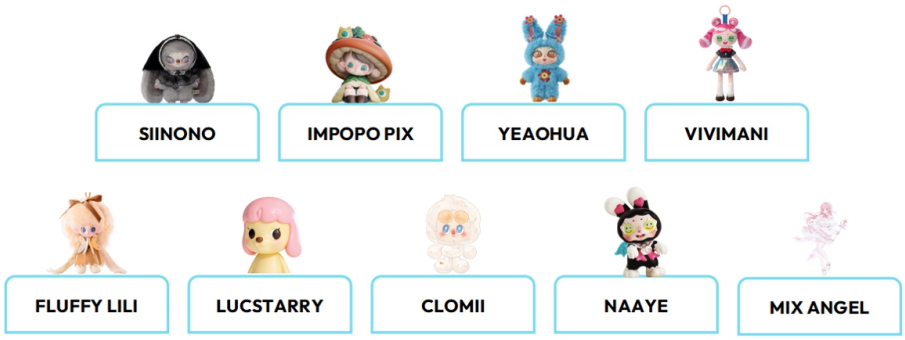
ZIYULI, a Chinese Princess who "grows by your side," is depicted as a timeless sixteen-year-old. With large eyes and round cheeks, her cute design contrasts with a playful, whimsical personality. This relatable character aims to personify a "youthful heart," fostering an emotional connection that celebrates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





Our licensed IPs

To accelerate the expansion of our IP matrix and enhance the diversity of our product lines, we have initiated a series of strategic partnerships with third-party IP holders and designers. As of June 30, 2026, our efforts have resulted in a pipeline of 9 licensed IPs, all under exclusive agreements. We believe that these collaborations will enable us to introduce new and compelling product categories more swiftly, cater to a broader consumer base, and solidify our competitive position in the dynamic pop toy market. The following image illustrates our licensed IPs.



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

IP	Licensed Territory	License Type	License Period
SIINONO	Global	Exclusive IP	February 2025—February 2033 (8 years)
IMPOPO PIX	Global	Exclusive IP	April 2025—April 2033 (8 years)
YEAOHUA	Global	Exclusive IP	September 2025—August 2028 (3 years)
VIVIMANI	Global	Exclusive IP	September 2025—August 2028 (3 years)
fluffy lili	Global	Exclusive IP	January 2026—December 2028 (3 years)
LucStarry	Global	Exclusive IP	January 2026—January 2031 (5 years)
Clomii	Global	Exclusive IP	December 2025—December 2030 (5 years)
NAAYE	Global	Exclusive IP	January 2026—December 2028 (3 years)
mix angel	Global	Exclusive IP	June 2026—June 2029 (3 years)

SIINONO

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

In its first full fiscal year, we generated a revenue of RMB92.7 million from the sales of *SIINONO*, contributing 15.5% to our revenue for the fiscal year ended June 30, 2026. Its rapid rise from zero to a near RMB100-million annualized scale in under 12 months confirms our ability to systematically incubate and scale new IPs.



Our co-branded IPs

To further enrich our IP ecosystem and expand our reach into new consumer segments, we have pursued selective co-branded collaborations with partners across industries. These partnerships allow us to combine our IP development capabilities with complementary brand strengths, creating fresh and distinctive product offerings. As of the date of this annual report, we have established two co-branded IPs. We believe these collaborations enhance our brand vitality, broaden our audience base, and reinforce our position in the competitive pop toy market. The following image illustrates our co-branded IPs.

AOO

AOO, a co-branded IP launched in April 2026, is defined by a bold and fearless spirit. With a personality that is cool, playful, and fiercely independent, the character embodies a modern attitude of self-expression and confidence. *AOO*'s story and aesthetic resonate with young consumers who embrace individuality and authenticity. In June 2026, we expanded the IP with its 2.0 collection, further enriching its character expression and product offerings.



Our IP Development Strategy

We remain committed to building long-term IP value through a disciplined, quality-driven approach, developing a diverse portfolio of IPs with lasting relevance.

On IP sourcing, we pursue both original creation and licensing partnerships, building a platform for discovering and nurturing artists. The portfolio currently includes 22 IPs, spanning styles from cool-cute to adorable to fashion-forward, with continuous efforts to bring in emerging designers and artists to sustain creative vitality.

On commercialization, IP value is activated across multiple scenarios. Our IPs have established meaningful collaborations across beverages, fashion, sports, arts and culture, steadily extending their reach into broader consumer touchpoints. These are not one-off marketing events. They are how we build momentum for our IPs, extend their lifecycles, and create ongoing interaction with users.

On user experience, offline DTC stores serve as the core engagement ground, while new formats including transportation hubs, pop-up spaces, and themed experiences are being actively explored. These real-world interactions allow our IPs to build genuine, lasting connections with users.

Rather than pursuing short-term product cycles, we focus on building IPs with distinctive character and storytelling that truly earn a place in people's lives. We maintain our own design judgment and creative conviction, rather than following market trends. We also recognize that an IP's long-term asset value is linked to its perceived scarcity, and we manage our supply with discipline to protect that value. This is the foundation of our long-term, sustainable growth.

Our product offerings

We have developed an IP toy portfolio based on our proprietary and licensed IPs. We believe our IP toys have wide appeal to different age groups and genders. Our "HERE奇梦岛" branded products primarily include plush toys and figures. As of June 30, 2026, we operated over 40 blind box product lines and over 30 plush pendant card products across our IP portfolio.

Plush toys

Our plush toy collection brings to life soothing characters from our proprietary and licensed IPs through advanced material innovation. We use diverse materials, including standard plush, slow-rebound foam and soft vinyl, to create multi-sensory experiences that deliver both stress-relieving comfort and emotional connection. This strategic material selection, exemplified in series such as "The Handicraft World of *WAKUKU*" and *SIINONO* "Whispers of 'Ta'," transforms our products into cherished companions while supporting a premium pricing strategy ranging from RMB69.8 to RMB1,099 per unit.

Figure toys

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

IP merchandise

In addition to plush toys and figures, we offer a diversified range of IP merchandise that extends our proprietary and licensed IPs into everyday lifestyle and collectible formats. This category includes mouse pads, earphone pouches, phone lanyards, throw pillows, tissue box covers, and other character-based products. By translating our IP designs and stories into multiple product formats and price points, we aim to deepen fan engagement, broaden our reach across age groups and genders, and create recurring purchase opportunities. This merchandise offering complements our core toy portfolio, reinforces brand loyalty, and supports the long-term commercialization of our IP assets.

Our designer team and IP creation process

Our in-house designer team

Our fully integrated in-house design team provides a fundamental competitive edge by ensuring full control over our IP development lifecycle. The team possesses full chain capabilities to independently complete IP character and product design, allowing for effective control over creative direction and product quality. This structure guarantees a reliable and continuous IP pipeline while maintaining rigorous quality standards from concept to final product. It creates a closed-loop feedback system that allows for rapid iteration and refinement of our characters based on real-time market response. We consistently identify and attract talented professionals with strong market insight and IP creation capabilities, and through a standardized design management process, we ensure consistency and coherence in stylistic expression across all IP series. This approach not only accelerates our time-to-market for trend-responsive products but also fosters proprietary institutional knowledge and cohesive brand storytelling across all offerings. The team is committed to delivering high-quality creative output across diverse emotional dimensions, supporting the expansion of our IP matrix and product category diversification. By synchronizing creative development with strategic business objectives, we build deeper emotional connections with consumers and establish significant barriers to competition that are difficult to replicate. Looking forward, we will continue to maintain the team's acumen and creativity, and consistently deliver IPs and products that resonate emotionally with consumers.

Our proprietary IP creation

Our proprietary IPs—including flagship characters *WAKUKU* and *ZIYULI*—are developed through our specialized in-house incubation methodology. This systematic process helps us effectively cultivate culturally resonant IPs by integrating precise audience targeting, focused creative development, and iterative market testing. Through this approach, we consistently launch IPs that capture consumer interest and maintain relevance in the evolving pop toy market. Our proprietary IPs continued to gain market recognition, with flagship characters maintaining strong performance and new additions steadily expanding our portfolio. We remain committed to refining our incubation methodology and exploring innovative ways to develop IPs with long-term cultural and commercial value.

Our licensed IP selection

Our core strategy is to identify, sign, and long-term incubate high-quality original Chinese IPs, guided by a systematic framework designed to partner with IPs that possess long-term, multi-dimensional value. We are committed to continuously improving our full-chain mechanism covering IP sourcing, evaluation, signing, content development, product design, marketing, and commercial operations. We target IPs across four key dimensions: Emotional Appeal (distinct and resonant character design), Content Potential (strong storytelling foundations), Cultural Relevance (fashion-forward and adaptable aesthetics), and Artistic Depth (conceptual and philosophical strength). Our selection process is rigorous, prioritizing IPs that demonstrate clear design differentiation, proven commercial viability, strong product extensibility across categories and demographics, and collaborative partnership potential.

In parallel, we are expanding our partnership scope globally by selectively incorporating internationally recognized IPs through co-branding initiatives, which enhance our brand presence and demonstrate our design and commercialization capabilities in the pop toy and derivative products sector. These capabilities, channel resources, and operational expertise will, in turn, further reinforce our original Chinese IP development, forming a sustainable cycle centered on the cultivation and commercialization of in-house IP.

This disciplined selection process, combined with our fully integrated in-house design team, provides us with a fundamental competitive edge. This structure ensures end-to-end quality control from concept to finished products and establishes a closed-loop feedback system that enables rapid iteration based on market response. Ultimately, this integrated approach significantly accelerates our product launch timelines, builds proprietary institutional knowledge, unifies our brand narrative, deepens emotional connections with consumers, and creates formidable barriers to competition.

Our product design and development process

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

- *Phase 1: Precise Targeting*. Our process is grounded in a rigorous strategic foundation. We begin by defining the IP's core positioning and conducting granular audience analysis to pinpoint market entry points. We clearly define target segments and assess potential IPs across four key dimensions: emotional appeal (distinct and resonant character design), content potential (strong storytelling foundations), cultural relevance (fashion-forward and adaptable aesthetics), and artistic depth (conceptual and philosophical strength). this phase culminates in a comprehensive product line roadmap and a creative brief that aligns all stakeholders on the vision, commercial objectives, and key differentiators for the upcoming product line, ensuring every development effort is guided by clear strategic intent.

- *Phase 2: Creative Development.* In this creative execution phase, initial concepts are transformed into tangible designs. Our in-house artists and designers, working across our design centers in Beijing, Shanghai, Shenzhen, and other cities, generate a wide range of visual concepts, which are then refined into approved designs for three-dimensional modeling. We leverage diverse materials, including standard plush, slow-rebound foam, and soft vinyl, to create multi-sensory experiences that deliver both stress-relieving comfort and emotional connection. We then produce industrial design for manufacturing and visual design. We create and iterate on physical prototypes, conducting a final pre-production review to guarantee that the product perfectly captures the intended aesthetic, quality, and functional specifications before manufacturing begins.

- *Phase 3: Market Testing*. Before full-scale production, we conduct market validation for our products. Through small-scale launches and user testing, we collect authentic consumer feedback to verify market acceptance of product designs. This iterative validation process helps us identify potential issues and continuously refine products based on user data. This step ensures that every product we bring to market has the potential to become a hit, while reducing market risks.

- *Phase 4: Production and Quality Control.* During production, we implement a meticulous quality management system. Detailed production standards are established to govern materials, manufacturing processes, and finishing. Our quality control teams then monitor the production line closely to ensure consistent output. We have established an agile supply chain capable of scaling production rapidly. Our production capacity has expanded significantly, enabling us to meet surging demand for hit products without compromising quality. This phase concludes with a final, rigorous inspection of finished goods against our strict quality benchmarks before they are approved for warehouse entry, safeguarding the integrity of our brand.

- *Phase 5: Marketing and Launch.* The market introduction of our products is a carefully orchestrated effort. We develop a phased marketing plan that builds anticipation and engages our community through targeted campaigns. We leverage our growing social media presence. Our cumulative followers across major platforms are approaching 800,000. We use these channels to build content and community around our IPs. A synchronized channel strategy is deployed across our direct and wholesale networks to maximize reach and impact. This culminates in the product's official market release, ensuring a cohesive and powerful launch that drives initial sales momentum.

- *Phase 6: Post-Launch Management.* Our engagement with a product extends far beyond its launch. We actively monitor and analyze sales data and consumer feedback to gauge market reception. Our integrated closed-loop feedback system enables rapid iteration and refinement based on real-time market response. These critical insights directly inform strategic decisions regarding the product's lifecycle. This allows us to be agile and responsive to market dynamics while building lasting IP value that earns a lasting place in users' hearts and lives.

Our sales and marketing

Our customer base

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

Our sales network

We have built a robust multi-channel sales network integrating offline DTC stores, roboshops, domestic and international online platforms and distributor partnerships to secure seamless market coverage, boost brand accessibility and balance scalable growth with brand control. At the initial stage of our market development, we relied on distributor partnerships to establish our market presence and expand our reach. Through this approach, we gained valuable market access and built a solid foundation. As our pop toy business has grown, we have come to recognize that physical stores are not merely sales points. They are where we nurture and showcase our IPs, and where users build a genuine sense of belonging. Over time, we have strategically shifted more of our focus toward building out our self-operated DTC store network, including expansion into high-traffic locations such as transportation hubs and premium commercial districts, while continuing to work with our distributor partners. Our roboshop network has also been rolled out across key cities nationwide, and we are now shifting our focus from deployment scale to operational efficiency and data-driven refinement. As our self-operated capabilities continue to strengthen, we will continue to scale our DTC channels while transitioning our relationships with channel partners from traditional transaction-led distribution into high-value, customized strategic alliances, with a clear priority on reducing reliance on third-party distribution over time.

DTC sales

Our DTC channels, including both physical and online touchpoints, have deepened the emotional connection between our brand and users while delivering immersive IP experiences, while also enabling us to capture first-party consumer data for product and marketing decisions.

On the physical side, as of September 30, 2026, we opened 8 DTC stores and deployed 25 roboshops in 6 cities. These physical touchpoints serve as extensions of our IP products, creating immersive brand experiences and deepening consumer engagement. We also enhance accessibility through pop-up stores and adopt a measured market entry strategy, beginning with pop-up activations in key cities, such as our successful rollouts in Shenzhen, Guangzhou, and Hangzhou, which validate local demand and operational readiness before we consider larger-scale retail investments. These pop-ups serve a dual purpose: they validate local demand and operational readiness before we consider larger-scale retail investments, and they function as epicenters for IP activation and immersive user interaction. We continuously monitor the performance of our DTC stores and will make adjustments to our store network as needed, including optimizing or closing underperforming locations, to ensure the long-term health and efficiency of our retail footprint.

On the online side, we operate flagship stores on Tmall, Douyin, and rednote in China and run a proprietary mini program. We also reach consumers in international markets via a North American independent e-commerce site and flagship stores on TikTok Shop and Shopee.

Distributor sales

We complement our direct channels with a selective distributor network that serves as an effective extension of our DTC footprint, covering regions and markets not yet reached by our self-operated stores. We cooperate with our distribution partners and they help us distribute to cover over 10,000 retail stores across China and collaborate with partners in more than 20 countries across North America, Europe, Southeast Asia, and the Middle East. Our distributors help place products in retail placement, extending brand presence in areas beyond our DTC coverage, while serving as an important window into regional market dynamics. They help us gauge local consumer preferences and test market potential, generating valuable insights that inform our future DTC expansion. This approach enables us to achieve broader market coverage in a capital-efficient manner, leveraging our partners' established retail relationships and local expertise, while keeping our internal resources focused on strengthening our self-operated capabilities.

Marketing engagement

Our marketing strategy creates an integrated communication ecosystem that drives IP growth and commercial value. We strategically manage a social media matrix across key platforms to effectively capture audience attention and direct traffic into a cohesive conversion funnel. As of September 30, 2026, our cumulative followers across major social platforms in China had reached approximately 800,000 (on a gross basis without adjustment for duplicate records across platforms), and our IP-related content had generated over 1.8 billion views on Douyin and over 300 million views on rednote across our flagship IPs. This growing digital footprint forms one of the foundations of our brand and IP-driven model, and our strong online engagement has directly translated into commercial success.

Beyond our core digital operations, we carefully design online-to-offline events that bring our IPs to life through immersive experiences. We position our offline DTC stores as dedicated hubs for brand-user interaction and experience, treating each store itself as an extension of our IP products that unifies brand expression within our self-operated system. As of September 30, 2026, we opened 8 DTC stores in key cities including Beijing, Shenzhen, Chongqing, Xi'an and Guangzhou. We are also expanding into automated retail through our roboshop network: as of September 30, 2026, we deployed 25 roboshops across key cities nationwide, extending our offline reach with lower fixed costs while collecting valuable data on product preferences and purchasing habits. With the initial rollout phase largely behind us, we are now shifting our focus from deployment scale to operational efficiency and data-driven refinement, using real-time consumer insights to inform product assortment and placement strategies. In addition, we operate pop-up stores, themed exhibitions, and holiday light shows across multiple core commercial districts, achieving high-traffic reach through landmark public spaces in Shanghai, Beijing, Tianjin, and other cities, and deepening brand-consumer interaction. We also participated in national-level events such as the China New Cultural & Creative Market & Trendy Toy Carnival, further enhancing brand visibility and expanding our industry presence.

Cross-industry co-branding and strategic partnerships continue to extend our brand's reach beyond traditional toy consumers. We have formally established a strategic partnership with Beijing Radio and Television Station, covering program co-creation, IP integration, and co-branded content production. *WAKUKU* was invited by the Tianjin Culture and Tourism Bureau to serve as a promotion ambassador, demonstrating our success in integrating IP with cultural and tourism development. In the consumer sector, *WAKUKU* launched a co-branding collaboration with LUKFOOK Jewellery, blending pop toy culture with fine jewelry design. In the technology and mobility space, we partnered with Apollo Go, Baidu's autonomous driving platform, to integrate our IPs with AI technology and smart mobility, spanning co-branding, in-vehicle exposure, and youth-focused content campaigns. In the entertainment industry, we participated in the official Golden Rooster Awards activities, with *WAKUKU* becoming one of the symbols of youth culture at the film festival, and collaborated with the popular variety show Call Me By Fire, bringing pop toy culture into mainstream television programming. In the sports sector, we became the first official pop toy brand partner in China Open history, generating over 200 million exposures, securing authentic interactions and organic endorsements from top global players, and achieving millions in sales revenue through themed pop-up stores. Building on this success, we extended the China Open partnership this year with *SIINONO* as the featured IP for the 2026 China Open. In August, *SIINONO* also launched a limited-edition co-branded sparkling water with Genki Forest and partnered with French fashion brand IRO Paris on an exclusive plush pendant collection. *fluffy lili* collaborated with CASEBANG on a Daydream series phone case collection and served as an official event partner for the 38th Hundred Flowers Awards. We also deepened our cultural presence through an exclusive collaboration with the Museum of Fine Arts, Boston, co-developing five co-branded products across three core IPs (*WAKUKU*, *ZIYULI*, and *SIINONO*) that bridge contemporary pop culture with classical art.

Looking forward, we will continue to accelerate the creation of offline scenarios to provide more spaces for IP-user interaction. In Hong Kong, our landmark cruise project at Central Pier has completed its final decoration, transforming the ship into a multi-layered vertical experiential space on Victoria Harbour. Ticket sales officially launched on Ctrip in September 2026, ahead of the maiden voyage in October 2026, capturing the peak tourist flows of the National Day Golden Week. These integrated efforts have ensured consistent brand exposure across all consumer touchpoints while aligning with contemporary aesthetic standards and targeted community preferences, providing strong support for the continued expansion of our IP matrix and the steady growth of our user base.

Our supply chain and manufacturing

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

- *Agile response.* Through deep collaboration with various suppliers, we efficiently support customized product needs and rapid process iterations, enabling swift product upgrades.

- *Flexible Production.* We have established a routine supplier collaboration mechanism that dynamically adjusts production schedules based on end sales data, ensuring timely supply while avoiding overstocking and effectively controlling inventory buildup risks.

- *Robust quality management.* We maintain quality monitoring through routine production audits and strict final inspections, supported by regular supplier training to ensure consistent output quality.

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

Supplier network

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

Supplier selection

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

Quality assurance

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

Our Legacy Businesses

Our individual online learning services

We previously offered adult learners easy-to-understand, affordable, and accessible online learning services through our platforms to address their diversified demands for personal development. Our online learning platforms included *QiNiu* (rebranded from *KuaiCai*), *JiangZhen* and *QianChi* (rebranded from *BanCai*). We had ceased to provide individual online learnings services or generated revenue therefrom after the VIE termination by September 30, 2025.

Our enterprise services

We previously offered marketing services to our enterprise customers. We primarily collaborated with premium securities brokerage firms, allowing them to connect with our learners to enlarge their customer base, and charged leads referral fees from financial intermediary enterprises and fintech companies. We had stopped providing enterprise services or generated revenue therefrom after the VIE termination by September 30, 2025.

Our consumer business

In early 2023, we began to engage in the consumer business through e-commerce leveraging our existing market position and user base. We had primarily explored business opportunities in wellness products for seniors and curated wellness products, to satisfy the seniors' aspirations for health and wellbeing. We had stopped providing consumer business or generated revenue therefrom after the VIE termination by September 30, 2025.

Data security and personal information protection

See "Item 16K. Cybersecurity" for details.

Competition

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

Intellectual Property

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

As of June 30, 2026, we had registered 99 patents, 19 domain names, 454 copyrights (including 33 software copyrights), and 1,419 trademarks (including 421 international trademarks) in China. In addition, we are in the process of registering a number of trademarks in Southeast Asia and other overseas markets with respect to our pop toy business.

Insurance

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

Regulation

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

Regulations on foreign investment

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

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

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

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

Regulations relating to blind boxes

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

Regulations relating to pan-entertainment product retail

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

Regulations on consumer protection

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

Regulations on product quality and liability

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

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

There are also national standards relating to our pop toy business, such as GB/T 26701-2011, GB6675-2014, GB/T 16716.1-2018, GB 38507-2020. The Standardization Administration under the State Administration for Market Regulation (previously named General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) issued a series of general principles. The National Toy Safety Technical Code of GB 6675-2014 issued on May 6, 2011 and implemented on January 1, 2016, which is mandatory requirement for toy industry. On October 5, 2025, the MIIT issued seven mandatory national standards, including "Safety of Toys—Part 1: Basic Specifications," effective from November 1, 2026.

Regulations on pricing

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

Regulations relating to unfair competition

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

Regulations relating to online sales of our product

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

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

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

Regulations on import and export of goods

The Foreign Trade Law of the People's Republic of China (the "PRC Foreign Trade Law"), was promulgated by the SCNPC on May 12, 1994, and last amended on December 25, 2025. Pursuant to the PRC Foreign Trade Law, the state allows free import and export of goods and technologies, unless it is otherwise provided under the laws and administrative regulations. According to the provisions of the PRC Foreign Trade Law, the state may restrict or prohibit the import or export of relevant goods or technologies for any of certain reasons. Import and export of goods that are banned or restricted for import and export without permission shall be handled and punished by the customs in accordance with the provisions of laws and administrative rules; if crime is constituted, the criminal liabilities shall be ascertained.

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

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

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

Regulations on advertisements

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

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

Regulations on intellectual property

Copyright

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

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

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

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

Trademarks

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

Patents

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

Domain names

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

Regulations on internet information security and censorship

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

In 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (the "Cybersecurity Law") and amended on October 28, 2025, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are subject to various security protection-related obligations, including but not limited to (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) providing technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law. On October 28, 2025, the SCNPC further revised the Cybersecurity Law, which came into effect on January 1, 2026. The revised Cybersecurity Law increases penalties under certain circumstances such as failure to discharge the obligation of safeguarding cybersecurity, and failure to take actions against information that is prohibited from being published or disseminated by laws or administrative regulations, and expands extraterritorial application for entities, organizations, or individuals outside the PRC engaging in activities that endanger the cybersecurity of the PRC.

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

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field (the "Protection Departments"), shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator. As of the date of this annual report, we have not been informed as a critical information infrastructure operator by any competent departments or administration departments.

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

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

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

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

Regulations on privacy protection

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

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

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

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

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

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

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

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

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

Regulations on value-added telecommunication services

Regulations relating to value-added telecommunications services

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

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

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

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

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

In 2015, the MIIT issued the Circular on Lifting Foreign Equity Ratio Restrictions on Online Data Processing and Transaction Processing Services (Operating E-commerce), foreign shareholding may reach 100% on online data processing and transaction processing services (operating e-commerce) nationwide.

Regulations relating to internet information services

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

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

Regulations on online transmission of audio-visual programs

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

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

Regulations on production and distribution of radio and television programs

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

Regulations on online publishing

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

Regulations on online live streaming services

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

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

Regulations on foreign exchange

Regulations relating to foreign currency exchange

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

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

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

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

Regulations relating to offshore investment

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

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

Regulations relating to stock incentive plans

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

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

Regulations on tax

Enterprise income tax

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

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

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

Value-added tax

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

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

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

On December 25, 2024, the latest amendment to the Value-added Tax Law of the PRC was promulgated, effective on January 1, 2026. After such amendment took effect, (i) all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets and real property, and the importation of goods within the territory of the PRC shall be liable to pay VAT, and the VAT tax rates generally applicable are simplified as 13%, 9%, 6% and 0%, and (ii) the VAT tax rate applicable to the small-scale taxpayers is 3%. On December 25, 2025, the Regulations for the Implementation of the Value-Added Tax Law of the PRC were promulgated, which further clarify the applicable tax rates and determine the calculation methods for tax payable in different situations.

Regulations on dividend distribution

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

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

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

Regulations on employment and social welfare

Regulations relating to employment

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

Regulations relating to social insurance and housing fund

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

The Administrative Measures on Housing Funds issued by the State Council in 1999 and latest amended on August 10, 2026 provides that enterprise must register with the competent managing center for housing funds and shall contribute to the housing fund for its employees, failure to timely pay and deposit housing fund contributions in full amount will be ordered to complete the relevant procedures within a prescribed time limit or be fined.

Regulations on anti-monopoly

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

Regulations on M&A and overseas listings

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

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

On July 6, 2021, General Office of the State Council and General Office of the CPC Central Committee issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China- based overseas-listed companies.

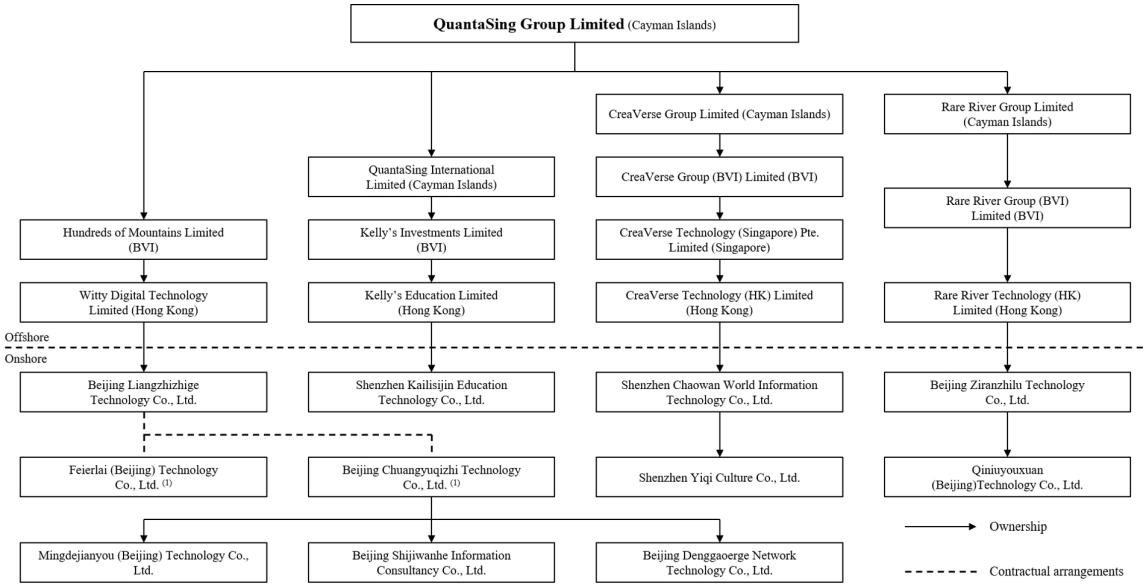
The new rules for the filing-based administration of overseas securities offerings and listings by Chinese domestic enterprises released on February 17, 2023 establish a new filing-based regime to regulate overseas offerings and listings by domestic enterprises. The new filing rules consist of the Trial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

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

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

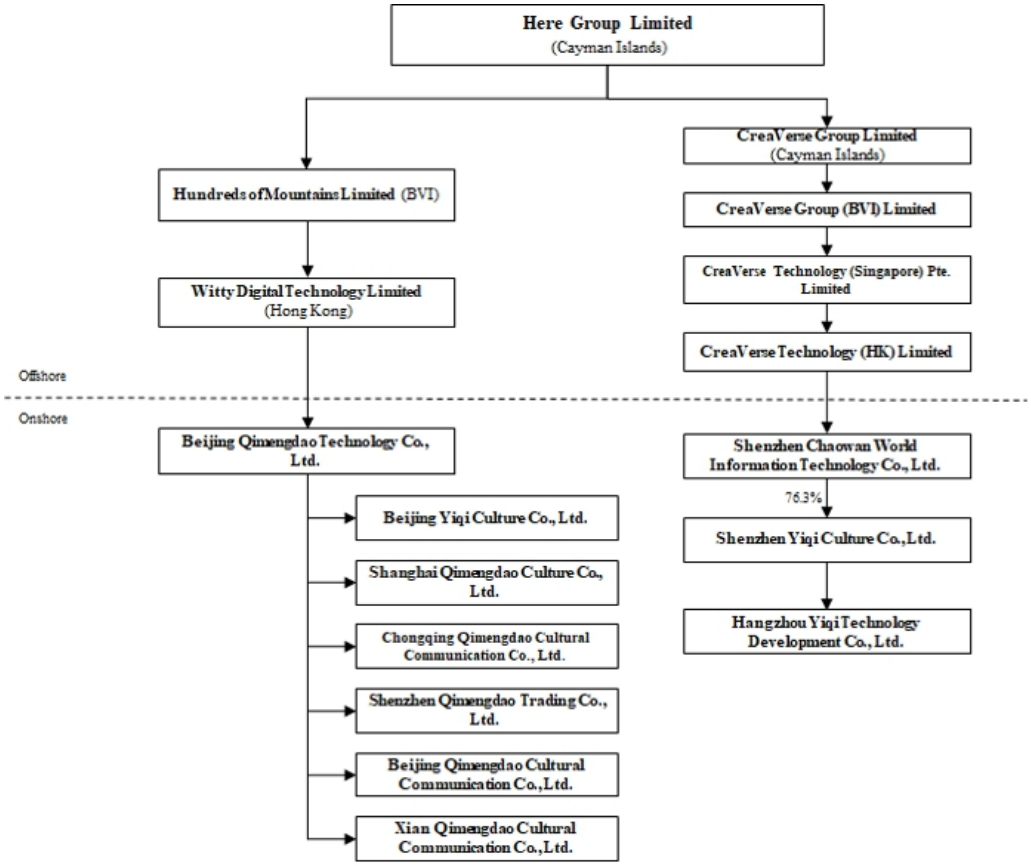
C. Organizational Structure

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



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

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



The following table sets out the details of our subsidiaries that are significant to us as of the date of this annual report.

Subsidiaries	Place of Incorporation
CreaVerse Group Limited	Cayman Islands
CreaVerse Group (BVI) Limited	BVI
CreaVerse Technology (Singapore) Pte. Limited	Singapore
CreaVerse Technology (HK) Limited	Hong Kong
Shenzhen Chaowan World Information Technology Co., Ltd.	PRC
Shenzhen Yiqi Culture Co., Ltd.	PRC
Hangzhou Yiqi Technology Development Co., Ltd.	PRC
Hundreds of Mountains Limited	BVI
Witty Digital Technology Limited	Hong Kong
Beijing Qimengdao Technology Co., Ltd.	PRC
Beijing Yiqi Culture Co., Ltd.	PRC
Shanghai Qimengdao Culture Co., Ltd.	PRC
Chongqing Qimengdao Cultural Communication Co., Ltd.	PRC
Shenzhen Qimengdao Trading Co., Ltd.	PRC
Beijing Qimengdao Cultural Communication Co., Ltd.	PRC
Xi'an Qimengdao Cultural Communication Co., Ltd.	PRC

Our Historical Contractual Arrangements

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

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

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

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

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

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

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

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

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

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

D. Property, Plants and Equipment

Our principal offices are located in Beijing, Shenzhen and Hangzhou, and we also leased stores in Beijing, Shenzhen, Xi'an and Chongqing and vending spaces for our roboshops in cities including Beijing, Shanghai and Shenzhen, as well as warehouses in Dongguan. Our leased premises in mainland China amounted to approximately 25,769 square meters in aggregate, with lease terms generally ranging from approximately three months to three years as of June 30, 2026. We also leased office in Hong Kong of approximately 110 square meters in aggregate, with lease terms of three years as of the same date. We lease all the facilities that we currently occupy from unaffiliated third parties. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

A. Operating Results

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

Key Factors Affecting Our Results of Operations

General factors affecting our results of operations

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

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

Historically, we primarily derived revenue from individual online learning services before the VIE Termination in September 2025. Our results of operations and financial condition in the past had depended significantly on the overall development status, competitive landscape and regulatory regime of China's online adult learning industry.

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

Specific factors affecting our results of operations

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

Change in offering mix and business model

We had experienced a shift in our offering mix in terms of our online course offerings and consumer goods offerings for our legacy individual online learning services and consumer business, and, more recently, a shift of our business model along with the change of our focus to the pop toy business and the spin-off of our legacy individual online services business and consumer business. Such shifts have affected, and are expected to continue to affect, our financial performance, especially our revenue growth and profit margin. Specifically, as a result of our business restructuring, we have ceased to engage in any individual online learning services business in the PRC or overseas or any other consumer businesses or any other business, and due to such divestiture, assets, liabilities, revenues and expenses and cash flows related to the legacy businesses have been reclassified in the accompanying consolidated financial statements as discontinued operation for all periods presented.

We entered into the pop toy sector, which is our main business now, through the acquisition of equity interests in Shenzhen Letsvan in March 2025. In the fiscal years ended June 30, 2025 and 2026, revenue from pop toy business was approximately RMB65.8 million and RMB596.8 million (US$88.0 million), respectively. The business model, revenue and cost structure and gross profit margin of the pop toy business, differ significantly from that of our individual online learning services and consumer business, which may affect our results of operations accordingly. As a result, any future change in our service offering mix or change in profit margin of any business may have a corresponding impact on our overall gross profit margin.

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

Factors affecting our pop toy business

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

Our IP portfolio lays the foundation for the expansion and enhancement of our product offering and the establishment of our fan base among consumers. We have curated a number of key IPs, including WAKUKU, SIINONO and ZIYULI. Our future success depends on the ongoing popularity of our key IPs, as well as the development and marketing of new IPs. We build our product portfolio upon these IPs. As of June 30, 2026, our product portfolio consisted of 13 proprietary IPs and 9 exclusive licensed IPs. Our revenue growth depends on our ability to expand, diversify and optimize our product portfolio upon popular IPs.

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

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

Ability to control our operating costs and expenses

Our operating margins depend in part on our ability to control our costs and realize additional operation leverage as we expand. For the fiscal years ended June 30, 2024, 2025 and 2026, for pop toy business, our cost of revenues accounted for nil, 65.3% and 66.9% of our total revenues, respectively. Our current pop toy business now has a substantially different cost structure, as costs of goods sold have become a major component, in contrast to the staff and labor outsourcing costs that dominated our legacy business. Historically, we have benefited from the significant scalability of our business model and have been able to control those costs at a relatively low level despite the significant growth in our revenues. Our ability to continue to control our costs largely depends on our ability to increase the economic benefits from the scalability of our business model and utilize advanced technology to optimize our course operations. As we have transitioned to a pop toy company, we expect that our costs of goods sold will have a prominent impact on our costs.

Historically, our sales and marketing expenses primarily consisted of online advertising spending, and to a lesser extent, compensation to our sales and marketing personnel, in connection with individual online learning services. As we shifted our focus to the pop toy sector, we have incurred and will continue to incur corresponding expenses to promote relevant businesses. For instance, we incur expenses with the promotion and penetration of our pop toy business, such as staff costs for relevant sales personnel, marketing and promotional expenses, and expenses related to sales channels. We expect to experience increases in these expenses as we have been engaging in massive business expansion activities for our pop toy business, which is at a relatively early stage of development and mandates substantive devotion of upfront investments. We may also incur fluctuations in other operating expenses due to the growth and/or changes of our business scale and scope of operations. For instance, we may experience increases in our operating expenses along with the growth of our pop toy business.

Non-GAAP Financial Measures

Adjusted net loss from continuing operations

To supplement our consolidated financial statements which are presented in accordance with U.S. GAAP, we also use adjusted net loss from continuing operations as an additional non-GAAP financial measure. We define adjusted net loss from continuing operations as net loss from continuing operations excluding share-based compensation and impairment loss on goodwill. We present this non-GAAP financial measure because our management uses it to evaluate our operating performance. We also believe that this non-GAAP financial measure provides useful information to investors and others in understanding and evaluating the consolidated financial results in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

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

The following table sets forth a reconciliation of our net loss from continuing operations to adjusted net loss from continuing operations for the periods indicated.

	For the fiscal year ended June 30,			
	2024	2025	2026	
	RMB	RMB	RMB	US$
	(in thousands)			
Net loss from continuing operations	—	(21,806)	(254,935)	(37,572)
Less: share-based compensation	—	(2,513)	(36,963)	(5,448)
Less: impairment loss on goodwill	—	—	(124,059)	(18,284)
Adjusted net loss from continuing operations	—	**(19,293)**	**(93,913)**	**(13,840)**

Key Components of Our Results of Operations

Revenues

For the fiscal years ended June 30, 2025 and 2026, we generated revenue from continuing operations primarily from our pop toy business. We began to generate revenue from pop toy business in the fourth quarter of the fiscal year ended June 30, 2025, with the acquisition of Shenzhen Letsvan.

The following table sets forth a breakdown of our revenues from continuing operations by sales channel, both by absolute amount and as a percentage of our total revenues from continuing operations for the periods indicated.

	For the fiscal year ended June 30,						
	2024		2025		2026		
	RMB	%	RMB	%	RMB	US$	%
	(RMB in thousands, except for percentages)						
Revenues							
Revenue from distributor	—	—	51,953	79.0	446,274	65,773	74.8
Revenue from online sales	—	—	12,820	19.5	126,035	18,575	21.1
Revenue from retail store sales and roboshop sales and other retail channels	—	—	1,008	1.5	20,366	3,002	3.4
Others	—	—	—	—	4,123	607	0.7
Total	—	—	**65,781**	**100.0**	**596,798**	**87,957**	**100.0**

The following table sets forth a breakdown of our revenues from continuing operations by IPs, both by absolute amount and as a percentage of our total revenues from continuing operations for the periods indicated.

	For the fiscal year ended June 30,						
	2024		2025		2026		
	RMB	%	RMB	%	RMB	US$	%
	(RMB in thousands, except for percentages)						
Revenues							
WAKUKU	—	—	42,959	65.3	369,291	54,427	61.9
SIINONO	—	—	—	—	92,667	13,657	15.5
ZIYULI	—	—	17,591	26.7	57,404	8,460	9.6
Others [(1)]	—	—	5,231	8.0	77,436	11,413	13.0
Total	—	—	**65,781**	**100.0**	**596,798**	**87,957**	**100.0**

(1) "Others" refers to revenue generated from all other IPs, such as *MEMIMO*, *FUNII*, *FIILA*, *impopo pix, YEAOHUA* and co-branded IPs, and other revenues, aggregated and presented as "Others".

Following the disposal of the legacy businesses on September 30, 2025, we derived substantially all of our revenue from pop toy business. We sell pop toys through third-party distributors, online platforms, self-operated retail stores and roboshops. In third-party distributor arrangements, the distributor is our direct customer. In other sale channels, we sell directly to end consumers. We act as the principal in all revenue arrangements, as we bear inventory risk, have primary responsibility for product fulfillment and quality, and maintain pricing discretion. Accordingly, we recognize revenue on a gross basis for the full amount of consideration to which we expect to be entitled, upon transfer of control of the products to the customer.

Cost of revenues

Costs of revenues primarily consist of costs of goods sold, license fee, costs associated with operating the supply chain. The following table sets forth a breakdown of our cost of revenues from continuing operations by nature, both by absolute amount and as a percentage of our total cost of revenues from continuing operations for the periods indicated.

	For the fiscal year ended June 30,						
	2024		2025		2026		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Costs of goods sold	—	—	39,844	92.7	336,675	49,620	84.3
Warehousing and logistics costs	—	—	1,035	2.4	19,867	2,928	5.0
License fees	—	—	—	—	16,110	2,374	4.0
Others[(1)]	—	—	2,091	4.9	26,895	3,964	6.7
Total	**—**	**—**	**42,970**	**100.0**	**399,547**	**58,886**	**100.0**

(1) Include primarily salaries and benefit costs, molds depreciation costs, amortization of intangible assets and occupancy costs.

Operating expenses

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

	For the fiscal year ended June 30,						
	2024		2025		2026		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Operating expenses:							
Sales and marketing expenses	—	—	19,108	40.0	194,383	28,649	39.5
Research and development expenses	—	—	9,010	18.9	44,274	6,525	9.0
General and administrative expenses	—	—	19,673	41.1	128,925	19,001	26.2
Impairment loss on goodwill	—	—	—	—	124,059	18,284	25.3
Total	**—**	**—**	**47,791**	**100.0**	**491,641**	**72,459**	**100.0**

Taxation

Cayman Islands

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

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

British Virgin Islands

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

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

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

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

Hong Kong

Certain of our intermediary holding companies were incorporated in Hong Kong. Since the two-tiered profits tax regime took effect on April 1, 2018, the applicable Hong Kong profits tax rate has been 8.25% for assessable profits on the first HK$2.0 million and 16.5% for any assessable profits in excess of HK$2.0 million. During the fiscal years ended June 30, 2024, 2025 and 2026, Hong Kong profits tax was not incurred, as there were no taxable profits derived from Hong Kong.

China

We primarily operate our current business in China through our WFOEs, and, historically, we operated our principal business, i.e., individual online learning services, through the VIEs and its subsidiaries, which were all incorporated in China. Under the PRC Enterprise Income Tax Law ("EIT Law"), the standard enterprise income tax rate is 25%. Entities qualifying as High and New Technology Enterprises ("HNTE") qualify for a preferential tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. Beijing Liangzizhige was qualified as a HNTE in 2022 and 2025, respectively, and applied a preferential enterprise income tax rate of 15% as an HNTE from 2022 to 2025. Beijing Liangzizhige's HNTE status has been extended through October 2028. However, due to changes in facts and circumstances, beginning in the 2026 calendar year, although it continues to hold HNTE status, it no longer meets the conditions for HNTE tax treatment, and will apply the standard enterprise income tax rate of 25% from the 2026 calendar year onward.

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

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

To the extent that our subsidiaries have undistributed earnings, we will accrue appropriate expected withholding tax associated with repatriation of such undistributed earnings. In the fiscal years ended June 30, 2024 and 2025, Beijing Liangzizhige distributed a portion of its retained earnings of approximate US$5.3 million and US$10.0 million to its holding company in Hong Kong, Witty Digital Technology Limited, respectively. As of June 30, 2024, we had applied withholding tax rate of 5% based on the facts and circumstances of the offshore subsidiary and management's interpretation of the HK DTA back then. During the year ended June 30, 2025, as there were new changes in relevant facts and circumstances, we accrued withholding tax on undistributed earnings as of June 30, 2025 using a 10% tax rate to reflect the management' estimation accordingly. From June 30, 2025, we continued to apply the 10% withholding tax rate.

Discontinued Operation

On September 30, 2025, we entered into the VIE Termination Agreement with Beijing Feierlai and Beijing Chuangyuqizhi, and the respective nominee shareholder of Beijing Feierlai and Beijing Chuangyuqizhi, to terminate the contractual arrangements among these parties. As part of the business restructuring and in connection with the termination of the VIE Agreements, we entered into equity transfer agreements with the relevant entities of a third-party buyer on September 30, 2025. As a result of the business restructuring, we ceased to engage in any individual online learning services business in the PRC or overseas or any other consumer businesses or any other business. We refer to these transactions as the divestiture of the legacy businesses. The divestiture of the legacy business represents a strategic shift and has a major effect on our result of operations. Accordingly, assets, liabilities, revenues and expenses and cash flows related to the legacy businesses have been reclassified in the accompanying consolidated financial statements as discontinued operation for all periods presented. The consolidated balance sheets as of June 30, 2025 and 2026, consolidated financial statements of operations and consolidated financial statements of cash flows for the years ended June 30, 2024, 2025 and 2026 have been adjusted to reflect this change. Specifically, net income of RMB385.5 million, RMB378.4 million, RMB318.5 million for years ended June 30, 2024, 2025 and 2026, respectively, have been excluded from our financial results from continuing operations and have been separately reclassified to the discontinued operation.

Results of Operations

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

	For the fiscal year ended June 30,			
	2024	2025	2026	
	RMB	RMB	RMB	US$
	(in thousands, except for per share data)			
Revenues	—	**65,781**	**596,798**	**87,957**
Cost of revenues	—	(42,970)	(399,547)	(58,886)
Gross profit	—	**22,811**	**197,251**	**29,071**
Operating expenses:				
Sales and marketing expenses	—	(19,108)	(194,383)	(28,649)
Research and development expenses	—	(9,010)	(44,274)	(6,525)
General and administrative expenses	—	(19,673)	(128,925)	(19,001)
Impairment loss on goodwill	—	—	(124,059)	(18,284)
Total operating expenses	—	**(47,791)**	**(491,641)**	**(72,459)**
Loss from operations	—	(24,980)	(294,390)	(43,388)
Other incomes, net:				
Interest income	—	796	11,343	1,672
Others, net	—	5,728	16,648	2,454
Loss before income tax	—	**(18,456)**	**(266,399)**	**(39,262)**
Income tax (expense)/benefit	—	(3,350)	11,464	1,690
Net loss from continuing operations	—	**(21,806)**	**(254,935)**	**(37,572)**
Net income from discontinued operation	**385,527**	**378,374**	**318,451**	**46,934**
Net income	**385,527**	**356,568**	**63,516**	**9,362**
Net loss/(income) attributable to non-controlling interests	—	2,162	(1,083)	(160)
Net income attributable to ordinary shareholders of Here Group Limited	**385,527**	**358,730**	**62,433**	**9,202**
Including				
Net loss from continuing operations attributable to ordinary shareholders of Here Group Limited	—	(19,641)	(256,006)	(37,730)
Net income from discontinued operation attributable to ordinary shareholders of Here Group Limited	385,527	378,371	318,439	46,932
Net loss from continuing operations per share attributable to ordinary shareholders of the Company - basic	—	(0.12)	(1.59)	(0.23)
Net income from discontinued operation per share attributable to ordinary shareholders of the Company - basic	2.34	2.35	1.97	0.29
Net loss from continuing operations per share attributable to ordinary shareholders of the Company - diluted	—	(0.12)	(1.59)	(0.23)
Net income from discontinued operation per share attributable to ordinary shareholders of the Company - diluted	2.34	2.35	1.97	0.29
Comprehensive income:				
Net income	**385,527**	**356,568**	**63,516**	**9,362**
Other comprehensive loss	(4,869)	(806)	(4,557)	(672)
Total comprehensive income	**380,658**	**355,762**	**58,959**	**8,690**
Comprehensive loss/(income) attributable to non-controlling interests	—	2,162	(1,083)	(160)
Total comprehensive income/(loss) attributable to ordinary shareholders of Here Group Limited	**380,658**	**357,924**	**57,876**	**8,530**
Non-GAAP financial measure[(1)]				
Adjusted net loss from continuing operations	—	**(19,293)**	**(93,913)**	**(13,840)**

(1) See "—Non-GAAP Financial Measures."

Change in Segment Reporting

For the fiscal year ended June 30, 2024, we identified two operating segments, including learning service and others and consumer business. For the fiscal year ended June 30, 2025, as a result of the acquisition of Shenzhen Letsvan in March 2025, we identified one more operating segment, pop toy business. Subsequent to the disposal of legacy businesses in September 2025, our chief operating decision maker ("CODM") relies upon the consolidated results of operations as a whole for the only remaining business, being the pop toy business, when making decisions about allocating resources and assessing the performance of the Group. As a result of the assessment made by our CODM, we have determined we have only one reportable segment as defined by ASC 280.

Fiscal year ended June 30, 2026 compared to fiscal year ended June 30, 2025

Fiscal year ended June 30, 2025 continuing operations results reflect only the fourth quarter of fiscal year ended June 30, 2025 because our pop toy business commenced operations in the fourth quarter of fiscal year ended June 30, 2025 following the acquisition of Shenzhen Letsvan by the end of March 2025. The historical results of the legacy businesses are presented as discontinued operation in accordance with ASC 205-20.

Revenues

Our revenues from continuing operations, generated solely from pop toy sales and related activities, were RMB596.8 million (US$88.0 million) for the fiscal year ended June 30, 2026, from RMB65.8 million for the fiscal year ended June 30, 2025. The year-over-year results of continuing operations are not directly comparable as a result of the reason mentioned above.

Cost of revenues

Our cost of revenues from continuing operations, primarily consisting of the cost of pop toy products sold, license fee, costs associate with operating the supply chain, were RMB399.5 million (US$58.9 million) for the fiscal year ended June 30, 2026, from RMB43.0 million for the fiscal year ended June 30, 2025. The year-over-year results of continuing operations are not directly comparable as a result of the reason mentioned above.

Gross profit and gross margin

As a result of the foregoing, our gross profit from continuing operations was RMB197.3 million (US$29.1 million) for the fiscal year ended June 30, 2026, compared to RMB22.8 million for the fiscal year ended June 30, 2025.

Sales and marketing expenses

Our sales and marketing expenses from continuing operations, primarily consisting of advertising and promotional expenditures and employee compensation incurred to enhance product and brand visibility, support customer acquisition, and expand the Company's market presence, were RMB194.4 million (US$28.6 million) for the fiscal year ended June 30, 2026, compared to RMB19.1 million for the fiscal year ended June 30, 2025. The year-over-year results of continuing operations are not directly comparable as a result of the reason mentioned above.

Research and development expenses

Our research and development expenses from continuing operations, primarily consisting of expenses supporting innovation across the Company's pop toy portfolio, including the design and development of new products, were RMB44.3 million (US$6.5 million) for the fiscal year ended June 30, 2026, compared to RMB9.0 million for the fiscal year ended June 30, 2025. The year-over-year results of continuing operations are not directly comparable as a result of the reason mentioned above.

General and administrative expenses

Our general and administrative expenses from continuing operations, primarily consisting of costs supporting the Company's core operational functions, including employee compensation, professional service fees, and other operational expenses, were RMB128.9 million (US$19.0 million) for the fiscal year ended June 30, 2026, compared to RMB19.7 million for the fiscal year ended June 30, 2025. The year-over-year results of continuing operations are not directly comparable as a result of the reason mentioned above.

Impairment loss on goodwill

Our impairment loss on goodwill related to the acquisition of Shenzhen Letsvan was RMB124.1 million (US$18.3 million) for the fiscal year ended June 30, 2026, primarily reflecting lower-than-anticipated financial performance amid macroeconomic headwinds.

In performing the quantitative impairment test, we used an income approach based on a discounted cash flow model ("DCF model") and compared the fair value of the reporting unit with its carrying amount, including goodwill. Forecasts of future cash flows are based primarily on the management's best estimate and management believes forecasted operating cash flows were the best indicator of the fair value of the reporting unit. A number of significant assumptions were involved in the preparation of the DCF models, including future revenues and discount rates. Changes in these forecasts could significantly change the amount of impairment recorded. Therefore, it may be necessary to record further impairment charges to these reporting units in the future, if any changes occur.

Loss from operations

As a result of the foregoing, we recorded loss from operations of RMB25.0 million and RMB294.4 million (US$43.4 million) for the fiscal years ended June 30, 2025 and 2026, respectively.

Interest income

Our interest income from continuing operations was RMB11.3 million (US$1.7 million) for the fiscal year ended June 30, 2026, compared to RMB0.8 million for the fiscal year ended June 30, 2025, primarily due to the recognition of financing income on the newly added long-term consideration receivable from the divestiture.

Others, net

Our others, net from continuing operations were RMB16.6 million (US$2.5 million) for the fiscal year ended June 30, 2026, compared to RMB5.7 million for the fiscal year ended June 30, 2025, primarily driven by the newly added service fee for transition services related to the legacy businesses, partially offset by the increased share of net loss from our equity method investees.

Income tax expense

Our income tax benefits from continuing operations were RMB11.5 million (US$1.7 million) for the fiscal year ended June 30, 2026, compared with income tax expenses from continuing operations of RMB3.4 million for the fiscal year ended June 30, 2025.

Net loss from continuing operations

As a result of the foregoing, we incurred net loss from our continuing operations of RMB21.8 million and RMB254.9 million (US$37.6 million) for the fiscal years ended June 30, 2025 and 2026, respectively.

Net income from discontinued operation

We recorded net income from discontinued operation, net of income tax of RMB378.4 million and RMB318.5 million (US$46.9 million) for the fiscal years ended June 30, 2025 and 2026, respectively.

Net income

As a result of the foregoing, we recorded net income of RMB356.6 million and RMB63.5 million (US$9.4 million) for the fiscal years ended June 30, 2025 and 2026, respectively.

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

We began our pop toy business since the fourth quarter of fiscal year ended June 30, 2025, following the acquisition of Shenzhen Letsvan by the end of March 2025. The operating and financial results for the fiscal years ended June 30, 2025 from the pop toy business reflect only the fourth quarter for this year and there are no comparative data for pop toy business for the year ended June 30, 2024. Most of our operating results for the year ended June 30, 2025 are generated from the legacy businesses, which have been reclassified as discontinued operation in the accompanying consolidated financial statements. For a detailed description of the comparison of our operating results, prior to the divestiture of the establishes business, for the year ended June 30, 2024 to the year ended June 30, 2025, see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations—Fiscal Year Ended June 30, 2025 Compared to Fiscal Year Ended June 30, 2024" of our annual report on Form 20-F filed with the Securities and Exchange Commission on October 31, 2025.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

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

	For the fiscal year ended June 30,			
	2024	2025	2026	
	RMB	RMB	RMB	US$
	(in thousands)			
Net cash used in operating activities from continuing operations	—	(258,862)	(223,132)	(32,887)
Net cash provided by operating activities from discontinued operation	282,720	442,748	83,706	12,337
Net cash (used in)/provided by investing activities from continuing operations	—	(86,884)	1,180	175
Net cash (used in)/provided by investing activities from discontinued operation	(132,784)	80,465	(64,183)	(9,459)
Net cash used in financing activities from continuing operations	—	(25,574)	(212,501)	(31,319)
Net cash used in financing activities from discontinued operation	(130,192)	(80,053)	—	—
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,934)	(707)	(4,190)	(617)
Net increase/(decrease) in cash and cash equivalents and restricted cash	15,810	71,133	(419,120)	(61,770)
Cash and cash equivalents and restricted cash at the beginning of the period	764,281	780,091	851,224	125,455
Cash and cash equivalents and restricted cash at the end of the period	780,091	851,224	432,104	63,685
Less: Cash and cash equivalents and restricted cash at the end of the year from discontinued operation	780,091	357,524	—	—
Cash and cash equivalents and restricted cash at the end of the year from continuing operations	—	493,700	432,104	63,685

To date, we have financed our operating and investing activities primarily through net cash generated by operating activities and cash from historical equity financing activities. As of June 30, 2025 and 2026, our cash and cash equivalents and restricted cash were RMB493.7 million and RMB432.1 million (US$63.7 million), respectively. Our cash and cash equivalents primarily consist of cash on hand and deposits which have original maturities of three months or less and are readily convertible to cash. As of June 30, 2025 and 2026, our short-term investments were RMB140.0 million and RMB178.2 million (US$26.3 million), respectively. Short-term investments include wealth management product and equity securities of publicly listed companies.

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

As of June 30, 2026, 95.1%, 1.0%, 0.2%, 3.4%, 0.2% and 0.1% of our cash and cash equivalents and restricted cash were held in mainland China, Hong Kong, the United States, Singapore, Vietnam and Indonesia, respectively. As of June 30, 2026, 92.7%, 6.8%, 0.1%, 0.2% and 0.2% of our cash and cash equivalents and restricted cash were denominated in Renminbi, U.S. dollars, Hong Kong Dollars, Singapore Dollars and Indonesian Rupiah, respectively. As of June 30, 2026, 92.9% and 7.1% of our short-term investments were held in mainland China and Hong Kong, respectively.

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

For the fiscal year ended June 30, 2026, the majority of our revenues have been in the form of Renminbi. We expect that the majority of our revenues will continue to be in the form of Renminbi in the near future, except for revenues from international markets via online platforms and third-party distributors. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our WFOEs are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our WFOEs to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our WFOEs are required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. In the fiscal year ended June 30, 2024 and 2025, Beijing Liangzizhige distributed a portion of its retained earnings of approximate US$5.3 million and US$10.0 million to its holding company in Hong Kong, Witty Digital Technology Limited. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks. As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our WFOEs only through loans or capital contributions, subject to the approval, filings or registration of government authorities and limits on the amount of capital contributions and loans. The PRC government may at its discretion restrict access to foreign currencies for current account transactions or capital account transactions in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Chin—Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment."

Operating activities

Our net cash used in operating activities from continuing operations for the fiscal year ended June 30, 2026 was RMB223.1 million (US$32.9 million), primarily due to net loss from continuing operations of RMB254.9 million (US$37.6 million), as adjusted primarily by certain non-cash items, including impairment loss on goodwill of RMB124.1 million (US$18.3 million), share-based compensation of RMB37.0 million (US$5.4 million), amortization of intangible assets of RMB11.9 million (US$1.7 million) and deferred income tax benefit of RMB11.4 million (US$1.7 million), and changes working capital that positively affected our operating cash flows, including (1) an increased in accounts payable of RMB39.4 million (US$5.8 million), primarily due to higher purchases of our pop toy products; and (2) a decrease in prepayments and other current assets of RMB23.0 million (US$3.4 million), primarily due to lower receivables from financial institutions' security accounts and from the ESOP platform relating to share option exercise proceeds (on behalf of employees), partially offset by higher receivables from third-party payment platforms and e-commerce platforms, partially offset by changes in working capital that negatively affected our operating cash flows, including (1) an increase in inventory, net of RMB120.7 million (US$17.8 million), primarily due to the acquisition of our pop toy business in March 2025 and the subsequent expansion of our pop toy operations; (2) a decrease in accrued expenses and other current liabilities of RMB91.5 million (US$13.5 million), primarily due to lower payables to employee-related payables associated with share option exercise proceeds and accrued payroll and welfare benefits; and (3) an increase in operating lease right-of-use assets of RMB22.9 million (US$3.4 million), primarily due to the expansion of our offline store network.

Our net cash used in operating activities from continuing operations for the fiscal year ended June 30, 2025 was RMB258.9 million, primarily due to net loss of RMB21.8 million, as adjusted primarily by certain non-cash items, including amortization of intangible assets of RMB3.0 million and fair value change of short-term investments of RMB3.3 million, and changes working capital that positively affected our operating cash flows, including (1) a decrease in operating lease right-of-use assets of RMB5.3 million, primarily due to our enhanced expenses management; and (2) an increase in accounts payable of RMB5.1 million, primarily due to increased purchase, partially offset by changes in working capital that negatively affected our operating cash flows, including (1) an increase in prepayments and other current assets of RMB39.7 million, primarily due to lower receivables from financial institutions' security accounts and from the ESOP platform relating to share option exercise proceeds (on behalf of employees); and (2) an decrease in accrued expenses and other current liabilities of RMB178.1 million, primarily due to a decrease in payables to entities of the legacy businesses.

Our net cash provided by operating activities from continuing operations amounted to nil for the fiscal year ended June 30, 2024.

Investing activities

Our net cash provided by investing activities from continuing operations for the fiscal year ended June 30, 2026 was RMB1.2 million (US$0.2 million), primarily attributable to proceeds from the disposal of the legacy businesses of RMB75.0 million (US$11.1 million), partially offset by net cash outflow from purchase and proceeds from short-term investments of RMB39.4 million (US$5.8 million) and purchase of property and equipment of RMB23.1 million (US$3.4 million).

Our net cash used in investing activities from continuing operations for the fiscal year ended June 30, 2025 was RMB86.9 million, primarily due to cash paid for the business acquisition of Shenzhen Letsvan of RMB20.0 million and net cash outflow from purchase and proceeds from for short-term investments of RMB66.3 million.

Our net cash used in investing activities from continuing operations amounted to nil for the fiscal year ended June 30, 2024.

Financing activities

Our net cash used in financing activities from continuing operations for the fiscal year ended June 30, 2026 was RMB212.5 million (US$31.3 million), primarily due to cash paid for repurchase of the ADSs of RMB77.0 million (US$11.3 million) and cash paid for the acquisition of non-controlling interests of Shenzhen Letsvan of RMB130.0 million (US$19.2 million).

Our net cash used in financing activities from continuing operations for the fiscal year ended June 30, 2025 was RMB25.6 million, primarily due to cash paid for repurchase of the ADSs of RMB16.1 million and cash paid for the acquisition of non-controlling interests of Shenzhen Letsvan of RMB7.9 million.

Our net cash used in financing activities from continuing operations amounted to nil for the fiscal year ended June 30, 2024.

Material Cash Requirements

Our material cash requirements as of June 30, 2026 and any subsequent interim period primarily include working capital needs, capital expenditures and operating lease obligations.

Capital expenditures

We made capital expenditures of nil, RMB1.9 million and RMB30.5 million (US$4.5 million) for the fiscal years ended June 30, 2024, 2025 and 2026, respectively. Our capital expenditures primarily consist of computers and electronic equipment, office furniture and equipment, leasehold improvements and purchase of intangible assets. We expect to continue to incur similar capital expenditure in the future as we grow our business. We intend to fund our future capital expenditures with our existing cash balance and proceeds. We will continue to make capital expenditures to meet the expected growth of our business.

Contractual obligations

The following table sets forth our operating lease obligations and operating lease commitments as of June 30, 2026.

		For the fiscal year ended June 30,		
	Total	**2027**	**2028**	**2029**
	(RMB in thousands)			
Operating lease payments	35,976	19,384	13,482	3,110
Total	**35,976**	**19,384**	**13,482**	**3,110**

Other than as shown above, we did not have any material capital and other commitments, long-term obligations, guarantees or other reasonably likely material cash requirements as of June 30, 2026.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in product development services with us.

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

See "Item 4. Information on the Company—B. Business Overview—Our IP Development Strategy" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended June 30, 2026 that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting 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. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

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

Valuation of intangible asset acquired in business combination

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

Impairment assessment of goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination. We assess goodwill for impairment in accordance with ASC Subtopic 350-20, Intangibles—Goodwill and Other: Goodwill ("ASC 350-20"), which requires goodwill to be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20. A significant amount of judgment is required in performing impairment tests, including the optional assessment of qualitative factors for the annual impairment test, which is used to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the qualitative assessment, we consider primary factors such as, industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. This assessment serves as a basis for determining whether it is necessary to perform a quantitative impairment test.

The quantitative evaluation compares the carrying value of each reporting unit that has goodwill with the estimated fair value of the respective reporting unit. Should the carrying value of a reporting unit be in excess of the estimated fair value of that reporting unit, a goodwill impairment loss will be recognized.

As of June 30, 2026, the gross carrying value of goodwill was RMB187.6 million. Following the divesture of the legacy businesses, we now operate solely in the pop toy business, and management has determined that the entire Group constitutes a single reporting unit. As the actual financial performance of the reporting unit did not meet prior forecasted expectations and unfavorable local market conditions, we performed a quantitative impairment test of goodwill.

In performing the quantitative impairment test, we used an income approach based on a discounted cash flow model ("DCF model") and compared the fair value of the reporting unit with its carrying amount, including goodwill. A number of significant assumptions were involved in the preparation of the DCF models, including forecasted revenues and discount rates. Based on the results of the quantitative goodwill impairment test, an impairment charge in goodwill arising from the acquisition of Shenzhen Letsvan of RMB124.1 million was recorded in the consolidated statements of operations and comprehensive income for the fiscal year ended June 30, 2026. After recognizing the impairment charge, the remaining balance of goodwill was RMB63.5 million as of June 30, 2026.

Forecasted revenues. The financial projection was based on the financial budgets approved by our management, which considered the historical performance and its expectation for future market development, such as constructing and maintaining an effective product portfolio and IP portfolio and developing a robust sales channel and implementing effective marketing strategies.

Discount rate. When measuring possible impairment, future cash flows are discounted at a rate that is consistent with a weighted-average cost of capital that we anticipate a potential market participant would use. Weighted-average cost of capital is an estimate of the overall risk-adjusted rate of return expected by equity and debt holders of a business enterprise.

The following table sets out the key assumptions on which management had based its cash flow projections to undertake impairment testing of goodwill:

	As of June 30, 2026
Annual growth rate of revenue in the projected period	-25% to 12%
Post-tax discount rate	17.00%

Certain future events and circumstances, including deterioration of market conditions, increases in interest rates, and unfavorable impacts to the projections used in the impairment tests for the reporting unit discussed above, including changes in customer behavior, decrease in delivery capability, and delays or difficulties in achieving our profitability goals, could cause a further noncash impairment charge, which could have a material effect on the consolidated statements of operations and comprehensive income and consolidated balance sheets.

When reading our financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include revenue recognition. See "Note 2 — Summary of Significant Accounting Policies" to our financial statements for the disclosure of these accounting policies.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

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

Directors and Executive Officers	**Age**	**Position/Title**
Peng Li	44	Chairman of the board, director and chief executive officer
Huiyu Zhan	42	Director and chief product officer
Frank Lin	61	Director
Dong Xie	45	Director, chief financial officer and senior vice president
Pei Hua (Helen) Wong	55	Independent Director
Hongqiang Zhao	50	Independent Director
Shunyan Zhu	55	Independent Director
Guangqiang Shi	46	Senior vice president

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

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

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

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

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

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

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

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

The business address of our directors and executive officers is Room 3008, 30/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong. No family relationship exists between any of our directors and executive officers.

B. Compensation

Compensation of Directors and Executive Officers

In the fiscal year ended June 30, 2026, the aggregate cash compensation to directors and executive officers was approximately RMB15.3 million (US$2.3 million). This amount consisted only of cash and did not include any share-based compensation or benefits in kind. Each of our directors and officers is entitled to reimbursement for all necessary and reasonable expenses properly incurred in the course of employment or service. Our directors and officers participate in our share incentive plan. See "—Share Incentive Plans." We do not pay or set aside any amounts for pension, retirement or other benefits for our directors and officers, except our contributions on behalf of our officers located in China to a government-mandated multi-employer defined contribution plan.

Share Incentive Plans

The 2018 Plan

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

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

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

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

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

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

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

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

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

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

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

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

The 2021 Plan

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

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

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

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

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

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

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

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

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

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

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

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

As of October 21, 2026, there had been no options granted to our directors and executive officers under the 2018 Plan. The following table summarizes, as of October 21, 2026, the number of ordinary shares under outstanding options that we had granted to our directors and executive officers under the 2021 Plan:

Name	Ordinary Shares Underlying Options	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Peng Li	—	—	—	—
Huiyu Zhan	—	—	—	—
Frank Lin	—	—	—	—
Dong Xie	2,360,000	US$0.1—US$0.4	April 1, 2021—June 21, 2024	March 31, 2031—June 20, 2034
Pei Hua (Helen) Wong	*	US$0.4	December 28, 2023	December 27, 2033
Hongqiang Zhao	*	US$0.4	December 28, 2023	December 27, 2033
Shunyan Zhu	*	US$0.4	March 21, 2025	March 20, 2035
Guangqiang Shi	*	US$0.4	June 21, 2024	June 20, 2034
All directors and executive officers as a group	3,050,000	N/A	N/A	N/A

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

As of the date of this annual report, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2018 Plan and the 2021 Plan is 38,240,745 Class A ordinary shares. As of October 21, 2026, options to purchase a total of 18,922,459 Class A ordinary shares under the 2021 Plan had been granted and outstanding, and 13,797,510 of such options had been exercised. As of October 21, 2026, there had been no options granted under the 2018 Plan. As of October 21, 2026, grantees other than our directors and executive officers above, as a group, held options to purchase an aggregate of 15,872,459 Class A ordinary shares, with exercise prices ranging from US$0.0005 per share to US$1.66 per share.

C. Board Practices

Board of Directors

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

Committees of the Board of Directors

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

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

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

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services performed by our independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;

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

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

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

The compensation committee is responsible for, among other things:

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

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

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

- identifying and recommending nominees for election or re-election to our board of directors, or for appointment to fill any vacancy;

- reviewing annually with our board of directors its composition in light of the characteristics of independence, age, skills, experience and availability of service to us;

- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;

- developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and

- evaluating the performance and effectiveness of the board as a whole.

Terms of Directors and Officers

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

Duties of Directors

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

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

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;

- declaring dividends and distributions;

- appointing officers and determining the term of office of officers;

- exercising the borrowing powers of our company and mortgaging the property of our company; and

- approving the transfer of shares of our company, including the registering of such shares in our share register.

Employment Agreements

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

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

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

Indemnification Agreements

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

D. Employees

As of June 30, 2025 and 2026, we had 714 and 368 full-time employees, respectively. The following table sets forth the numbers of our full-time employees by functions as of June 30, 2026.

	As of June 30, 2026	
Function:	**Number**	**% of total**
Product development and supply chain	122	33.2%
Sales and marketing	193	52.4%
Administration	53	14.4%
Total	368	100.0%

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

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

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

E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of October 21, 2026 by:

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

The calculation in the table below is based on 156,594,292 ordinary shares outstanding as of October 21, 2026, including 106,735,243 Class A ordinary shares and 49,859,049 Class B ordinary shares. Our issued and outstanding ordinary shares do not include treasury ADSs.

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

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

	Class A ordinary shares	Class B ordinary shares	% of beneficial ownership†	% of aggregate voting power††
Directors and Executive Officers†††				
Peng Li(1)	—	49,859,049	31.8	82.4
Huiyu Zhan(2)	14,775,786	—	8.6	*
Frank Lin(3)	24,370,089	—	15.6	4.0
Dong Xie	2,361,074	—	1.5	*
Pei Hua (Helen) Wong	*	—	*	*
Shunyan Zhu	*	—	*	*
Hongqiang Zhao	*	—	*	*
Guangqiang Shi	*	—	*	*
Directors and executive officers as a group	42,178,332	49,859,049	58.0	86.7
Principal Shareholders:				
Even Par Holding Limited(1)	—	49,859,049	31.8	82.4
K2 Entities(4)	23,170,342	—	14.8	3.8
DCM Entities(3)	24,370,089	—	15.6	4.0
Huiyu Zhan(2)	14,775,786	—	8.6	*

* Represents less than 1% of our total outstanding shares as of October 21, 2026.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after October 21, 2026.

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

††† Except as indicated otherwise below, the business address of our directors and executive officers is Room 3008, 30/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong.

(1) Represents 49,859,049 Class B ordinary shares held by Even Par Holding Limited, a company incorporated in the British Virgin Islands. Even Par Holding Limited is controlled by NICE PAR TRUST, a trust established under a trust deed between Mr. Peng Li as settlor and Vistra Trust (Singapore) Pte. Limited as trustee. Mr. Peng Li and his family members are beneficiaries of NICE PAR TRUST. Under the terms of the trust deed of this trust, Mr. Peng Li has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by Even Par Holdings Limited in Here Group Limited. Mr. Peng Li is the sole director of Even Par Holdings Limited. The registered address of Even Par Holdings Limited is at the offices of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.

(2) Represents (i) 200,322 Class A ordinary shares held by Mr. Zhan in the form of the ADSs; and (ii) 14,575,464 Class A ordinary shares that Mr. Zhan, through a British Virgin Islands entity controlled by him, had the right to purchase within 60 days as stock consideration for acquisition of certain of his interests in Shenzhen Letsvan. For details, see "Item 4. Information on the Company—A. History and Development of the Company—Corporate restructuring after the IPO—Shenzhen Letsvan Investment."

(3) Represents (i) 22,007,410 Class A ordinary shares held by DCM Ventures China Fund (DCM VIII), L.P. (of which 1,327,008 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands; (ii) 1,820,446 Class A ordinary shares held by DCM VIII, L.P. (of which 109,770 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands; and (iii) 542,233 Class A ordinary shares held by DCM Affiliates Fund VIII, L.P. (of which 32,694 Class A ordinary shares were held in the form of the ADSs), an exempted limited partnership organized under the laws of the Cayman Islands. The general partner of each of these DCM entities is DCM Investment Management VIII, L.P., the general partner of which is DCM International VIII, Ltd., which is ultimately controlled by Andre G. Levi and Frank Lin, a director of our company, and each may be deemed to share voting and dispositive power over the shares held by the DCM entities. Each of the foregoing persons disclaims beneficial ownership of shares held by the DCM entities, except to the extent of any pecuniary interest therein. The registered address of the DCM entities is P.O. Box 268, Floor 4 Willow House, Cricket Square, Grand Cayman KY1-1104, Cayman Islands.

(4) Represents (i) 3,181,242 Class A ordinary shares held by K2 EVERGREEN PARTNERS LIMITED (of which 706,242 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Evergreen Partners L.P., the general partner of which is K2 Evergreen Partners LLC; (ii) 5,035,586 Class A ordinary shares held by K2 FAMILY PARTNERS LIMITED (of which 1,117,911 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Family Partners L.P., and the general partner of K2 Family Partners L.P. is K2 Family Partners GP, L.P., the general partner of which is K2 Family Partners GP, LLC; and (iii) 14,953,514 Class A ordinary shares held by K2 PARTNERS III LIMITED (of which 3,200,490 Class A ordinary shares were held in the form of the ADSs), a company incorporated in Hong Kong, which is wholly-owned by K2 Partners III L.P., the general partner of K2 Partners III L.P. is K2 Partners III GP, L.P., the general partner of which is K2 Partners III GP, LLC. KPartners Limited holds (i) 80% equity and voting power of K2 Evergreen Partners LLC; (ii) 66% equity and voting power of K2 Family Partners GP, LLC; and (iii) 66% equity and voting power of K2 Partners III GP, LLC. The registered address of the K2 entities is Room C, 20/F, Lucky Plaza, 315-321 Lockhart Road, Wanchai, Hong Kong.

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

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

On June 6, 2025, our board of directors authorized a share repurchase program (the "2025 Share Repurchase Program"), under which we may repurchase up to US$20.0 million of the ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. Pursuant to the 2025 Share Repurchase Program, a total of 2,431,785 ADSs representing 7,295,355 Class A ordinary Shares had been repurchased for an aggregate consideration of US$13.1 million under the 2025 Share Repurchase Program.

On June 5, 2026, our board of directors authorized a share repurchase program (the "2026 Share Repurchase Program"), under which we may repurchase up to US$20.0 million of the ADSs for a purchase period beginning from July 1, 2026 and ending on June 30, 2027. As of October 21, 2026, a total of 414,728 ADSs representing 1,244,184 Class A ordinary Shares had been repurchased for an aggregate consideration of US$0.8 million under the 2026 Share Repurchase Program.

To the best of our knowledge, as of October 21, 2026, a total of 65,688,927 outstanding Class A ordinary shares were held by one record holder in the United States, which is Citibank N.A., the depositary of our ADS program, representing 41.9% of our total outstanding shares. None of our outstanding Class B ordinary shares is held by record holders in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

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

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

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

B. Related Party Transactions

Contractual Arrangements with the VIEs and Its Shareholder

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

Related Parties Transactions

In the fiscal years ended June 30, 2024, 2025 and 2026, we entered into certain material related party transactions as set forth below.

Sale of pop toy products and e-commerce platform operation services and other services to Yuhuatongxing. We sell pop toy products and provide e-commerce platform operation services and other services to Yuhuatongxing (Beijing) Cultural Development Co., Ltd. ("Yuhuatongxing"). For the fiscal years ended June 30, 2025 and 2026, we recorded revenues of RMB1.5 million and RMB29.3 million (US$4.3 million) for the foresaid transactions. As of June 30, 2025 and 2026, the amounts due from Yuhuatongxing in relation to the aforementioned revenues were RMB1.4 million and RMB8.9 million (US$1.3 million), respectively.

Brand and product promotion services and IP license granted from Yuhuatongxing. Yuhuatongxing provided brand and product promotion services and granted IP license to us. For the fiscal years ended June 30, 2025 and 2026, we recorded operation costs and expenses of RMB2.5 million and RMB19.8 million (US$2.9 million) for the foresaid transactions. As of June 30, 2025 and 2026, the amounts due to Yuhuatongxing were RMB2.6 million and RMB17.6 million (US$2.6 million), respectively, including RMB2.6 million and RMB8.6 million (US$1.3 million) in relation to aforementioned costs and expenses. In addition, advances made on behalf of Yuhuatongxing, which have been fully settled, amounted to RMB1.8 million during the fiscal year ended June 30, 2026.

Acquisition of non-controlling equity interests. In late June 2025, we acquired part of the equity interests of Shenzhen Letsvan from Shenzhen Haoduoxiaohuoban Venture Capital Service Partnership (Limited Partnership) ("Haoduoxiaohuoban") with a total consideration of RMB3.5 million (US$0.5 million). For the fiscal year ended June 30, 2025, a total of RMB2.8 million (US$0.4 million) was paid to Haoduoxiaohuoban. As of June 30, 2025, the outstanding balance to Haoduoxiaohuoban in connection with the acquisition of equity interests of Shenzhen Letsvan was RMB0.7 million (US$0.1 million), which was fully settled in July 2025. In July 2025, in order to acquire the remaining equity interests of Shenzhen Letsvan, we acquired more certain of the equity interests from certain related parties (including certain employees and an equity method investee) for a total consideration of RMB44.5 million (US$6.6 million), all of which was settled as of June 30, 2026. In addition, in connection with the acquisition of non-controlling interests in Shenzhen Letsvan during the fiscal year ended June 30, 2026, we recorded a loan of RMB17.3 million (US$2.5 million) to Mr. Huiyu Zhan, the founder of Shenzhen Letsvan and one of our current directors and chief product officer, which remained outstanding as of June 30, 2026.

Distribution from Equity Method Investee. For the fiscal year ended June 30, 2026, we received a distribution of RMB7.3 million (US$1.1 million) from Nanjing Shangdehehua Equity Investment Partnership (Limited Partnership), one of our equity method investees.

On September 24, 2026, we entered into a share transfer agreement with the controlling shareholder of Yuhuatongxing, which then held 53.45% of Yuhuatongxing's equity interests. Pursuant to the agreement, we transferred our entire 46.55% equity interest in Yuhuatongxing for a consideration of RMB4.0 million. Upon completion of this transaction, Yuhuatongxing ceased to be our related party.

Shareholders Agreement

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

Registration rights

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

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

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

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

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

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

Private Placements

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

Share Incentive Plans

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

Employment Agreements and Indemnification Agreements

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

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

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

Dividend Policy

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

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

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

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

B. Significant Changes

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

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

See "—C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs were listed for trading on the Nasdaq Global Market under the symbol "QSG" from January 2023. Starting from November 11, 2025, the ADSs were traded under the new symbol of "HERE".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

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

Board of Directors

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

Ordinary Shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;

- may obtain an undertaking against the imposition of any future taxation (such undertakings are given for a period of up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

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

Registered Office and Objects

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

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a declaration as to the assets and liabilities of each constituent company, and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by (a) 75% in value of shareholders or class of shareholders, as the case may be, or (b) a majority in number of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% in value of the shares for which the offer has been made, the offeror may, within a two-month period after the approval by the said holders, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of directors and executive officers and limitation of liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our third amended and restated memorandum and articles of association provide that we shall indemnify our directors and officers, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our third amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' fiduciary duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder action by written consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our third amended and restated memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our third amended and restated memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than two-thirds of the total number votes attaching to all issued and outstanding shares of our company as of the date of the deposit that are entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our third amended and restated memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our third amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed by an ordinary resolution of our shareholders. An appointment of a director may be on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the company and the director, if any; but no such term shall be implied in the absence of express provision. In addition, a director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with interested shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of rights of shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our third amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares or the redemption or purchase of any shares of any class by the company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of governing documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our third amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of non-resident or foreign shareholders. There are no limitations imposed by our third amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our third amended and restated memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions" or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations relating to foreign exchange."

E. Taxation

The following discussion of material Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

As advised by Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties applicable to payments to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

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

Pursuant to Section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, we may apply and we have applied for an undertaking from the Clerk of the Cabinet of the Cayman Islands that:

- no law which is hereinafter enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and

- in addition, no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of our shares, debentures or other obligations, or (ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act.

The above concessions shall be for a period of 30 years from July 13, 2022.

PRC Taxation

See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations relating to tax in the PRC."

U.S. Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax considerations relating to the ownership and disposition of the ADSs or Class A ordinary shares by a U.S. Holder, as defined below, that holds the ADSs or Class A ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal income tax law as of the date of this annual report, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the U.S. Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships or other pass-through entities and their partners or investors, and tax-exempt organizations (including private foundations)), investors who are subject to special tax accounting rules under Section 451(b) of the Code, investors who are not U.S. Holders, investors that own (directly, indirectly or constructively) ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or by value), investors that hold ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction, investors that have a functional currency other than the U.S. dollar, investors who acquired ADSs or Class A ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation and certain former citizens or long-term residents of the United States, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any U.S. federal non-income, state, local or non-U.S. tax considerations, the alternative minimum tax or the Medicare contribution tax on net investment income. Each potential investor is urged to consult its tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of an investment in the ADSs or ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (4) a trust (a) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or (b) that has otherwise elected to be treated as a "United States person" under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding the ADSs or Class A ordinary shares are urged to consult their tax advisors regarding an investment in the ADSs or Class A ordinary shares.

The discussion below assumes the deposit agreement and any related agreement will be complied with in accordance with its terms.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying Class A ordinary shares represented by the ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for the ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U. S. corporation, such as our company, will be classified as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes, if, in the case of any particular fiscal year, either (1) 75% or more of its gross income for such year consists of certain types of "passive" income or (2) 50% or more of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For this purpose, cash and cash equivalents (with certain exceptions) are categorized as passive assets and the company's unbooked intangibles associated with non-passive business activities may generally be classified as non-passive assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

In addition, although the law in this regard is unclear, we treated our formerly affiliated entities as being owned by us for United States federal income tax purposes for periods prior to the VIE termination because, prior to the VIE termination, we controlled their management decisions and were entitled to substantially all of their economic benefits, and, as a result, we combined and consolidated their financial results in our consolidated financial statements for periods prior to the VIE termination on September 30, 2025.

Based on the market price of our ADSs and the composition of our assets, we believe we were a PFIC for U.S. federal income tax purposes for our fiscal year ended June 30, 2026. However, because the determination of whether we are or will become a PFIC for any fiscal year is a fact-intensive inquiry made annually that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance regarding our PFIC status for any taxable year. Fluctuations in the market price of the ADSs may increase the risk that we continue to be a PFIC for subsequent fiscal years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other intangibles, may generally be determined by reference to the market price of the ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets.

Dividends

Subject to the PFIC rules described below, any cash distributions (including constructive distributions and the amount of any PRC tax withheld) paid on the ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on the ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to qualifying corporations under the Code.

Under current law, a non-corporate recipient of dividend income will generally be subject to tax on dividend income from a "qualified foreign corporation" at the lower rates applicable to "qualified dividend income" rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period and other requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the fiscal year in which the dividend is paid or the preceding fiscal year) will generally be considered to be a qualified foreign corporation (1) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (2) with respect to any dividend it pays on stock (or ADSs in respect of such stock) that is readily tradable on an established securities market in the United States. The ADSs are currently listed on Nasdaq. We believe, but cannot assure you, that the ADSs are and will continue to be considered to be readily tradable on an established securities market in the United States. Since our Class A ordinary shares are not listed on established securities markets, it is unclear whether dividends that we pay on our Class A ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. There can be no assurance that the ADSs will be considered readily tradable on an established securities market in future years. In the event we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law (see "—PRC Taxation"), we may be eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income, or the U.S.-PRC income tax treaty (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose). U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or Class A ordinary shares will generally be treated as income from foreign sources and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the ADSs or Class A ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing foreign tax credits are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

As discussed above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended June 30, 2026. With certain exceptions, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends with respect to our ADSs or Class A ordinary shares under their particular circumstances.

Sale or other disposition of ADSs or Class A ordinary shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term capital gain or loss if the ADSs or Class A ordinary shares have been held for more than one year and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of non-corporate U.S. Holders are currently eligible for reduced rates of taxation. The deductibility of a capital loss may be subject to limitations.

In the event that we are treated as a PRC resident enterprise under the EIT Law, gain from the disposition of the ADSs or Class A ordinary shares may be subject to tax in the PRC (see "—PRC Taxation") and will generally be U.S. source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the U.S.-PRC income tax treaty, such holder may be able to elect to treat such gain as PRC source income for foreign tax credit purposes under the U.S.-PRC income tax treaty. Pursuant to U.S. Treasury regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the U.S.-PRC income tax treaty or does not elect to apply the treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or Class A ordinary shares, including the availability of foreign tax credits under their particular circumstances, their eligibility for benefits under the U.S.-PRC income tax treaty, and the potential impact of the U.S. Treasury regulations.

As discussed above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended June 30, 2026. With certain exceptions, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or Class A ordinary shares under their particular circumstances.

Passive foreign investment company rules

If we are classified as a PFIC for any fiscal year during which a U.S. Holder holds the ADSs or Class A ordinary shares, unless the U.S. Holder makes one of certain elections (as described below), the U.S. Holder will, except as discussed below, be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (1) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a fiscal year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding fiscal years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (2) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;

- the amount of the excess distribution or gain allocated to the fiscal year of distribution or gain and to any fiscal years in the U.S. Holder's holding period prior to the first fiscal year in which we are classified as a PFIC (each such fiscal year, a pre-PFIC year) will be taxable as ordinary income; and

- the amount of the excess distribution or gain allocated to each prior fiscal year, other than the current fiscal year of distribution or gain or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that other fiscal year, and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other fiscal year.

If we are a PFIC for any fiscal year during which a U.S. Holder holds the ADSs or Class A ordinary shares and any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any year during which a U.S. Holder holds the ADSs or Class A ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds the ADSs or Class A ordinary shares, unless we were to cease to be a PFIC and the U.S. Holder makes a "deemed sale" election with respect to the ADSs or Class A ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold the ADSs or Class A ordinary shares it holds at their fair market value and any gain from such deemed sale would be subject to the rules described in the preceding two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent fiscal year, the ADSs or Class A ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, the U.S. Holder will not be subject to the rules described above with respect to any "excess distribution" the U.S. Holder receives from us or any gain from an actual sale or other disposition of the ADSs or Class A ordinary shares. Each U.S. Holder is strongly urged to consult its tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to the U.S. Holder.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to ADSs, provided that the ADSs are "regularly traded" (as defined in applicable U.S. Treasury Regulations) on Nasdaq, which is a qualified exchange or other market for these purposes. No assurances may be given regarding whether the ADSs qualify, or will continue to qualify, as being regularly traded in this regard. If a mark-to-market election is made, the U.S. Holder will generally (1) include as ordinary income for each fiscal year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the fiscal year over the U.S. Holder's adjusted tax basis in such ADSs and (2) deduct as an ordinary loss the excess, if any, of the U.S. Holder's adjusted tax basis in such ADSs over the fair market value of such ADSs held at the end of the fiscal year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Because our Class A ordinary shares are not listed on a stock exchange, U.S. Holders will not be able to make a mark-to-market election with respect to our Class A ordinary shares.

If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not classified as a PFIC.

Because a mark-to-market election cannot be made for any lower-tier PFICs that a PFIC may own, a U.S. Holder who makes a mark-to-market election with respect to the ADSs may continue to be subject to the general PFIC rules with respect to such U.S. Holder's indirect interest in any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests that is classified as a PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or Class A ordinary shares during any fiscal year that we are a PFIC, the U.S. Holder must file an annual information return with the IRS. Each U.S. Holder is urged to consult its tax advisor concerning the potential reporting requirements that may apply and the U.S. federal income tax consequences of purchasing, holding, and disposing of the ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Information reporting and backup withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in "specified foreign financial assets" (as defined in the Code), including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds $50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on and proceeds from the sale or other disposition of the ADSs or Class A ordinary shares. Information reporting will apply to payments of dividends on, and to proceeds from the sale or other disposition of, our Class A ordinary shares or ADSs by a paying agent within the United States to a U.S. Holder, other than U.S. Holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, our Class A ordinary shares or ADSs within the United States to a U.S. Holder (other than U.S. Holders that are exempt from backup withholding and properly certify their exemption) if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the U.S. information reporting rules to its particular circumstances.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on display

We have previously filed with the SEC our registration statement on Form F-1 (File Number 333-268907), as amended, and a prospectus under the Securities Act with respect to our ordinary shares represented by the ADSs.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish Citibank, N.A., the depositary of the ADSs, with all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at http://ir.heregroup.com/. We will, upon request, furnish our shareholders and ADS holders with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

I. Subsidiary Information

Not applicable.

J. Annual Reports to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign exchange risk

Our operating transactions are mainly denominated in Renminbi and, therefore, we are exposed to risks related to movements between Renminbi and U.S. dollars. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. In addition, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollars and Renminbi because the value of our business is effectively denominated in Renminbi, and the ADSs will be traded in U.S. dollars.

The value of Renminbi against U.S. dollars is subject to changes by the central government policies and to international economic and political developments, among other things. There is also no assurance that the Renminbi will not appreciate or depreciate significantly against the U.S. dollars in the future.

As of June 30, 2025 and 2026, our cash and cash equivalents, restricted cash and short-term investments denominated in Renminbi were RMB516.5 million and RMB566.3 million, respectively, accounting for 81.5% and 92.8% of our total cash and cash equivalents, restricted cash and short-term investments as of the same time, respectively.

To the extent that we need to convert U.S. dollars into Renminbi for operations, appreciation of Renminbi against the U.S. dollar would reduce the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amounts available to us.

Concentration risk

There was one customer that individually represented greater than 10% of our total revenues for the fiscal years ended June 30, 2026. There were three and two customers individually represented more than 10% of our net accounts receivables as of June 30, 2025 and 2026, respectively. There were two suppliers individually represented more than 10% of our total purchases for the fiscal years ended June 30, 2026.

Credit risk

Financial instruments that potentially expose us to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash and short-term investment. As of June 30, 2025 and 2026, more than 97.5% of our cash and cash equivalents and short-term investments were held in well-established financial institutions located in mainland China, Hong Kong, Singapore and the U.S., which our management considered to be of high credit quality.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Services		Fees
●	Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to US$0.05 per ADS issued
●	Cancelation of ADSs (e.g., a cancelation of ADSs for delivery of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason)	Up to US$0.05 per ADS canceled
●	Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US$0.05 per ADS held
●	Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US$0.05 per ADS held
●	Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US$0.05 per ADS held
●	ADS Services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary
●	Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US$0.05 per ADS transferred
●	Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa).	Up to US$0.05 per ADS converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with foreign currency conversions, compliance with exchange control regulations and other regulatory requirements;
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancelation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are canceled (in the case of ADS cancelations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancelation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being canceled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary’s obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1, as amended (file No.: 333-268907) (the "F-1 Registration Statement") in relation to our initial public offering, which was declared effective by the SEC on January 24, 2023.

For the period from the effective date of the Form F-1 to June 30, 2026, we had used proceeds of US$10.9 million for dividend distribution, US$19.1 million for shares repurchase, US$0.5 million for the investment on an unrelated private company, US$1.5 million for the acquisition and capital injection of Kelly's education, US$3.4 million for general corporate purposes and working capital. As of June 30, 2026, we had used all the net proceeds we received from our initial public offering in 2023.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, due to the outstanding material weakness described below under "Internal Control over Financial Reporting," as of June 30, 2026, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of internal control over financial reporting as of June 30, 2026, using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of June 30, 2026, due to the material weakness identified in our internal control over financial reporting as described below.

Notwithstanding management's assessment that our internal control over financial reporting was not effective as of June 30, 2026, due to the material weakness identified, we believe that the consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material aspects.

Our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an "emerging growth company" as defined in the JOBS Act.

Internal Control over Financial Reporting

In connection with the audit of our consolidated financial statements for the fiscal years ended June 30, 2024, 2025 and 2026, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness that has been identified relates to lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and reporting requirements set forth by the SEC to properly address complex U.S. GAAP technical accounting issues, and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC.

During the year ended June 30, 2026, the progress of our remediation on the material weakness has been temporarily affected due to the business shift and personnel changes. However, we remain committed to continuing our remediation efforts. To remedy our identified material weakness, we will continue to establish clear roles and responsibilities for accounting and financial reporting staff members to address complex accounting and financial reporting issues and to prepare and review consolidated financial statements, including the related disclosures, under U.S. GAAP and SEC reporting requirements, and we will implement measures to improve our internal control over financial reporting, including hiring an additional financial reporting manager and a reporting associate with appropriate knowledge and experience in U.S. GAAP accounting and SEC reporting to lead our accounting and financial reporting matters. In addition, we will continue to improve our internal control over financial reporting through the following measures, among others: (1) develop and implement a comprehensive set of processes and internal controls to timely and appropriately (i) identify transactions that may be subject to complex U.S. GAAP accounting treatment, (ii) analyze the transactions in accordance with the relevant U.S. GAAP, and (iii) review the accounting technical analysis; (2) enhance our financial closing and reporting policies and procedures and business process level internal controls relevant to the complex transactions to ensure that they are properly accounted for in accordance with U.S. GAAP; (3) recruit qualified accounting staff members with U.S. GAAP and SEC reporting experiences to implement the abovementioned financial reporting procedures and internal controls to ensure the consolidated financial statements and related disclosures under U.S. GAAP and SEC reporting requirements are prepared appropriately on a timely basis; and (4) establish an ongoing training program to provide sufficient and appropriate trainings for accounting and financial reporting personnel, including trainings related to U.S. GAAP and SEC reporting requirements.

However, we cannot assure you that all these measures will be sufficient to remediate our material weakness in time, or at all. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have identified one material weakness in our internal controls. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results."

As a company with less than US$1.235 billion in revenue for the fiscal year ended June 30, 2026, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Hongqiang Zhao, an independent director (under the standards set forth in Rule 5605(a)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act) and the chairman of our audit committee, is our audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted our code of conduct and ethics, a code that applies to members of the board of directors including its chairman and other senior officers, including the chief executive officer and the chief financial officer. This code is publicly available on our website at http://ir.heregroup.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, and its affiliates, for the fiscal years indicated. Save as disclosed below, we did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the fiscal year ended June 30,	
	2025	2026
	(RMB in thousands)	
Audit fees[(1)]	9,315	7,918
Tax fees[(2)]	—	—

(1) "Audit fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditor for the audit or review of our annual financial statements or quarterly financial information and review of documents filed with the SEC.

(2) "Tax fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance and tax planning.

Our audit committee (or a subcommittee designated by the audit committee) is responsible for pre-approving all audit and permitted non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On June 11, 2024, our board of directors authorized the 2024 Share Repurchase Program, under which we may repurchase up to US$20.0 million of the ADSs over the 12 months commencing on June 11, 2024. Repurchases under the 2024 Share Repurchase Program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means. The following table sets forth the details of the repurchases made in accordance with the 2024 Share Repurchase Program during the fiscal years ended June 30, 2024 and 2025.

Period	Total number of ADSs purchased	Average price paid per ADS	Total number of ADSs purchased as part of publicly announced plans or programs	Maximum dollar value of ADSs that may yet be purchased under the plans or programs
June 2024	1,512,549	2.2	1,512,549	16,699,907.4
July 2024	90,087	1.7	90,087	16,549,773.2
August 2024	15,130	1.7	15,130	16,524,792.9
September 2024	33,466	1.7	33,466	16,468,006.9
December 2024	10,000	3.0	10,000	16,438,337.6

On June 6, 2025, our board of directors authorized the 2025 Share Repurchase Program, under which we may repurchase up to US$20.0 million of the ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. Repurchases under the 2025 Share Repurchase Program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means. The following table sets forth the details of the repurchases made in accordance with the 2025 Share Repurchase Program during the fiscal year ended June 30, 2025 and 2026.

Period	Total number of ADSs purchased	Average price paid per ADS	Total number of ADSs purchased as part of publicly announced plans or programs	Maximum dollar value of ADSs that may yet be purchased under the plans or programs
June 2025	193,553	11.6	193,553	17,762,201.1
July 2025	905	8.5	905	17,754,540.8
August 2025	188,828	8.0	188,828	16,234,686.3
September 2025	128,871	9.6	128,871	15,003,421.7
December 2025	407,223	5.1	407,223	12,926,266.8
January 2026	665,248	4.9	665,248	9,635,386.0
February 2026	88,581	4.8	88,581	9,207,517.3
March 2026	313,675	3.3	313,675	8,174,966.9
April 2026	186,151	3.3	186,151	7,552,978.5
May 2026	107,917	3.3	107,917	7,193,260.4
June 2026	150,833	2.1	150,833	6,877,065.0

On June 5, 2026, our board of directors authorized the 2026 Share Repurchase Program, under which we may repurchase up to US$20.0 million of the ADSs for a purchase period beginning from July 1, 2026 and ending on June 30, 2027. Repurchases under the 2026 Share Repurchase Program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent that we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Governance—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy to promote compliance with applicable securities laws and regulations, including those that prohibit insider trading. This policy applies to all officers, directors, employees and consultants of our company (each, an "Affiliate") and extends to all activities within and outside an individual's duties at our company. The insider trading policy establishes guidelines and procedures for the following:

- ***No Trading***: No Affiliate may purchase or sell any type of security or enter into a binding security trading plan in compliance with Rule 10b5-1 under the Exchange Act, as amended, while in possession of material non-public information. Affiliates in possession of such information may not purchase or sell our securities until the later of (i) the expiration of a 48-hour waiting period following public disclosure of the material information by us, and (ii) the lapse of one full trading day on Nasdaq following such public disclosure. Additionally, affiliates may not trade during limited trading periods, regardless of the possession of material information. All transactions of securities by officers, directors, and key employees must be pre-approved by our compliance officer.

- ***Trading Window***: The insider trading policy establishes a trading window for officers, directors, employees, or consultants, during which they can trade our securities or enter into a trading plan. The trading window begins at the close of business on the second trading day following the public disclosure of our financial results for the previous fiscal year or quarter and ends on the last day of each fiscal quarter. Trading during the trading window does not provide a safe harbor, and affiliates must comply with all policies.

- ***No Tipping***: No Affiliate may directly or indirectly disclose any material information to anyone who trades in our securities.

- ***Confidentiality***: No Affiliate may communicate any material information to anyone outside our company under any circumstances unless approved by the compliance officer in advance, or to anyone within our company other than on a need-to-know basis.

- ***No Comment***: No Affiliate may discuss any internal matters or developments of our company with anyone outside our company, except as required in the performance of regular corporate duties. Unless expressly authorized to do otherwise, if an affiliate receives any inquiries about us or our securities from any press, investment analyst, investor or other outsiders, or any requests for comments or interviews, they should decline to comment and direct the inquiry or request to the compliance officer or any other office designated by the chief executive officer.

- ***Corrective Action***: If any information that may be considered material information is inadvertently disclosed, any Affiliate with knowledge of the disclosure should notify the compliance officer immediately.

We are committed to maintaining the highest standards of ethical conduct and have implemented these insider trading policies and procedures to ensure compliance with applicable securities laws and to protect the interests of our shareholders.

Item 16K. Cybersecurity.

Risk Management and Strategy

We collect and store different types of personal information concerning our users in our business operations based on the type of services requested. For instance, we generally collect cellphone numbers and/or social media accounts of our users for account registration purpose, delivery information for physical goods shipment, and transaction data relating to blind-box purchases and draw records. We collect such information from different sources, including our mobile apps, Weixin mini-programs and official accounts, offline self-operated stores, third-party retail channels and fan community platforms. We believe that the legitimate and positive use of data concerning our users is critical to our business success.

We provide our services via our mobile apps under standard user privacy provisions, pursuant to which we undertake to collect user information on a lawful, appropriate and necessary basis. These provisions inform users about the situations we will collect personal information, the type of information collected, how we store and use such information, users' rights, and our data security measures. In the case of blind-box sales, applicable regulations require us to take measures to prevent purchases by minors under the age of eight and to confirm that purchasers aged eight and above have obtained guardian consent, which requires the collection and verification of certain age-related and identity information. We also establish a set of detailed rules in collecting and using user information for each key step in blind-box sales and fan engagement, including those relating to online draw mechanics, purchase-limit mechanisms and community interactions.. We will not share user information with third parties unless there is express consent or required by law. We update our user privacy provisions from time to time to ensure that they comply with the relevant laws and regulations and stay abreast with our business updates.

We have implemented stringent internal protocols with respect to data storage, access, processing and extraction. For sensitive personal information, including identity verification data used in minor protection controls and certain transaction records, we apply encryption procedures, and grant classified and limited access to such information, generally after data masking, to those employees demonstrating authorized needs through an internal application and approval process. We have also implemented protocols on personal information security protection, which govern our internal business processes including the demand analysis, product design and development, testing and product launch, to evaluate and ensure our personal information compliance on an ongoing basis. We retain records of blind-box draw probabilities, draw results and related transaction records for the periods required by applicable regulations. To tackle potential security incidents, we design relevant action plans to limit the impact on our users and business operations.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive data security system. We anonymize and encrypt sensitive personal information and cooperate with reputable third-party cloud service providers to ensure the security of our data storage. Our back-end security system is capable of handling malicious attacks to safeguard the security of our operations and to protect the information security of our users. We also perform audits of our data security and technology infrastructure to ensure that we can timely discover potential issues and minimize related risks.

We currently do not engage third parties such as assessors, consultants or auditors for assessing, identifying or managing our risks from cybersecurity threats in our day-to-day operations. However, we will consult with the legal advisor from time to time to comply with applicable requirements on cybersecurity, personal information protection and blind-box regulation. As of the date of this annual report, we have not experienced any cybersecurity threats that materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Governance

We have established data security management committee, which is generally responsible for assessing and managing our cybersecurity risks, and we have formulated emergency policies for cybersecurity incidents. We also have in-house security engineer, which is a certified information security professional, to implement and oversee our cybersecurity measures. As of the date of this annual report, we have not experienced material cybersecurity incidents.

Our routine cybersecurity governance primarily comprises three aspects, including decision-making, cybersecurity management and compliance. Our data security management committee is responsible for overseeing our cybersecurity risks and routine decision-making. Departments under our product development center are responsible for the specific cybersecurity management tasks, including product, technology, maintenance and operations and big data departments, to leverage their professional expertise in the responsible areas and implement relevant security procedures in our day-to-day operations. Our legal and compliance department is responsible for tracking the latest developments in relevant laws and regulations, reviewing relevant service agreements and overseeing the compliance status of our products and services, with particular focus on requirements applicable to blind-box operations, online draw mechanics and minor protection controls. In the event of material cybersecurity incident, the relevant personnel and departments shall report to our board of directors, which shall review the status and authorize the emergency procedures. Our data security management committee shall be responsible for leading and coordinating the implementation of emergency procedures.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements are included at the end of this annual report.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1*	Third Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
2.1	Registrant's specimen American depositary receipt (incorporated herein by reference to Exhibit A to the Registrant's prospectus (file No.: 333-268984) filed pursuant to Rule 424(b)(3) on November 10, 2025)
2.2*	Registrant's specimen certificate for Class A ordinary shares
2.3	Deposit Agreement dated January 24, 2023, by and among the Registrant, the depositary and the owners and holders of American depositary shares issued thereunder (incorporated herein by reference to Exhibit 2.3 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 27, 2023)
2.4	Amended and Restated Shareholders' Agreement between the Registrant and other parties thereto dated December 20, 2022 (incorporated herein by reference to Exhibit 4.4 to our registration statement on Form F-1 (file no. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
2.5*	Description of Securities
4.1	English translation of Exclusive Consultancy and Service Agreement among Beijing Liangzizhige Technology Co., Ltd. and Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.5 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.2	English translation of Equity Pledge Agreement among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.6 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.3	English translation of Exclusive Option Agreement among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated May 20, 2021 (incorporated herein by reference to Exhibit 10.7 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.4	English translation of Voting Rights Proxy Agreement issued among Beijing Liangzizhige Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and the shareholder of Feierlai (Beijing) Technology Co., Ltd. dated as of May 20, 2021 (incorporated herein by reference to Exhibit 10.8 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.5	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.3 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.6	Form of Employment Agreement between the Registrant and the executive officers of the Registrant (incorporated herein by reference to Exhibit 10.4 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.7	2018 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.8	2021 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to our registration statement on Form F-1 (file No. 333-268907), as amended, initially filed with the SEC on December 20, 2022)
4.9	English translation of Exclusive Consultancy and Service Agreement among Beijing Chuangyuqizhi Technology Co., Ltd. and Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024 (incorporated herein by reference to Exhibit 4.9 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024)
4.10	English translation of Equity Pledge Agreement among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024 (incorporated herein by reference to Exhibit 4.10 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024)
4.11	English translation of Exclusive Option Agreement among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated May 8, 2024 (incorporated herein by reference to Exhibit 4.11 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024)
4.12	English translation of Voting Rights Proxy Agreement issued among Beijing Chuangyuqizhi Technology Co., Ltd., Beijing Zhixueduxing Technology Co., Ltd. and the shareholder of Beijing Zhixueduxing Technology Co., Ltd. dated as of May 8, 2024 (incorporated herein by reference to Exhibit 4.12 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on August 29, 2024)
4.13	English translation of Exclusive Consultancy and Service Agreement among Beijing Liangzizhige Technology Co., Ltd. and Beijing Chuangyuqizhi Co., Ltd. dated April 2, 2025 (incorporated herein by reference to Exhibit 4.13 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.14	English translation of Equity Pledge Agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. Dated April 2, 2025 (incorporated herein by reference to Exhibit 4.14 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)

4.15	English translation of Exclusive Option Agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. dated April 2, 2025 (incorporated herein by reference to Exhibit 4.15 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.16	English translation of Voting Rights Proxy Agreement issued among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd. and the shareholder of Beijing Chuangyuqizhi Technology Co., Ltd. dated as of April 2, 2025 (incorporated herein by reference to Exhibit 4.16 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.17	English translation of Capital Increase Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025 (incorporated herein by reference to Exhibit 4.17 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.18	English translation of Shareholders' Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025 (incorporated herein by reference to Exhibit 4.18 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.19	English translation of Equity Transfer Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and other shareholders of Shenzhen Yiqi Culture Co., Ltd., Shenzhen Chaowan World Information Technology Co., Ltd. and certain parties thereto dated as of March 21, 2025 (incorporated herein by reference to Exhibit 4.19 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.20	English translation of Debt-to-Equity Conversion Agreement among Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and certain shareholders of Shenzhen Yiqi Culture Co., Ltd., and Shenzhen Chaowan World Information Technology Co., Ltd. dated as of March 21, 2025 (incorporated herein by reference to Exhibit 4.20 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.21	English translation of the Equity Transfer Agreement among QuantaSing Group Limited, Shenzhen Yiqi Culture Co., Ltd., Mr. Huiyu Zhan and certain shareholders of Shenzhen Yiqi Culture Co., Ltd. dated July 31, 2025 (incorporated herein by reference to Exhibit 4.21 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.22	English translation of the VIE termination agreement among Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and their respective nominee shareholder dated as of September 30, 2025 (incorporated herein by reference to Exhibit 4.22 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.23	English translation of the Domestic Equity Transfer Agreement among the investor, Beijing Liangzizhige Technology Co., Ltd., Beijing Chuangyuqizhi Technology Co., Ltd., Feierlai (Beijing) Technology Co., Ltd. and their respective nominee shareholder dated as of September 30, 2025 (incorporated herein by reference to Exhibit 4.23 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
4.24	English translation of the Overseas Equity Transfer Agreement among the investor, QuantaSing Group Limited, QuantaSing International Limited and Rare River Group Limited dated as of September 30, 2025 (incorporated herein by reference to Exhibit 4.24 to our annual report on Form 20-F (file No. 001-41590) filed with the SEC on October 31, 2025)
8.1*	List of subsidiaries of the Registrant
11.1*	Code of business conduct and ethics
11.2*	Insider Trading Policy
12.1*	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP
15.2*	Consent of Maples and Calder (Hong Kong) LLP
15.3*	Consent of CM Law Firm
97*	Compensation Recovery Policy
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

HERE GROUP LIMITED

By: /s/ Peng Li
Name: Peng Li
Title: Chief Executive Officer

Date: October 30, 2026

HERE GROUP LIMITED

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Here Group Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Here Group Limited and its subsidiaries (the "Company") as of June 30, 2026 and 2025, and the related consolidated statements of operations and comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended June 30, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2026 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
October 30, 2026

We have served as the Company's auditor since 2021.

HERE GROUP LIMITED

CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except for share and per share data, or otherwise noted)

	Note	As of June 30, 2025	As of June 30, 2026	As of June 30, 2026
		RMB	RMB	US$ Note 2(e)
ASSETS				
Current assets:				
Cash and cash equivalents		472,943	431,061	63,531
Restricted cash		20,757	1,043	154
Short-term investments	15	139,990	178,223	26,267
Accounts receivable, net	6	29,505	16,860	2,485
Amounts due from related parties	25	1,577	26,231	3,866
Inventories, net	7	16,229	134,744	19,859
Prepayments and other current assets	8	73,434	124,018	18,277
Current assets held for sale	4	558,316	-	-
Total current assets		**1,312,751**	**912,180**	**134,439**
Non-current assets:				
Property and equipment, net	9	9,935	22,366	3,296
Intangible assets, net	10	65,938	61,225	9,023
Long-term investments	16	28,254	20,362	3,001
Operating lease right-of-use assets	14	12,504	35,438	5,223
Goodwill	17	187,598	63,539	9,364
Other non-current assets		1,475	21,723	3,202
Non-current assets held for sale	4	43,064	-	-
Total non-current assets		**348,768**	**224,653**	**33,109**
TOTAL ASSETS		**1,661,519**	**1,136,833**	**167,548**

HERE GROUP LIMITED

CONSOLIDATED BALANCE SHEETS (CONTINUED)
(All amounts in thousands, except for share data and per share data, or otherwise noted)

	Note	As of June 30, 2025	As of June 30, 2026	As of June 30, 2026
		RMB	RMB	US$ Note 2(e)
LIABILITIES				
Current liabilities:				
Short-term borrowings	11	11,100	-	-
Accounts payable	12	14,321	53,709	7,916
Accrued expenses and other current liabilities	13	66,168	49,445	7,287
Amounts due to related parties	25	3,321	17,637	2,599
Income tax payable		9,440	5,430	800
Contract liabilities		1,665	7,111	1,048
Operating lease liabilities, current	14	9,482	18,532	2,731
Current liabilities held for sale	4	498,516	-	-
Total current liabilities		**614,013**	**151,864**	**22,381**
Non-current liabilities:				
Operating lease liabilities, non-current	14	4,617	16,248	2,395
Deferred tax liabilities	18	72,014	118,630	17,484
Non-current liabilities held for sale	4	37,912	-	-
Total non-current liabilities		**114,543**	**134,878**	**19,879**
TOTAL LIABILITIES		**728,556**	**286,742**	**42,260**
Commitments and contingencies	26			
MEZZANINE EQUITY				
Non-controlling interests	20	40,999	221,372	32,626
SHAREHOLDERS' EQUITY				
Class A ordinary shares (US$0.0001 par value; 430,000,000 shares authorized, 119,595,046 shares issued as of both June 30, 2025 and 2026, and 114,114,919 and 107,883,184 shares outstanding as of June 30, 2025 and June 30, 2026, respectively)	22	81	81	12
Class B ordinary shares (US$0.0001 par value;70,000,000 shares authorized, 49,859,049 shares issued and outstanding as of both June 30, 2025 and June 30, 2026)	22	34	34	5
Treasury stock	22	(49,054)	(121,020)	(17,836)
Additional paid-in capital		1,066,860	900,672	132,743
Accumulated other comprehensive income		16,507	11,950	1,761
Accumulated deficit		(225,431)	(162,998)	(24,023)
TOTAL HERE GROUP LIMITED SHAREHOLDERS' EQUITY		**808,997**	**628,719**	**92,662**
Non-controlling interests		82,967	-	-
TOTAL SHAREHOLDERS' EQUITY		**891,964**	**628,719**	**92,662**
TOTAL LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' EQUITY		**1,661,519**	**1,136,833**	**167,548**

The accompanying notes are an integral part of these consolidated financial statements.

HERE GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(All amounts in thousands, except for share data and per share data, or otherwise noted)

	Note	For the years ended June 30, 2024	2025	2026	2026
		RMB	RMB	RMB	US$ Note 2(e)
Revenues (including revenue from related parties of nil, RMB1,503 and RMB 29,293 for the years ended June 30, 2024, 2025 and 2026, respectively)	2(x)	**-**	**65,781**	**596,798**	**87,957**
Cost of revenues (including cost of revenues from related parties of nil, nil and RMB10,402 for the years ended June 30, 2024, 2025 and 2026, respectively)		-	(42,970)	(399,547)	(58,886)
Gross profit		**-**	**22,811**	**197,251**	**29,071**
Operating expenses:					
Sales and marketing expenses (including sales and marketing expenses from related parties of nil, RMB2,472 and RMB9,403 for the years ended June 30, 2024, 2025 and 2026, respectively)		-	(19,108)	(194,383)	(28,649)
Research and development expenses		-	(9,010)	(44,274)	(6,525)
General and administrative expenses		-	(19,673)	(128,925)	(19,001)
Impairment loss on goodwill	17	-	-	(124,059)	(18,284)
Total operating expenses		**-**	**(47,791)**	**(491,641)**	**(72,459)**
Loss from operations		**-**	**(24,980)**	**(294,390)**	**(43,388)**
Other income:					
Interest income		-	796	11,343	1,672
Others, net	19	-	5,728	16,648	2,454
Loss before income tax expense		**-**	**(18,456)**	**(266,399)**	**(39,262)**
Income tax (expense)/benefit	18	-	(3,350)	11,464	1,690
Net loss from continuing operations, net of income tax		-	(21,806)	(254,935)	(37,572)
Net income from discontinued operation, net of income tax (including gain on disposal of nil, nil and RMB284,737 for the years ended June 30, 2024, 2025 and 2026, respectively)	4	385,527	378,374	318,451	46,934
Net income		**385,527**	**356,568**	**63,516**	**9,362**
Net loss/(income) attributable to non-controlling interests		-	2,162	(1,083)	(160)
Net income attributable to ordinary shareholders of Here Group Limited		**385,527**	**358,730**	**62,433**	**9,202**
Including：					
Net loss from continuing operations attributable to ordinary shareholders of the Company		-	(19,641)	(256,006)	(37,730)
Net income from discontinued operation attributable to ordinary shareholders of the Company		385,527	378,371	318,439	46,932
Weighted average number of ordinary shares used in computing net (loss)/income per share					
—Basic	24	164,998,649	161,291,663	161,393,281	161,393,281
—Diluted	24	164,998,649	161,291,663	161,393,281	161,393,281
Net loss from continuing operations per share attributable to ordinary shareholders of the Company—basic	24	-	(0.12)	(1.59)	(0.23)
Net income from discontinued operation per share attributable to ordinary shareholders of the Company —basic	24	2.34	2.35	1.97	0.29
Net loss from continuing operations per share attributable to ordinary shareholders of the Company—diluted	24	-	(0.12)	(1.59)	(0.23)
Net income from discontinued operation per share attributable to ordinary shareholders of the Company—diluted	24	2.34	2.35	1.97	0.29
Comprehensive income:					
Net income		**385,527**	**356,568**	**63,516**	**9,362**
Other comprehensive loss					
Foreign currency translation adjustments, net of nil tax		(4,869)	(806)	(4,557)	(672)
Total other comprehensive loss		**(4,869)**	**(806)**	**(4,557)**	**(672)**
Total comprehensive income		**380,658**	**355,762**	**58,959**	**8,690**
Comprehensive loss/(income) attributable to non-controlling interests		-	2,162	(1,083)	(160)
Comprehensive income attributable to Here Group Limited		**380,658**	**357,924**	**57,876**	**8,530**

The accompanying notes are an integral part of these consolidated financial statements.

HERE GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(All amounts in thousands, except for share data and per share data, or otherwise noted)

		Attributable to the owners of Here Group Limited										
	Note	Class A ordinary shares		Class B ordinary shares		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficit	Non-controlling interests	Total equity
		Shares	Amount	Shares	Amount	Shares	Amount					
			RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB
Balance as of June 30, 2023		**115,759,408**	**78**	**49,859,049**	**34**	**-**	**-**	**1,171,092**	**22,182**	**(969,688)**	**2,135**	**225,833**
Issuance of ordinary shares for share incentive plan	22	3,835,647	3	-	-	(3,835,647)	(3)	-	-	-	-	-
Cancellation of ordinary shares	22	(9)	-	-	-	-	-	-	-	-	-	-
Repurchase of American depositary shares ("ADSs")	22	-	-	-	-	(13,836,078)	(118,498)	-	-	-	-	(118,498)
Exercise of share options	21	-	-	-	-	1,852,806	9,244	(6,260)	-	-	-	2,984
Share-based compensation	21	-	-	-	-	-	-	27,757	-	-	-	27,757
Disposal of non-controlling interests		-	-	-	-	-	-	(115)	-	-	(2,135)	(2,250)
Net income		-	-	-	-	-	-	-	-	385,527	-	385,527
Currency translation differences		-	-	-	-	-	-	-	(4,869)	-	-	(4,869)
Balance as of June 30, 2024		**119,595,046**	**81**	**49,859,049**	**34**	**(15,818,919)**	**(109,257)**	**1,192,474**	**17,313**	**(584,161)**	**-**	**516,484**
Balance as of June 30, 2024		**119,595,046**	**81**	**49,859,049**	**34**	**(15,818,919)**	**(109,257)**	**1,192,474**	**17,313**	**(584,161)**	**-**	**516,484**
Repurchase of ADSs	22	-	-	-	-	(1,026,708)	(17,986)	-	-	-	-	(17,986)
Exercise of share options	21	-	-	-	-	11,365,500	78,189	(66,796)	-	-	-	11,393
Share-based compensation	21	-	-	-	-	-	-	19,293	-	-	-	19,293
Acquisition of subsidiary with non-controlling interests	3	-	-	-	-	-	-	-	-	-	93,041	93,041
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	713	713
Acquisition of noncontrolling interest	20	-	-	-		-	-	-	-	-	(8,625)	(8,625)
Declaration of cash dividends	23	-	-	-	-	-	-	(78,111)	-	-	-	(78,111)
Net income		-	-	-	-	-	-	-	-	358,730	(2,162)	356,568
Currency translation differences		-	-	-	-	-	-	-	(806)	-	-	(806)
Balance as of June 30, 2025		**119,595,046**	**81**	**49,859,049**	**34**	**(5,480,127)**	**(49,054)**	**1,066,860**	**16,507**	**(225,431)**	**82,967**	**891,964**

HERE GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(All amounts in thousands, except for share data and per share data, or otherwise noted)

		Attributable to the owners of Here Group Limited										
	Note	Class A ordinary shares		Class B ordinary shares		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficit	Non-controlling interests	Total equity
		Shares	Amount	Shares	Amount	Shares	Amount					
			RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB
Balance as of June 30, 2025		**119,595,046**	**81**	**49,859,049**	**34**	**(5,480,127)**	**(49,054)**	**1,066,860**	**16,507**	**(225,431)**	**82,967**	**891,964**
Repurchase of ADSs	22	-	-	-	-	(6,714,696)	(76,976)	-	-	-	-	(76,976)
Exercise of share options	21	-	-	-	-	482,961	5,010	(3,436)	-	-	-	1,574
Share-based compensation	21	-	-	-	-	-	-	36,940	-	-	-	36,940
Share options retained by employees of Divested Business	4	-	-	-	-	-	-	17,461	-	-	-	17,461
Acquisition of noncontrolling interest	20	-	-	-	-	-	-	(224,405)	-	-	(83,836)	(308,241)
Elimination of upstream transaction with equity method investee	16	-	-	-	-	-	-	7,252	-	-	-	7,252
Disposal of Divested Business	4	-	-	-	-	-	-	-	-	-	(214)	(214)
Net income		-	-	-	-	-	-	-	-	62,433	1,083	63,516
Currency translation differences		-	-	-	-	-	-	-	(4,557)	-	-	(4,557)
Balance as of June 30, 2026		**119,595,046**	**81**	**49,859,049**	**34**	**(11,711,862)**	**(121,020)**	**900,672**	**11,950**	**(162,998)**	**-**	**628,719**

The accompanying notes are an integral part of these consolidated financial statements.

HERE GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(RMB in thousands, except for share data and per share data, or otherwise noted)

	For the years ended June 30,			
	2024	2025	2026	2026
	RMB	RMB	RMB	US$ Note 2(e)
Cash flows from operating activities:				
Net income	385,527	356,568	63,516	9,362
Less: net income from discontinued operation	385,527	378,374	318,451	46,934
Net loss from continuing operations	-	(21,806)	(254,935)	(37,572)
Adjustments to reconcile net loss to net cash used in operating activities of continuing operations:				
Fair value changes of short-term investments	-	(3,310)	410	60
Provision of allowance for expected credit losses	-	1,342	1,937	285
Inventory obsolescence impairment	-	148	2,143	316
Depreciation of property and equipment	-	1,030	8,953	1,320
Amortization of intangible assets	-	3,017	11,861	1,748
Impairment loss on goodwill	-	-	124,059	18,284
Share of (income)/loss from equity method investments, net of income tax	-	(1,165)	3,529	520
Amortization of unrecognized financing income	-	-	(8,838)	(1,303)
Dividends received from an equity method investee	-	-	7,252	1,069
Realized gains from short-term investments	-	(1,404)	(7,633)	(1,125)
Share-based compensation	-	2,513	36,963	5,448
Deferred income tax expense/(benefit)	-	246	(11,415)	(1,682)
Changes in operating assets and liabilities:				
Accounts receivable	-	(6,404)	11,729	1,729
Amounts due from related parties	-	(975)	(7,508)	(1,107)
Prepayments and other current assets	-	(39,738)	23,030	3,393
Operating lease right-of-use assets	-	5,250	(22,934)	(3,380)
Accounts payables	-	5,141	39,388	5,805
Accrued expenses and other current liabilities	-	(178,087)	(91,485)	(13,484)
Amounts due to related parties	-	2,621	15,016	2,213
Income tax payable	-	(18,658)	(4,010)	(591)
Contract liabilities	-	94	5,446	803
Operating lease liabilities, current portion	-	(7,757)	9,050	1,334
Operating lease liabilities, non-current portion	-	1,948	11,631	1,714
Inventories, net	-	(2,856)	(120,658)	(17,783)
Other non-current assets	-	(52)	(6,113)	(901)
Net cash used in operating activities from continuing operations	**-**	**(258,862)**	**(223,132)**	**(32,887)**
Net cash provided by operating activities from discontinued operation	**282,720**	**442,748**	**83,706**	**12,337**
Net cash provided by/(used in) operating activities	**282,720**	**183,886**	**(139,426)**	**(20,550)**

HERE GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(RMB in thousands, except for share data and per share data, or otherwise noted)

	For the years ended June 30,			
	2024	2025	2026	2026
	RMB	RMB	RMB	US$ Note 2(e)
Cash flows from investing activities:				
Purchase of short-term investments	-	(441,133)	(2,829,000)	(416,943)
Proceeds from short-term investments	-	374,872	2,789,628	411,140
Purchase of property and equipment	-	(1,914)	(23,084)	(3,402)
Purchase of intangible assets	-	-	(7,445)	(1,097)
Investment income from short-term investments	-	1,404	7,633	1,125
Cash paid for business combination, net of cash and cash equivalents acquired	-	(20,000)	-	-
Proceeds from sale of equity method investments	-	-	4,363	643
Disposal of Divested Business	-	-	75,000	11,054
Disposal of property and equipment	-	-	1,375	203
Loan provided to related parties	-	(113)	(17,290)	(2,548)
Net cash (used in)/provided by investing activities from continuing operations	**-**	**(86,884)**	**1,180**	**175**
Net cash (used in)/provided by investing activities from discontinued operation	**(132,784)**	**80,465**	**(64,183)**	**(9,459)**
Net cash (used in)/provided by investing activities	**(132,784)**	**(6,419)**	**(63,003)**	**(9,284)**
Cash flows from financing activities:				
Proceeds from noncontrolling interests	-	513	-	-
Acquisition of noncontrolling interest of subsidiaries	-	(7,867)	(130,044)	(19,166)
Repurchase of ADSs	-	(16,090)	(76,976)	(11,345)
Proceeds from exercise of share options	-	158	5,619	828
Repayment of short-term borrowings	-	(3,400)	(11,100)	(1,636)
Other cash received relating to financing activities	-	1,112	-	-
Net cash used in financing activities from continuing operations	**-**	**(25,574)**	**(212,501)**	**(31,319)**
Net cash used in financing activities from discontinued operation	**(130,192)**	**(80,053)**	**-**	**-**
Net cash used in financing activities	**(130,192)**	**(105,627)**	**(212,501)**	**(31,319)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,934)	(707)	(4,190)	(617)
Net increase/(decrease) in cash, cash equivalents and restricted cash	**15,810**	**71,133**	**(419,120)**	**(61,770)**
Cash and cash equivalents and restricted cash at the beginning of the year	**764,281**	**780,091**	**851,224**	**125,455**
Including:				
Cash and cash equivalents at the beginning of the year	764,281	779,931	830,159	122,350
Restricted cash at the beginning of the year	-	160	21,065	3,105
Cash, cash equivalents and restricted cash at the end of the year	**780,091**	**851,224**	**432,104**	**63,685**
Including:				
Cash and cash equivalents at the end of the year	779,931	830,159	431,061	63,531
Restricted cash at the end of the year	160	21,065	1,043	154
Less: Cash and cash equivalents and restricted cash at the end of the year from discontinued operation	**780,091**	**357,524**	**-**	**-**
Cash and cash equivalents and restricted cash at the end of the year from continuing operations	**-**	**493,700**	**432,104**	**63,685**
Including:				
Cash and cash equivalents at the end of the year	-	472,943	431,061	63,531
Restricted cash at the end of the year	-	20,757	1,043	154
Supplemental disclosure of cash flow information				
Cash paid for income tax	-	(25,913)	(48,406)	(7,134)
Cash paid for interest	-	(47)	(90)	(13)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and principal activities

(a) Nature of operations

Here Group Limited (the "Company" or "Here") was incorporated in the Cayman Islands on February 9, 2022 as an exempted company with limited liability. The Company changed its legal name from QuantaSing Group Limited to Here Group Limited in November 2025.The Company, its subsidiaries, the consolidated variable interest entities (the "VIEs") and the VIEs' subsidiaries are collectively referred to as the "Group".

In March 2025, the Group completed an acquisition of 61.05% equity interest in Shenzhen Yiqi Culture Co., Ltd. ("Shenzhen Letsvan"), thereby entering the pop toy business (Note 3). In June 2025, the Group further acquired approximately 2.5% equity interests in Shenzhen Letsvan (Note 20). In July 2025, the Group undertook further steps to acquire all of the remaining equity interests in Shenzhen Letsvan (Note 20). As of June 30, 2026 the acquisition of non-controlling interests of Shenzhen Letsvan held by one shareholder was not closed and the Group held 76.3% of the equity interests in Shenzhen Letsvan.

On September 30, 2025, the Group, through one of its subsidiaries, Beijing Qimengdao Technology Co., Ltd. (formerly known as Beijing Liangzizhige Technology Co., Ltd.), entered into the VIE Termination Agreement with Feierlai (Beijing) Technology Co., Ltd. ("Beijing Feierlai", or the "VIE 1") and Beijing Chuangyuqizhi Technology Co., Ltd. ("Beijing Chuangyuqizhi", or the "VIE 2"), and the respective nominee shareholder of Beijing Feierlai and Beijing Chuangyuqizhi, to terminate the contractual arrangements among these parties. On the same day, the Group entered into share transfer agreements with the relevant entities of a third-party buyer (the "Buyer"), pursuant to which Beijing Qimengdao Technology Co., Ltd. instructed the nominee shareholder to transfer all of its equity interests in Beijing Feierlai and Beijing Chuangyuqizhi to the Buyer, and the Company transfers all of its equity interests in QuantaSing International Limited and Rare River Group Limited to the Buyer, for an aggregate consideration of approximately equivalent to RMB180 million. Upon completion of the transactions on September 30, 2025, the Group ceased to engage in the individual online learning services business, consumer businesses, and any other businesses established prior to the acquisition of Shenzhen Letsvan (the "Divested Business").

The disposal of the Divested Business represents a strategic shift and has a significant impact on the Company's results of operations. Accordingly, assets, liabilities, results of operations, and cash flows related to the Divested Business have been reflected in the accompanying consolidated financial statements as discontinued operation for all periods presented. The consolidated balance sheets as of June 30, 2025, the consolidated statements of comprehensive income and consolidated statements of cash flows for the years ended June 30, 2024, 2025 and 2026 have been adjusted to reflect this change (see Note 4).

Effective September 30, 2025, upon the completion of the disposal of the Divested Business, the Group deconsolidated the financial statements of the Divested Business from its consolidated financial statements. Following the disposition, the Group's strategic focus would be centered on the pop toy business.

1. Organization and principal activities (Continued)

(a) Nature of operations (Continued)

As of June 30, 2026, the Company's major subsidiaries are as follows:

	Date of incorporation	Place of incorporation	Percentage of direct or indirect economic interest	Principal activities
Wholly owned subsidiaries (offshore):				
Hundreds of Mountains Limited	March 22, 2021	The BVI	100%	Investment holding
Witty Digital Technology Limited	March 29, 2021	Hong Kong	100%	Technical consulting and related service
CreaVerse Group Limited	February 6, 2024	Cayman Islands	100%	Investment holding
CreaVerse Group (BVI) Limited	February 8, 2024	The BVI	100%	Investment holding
CreaVerse Technology (Singapore) Pte. Limited	February 26, 2024	Singapore	100%	Investment holding
CreaVerse Technology (HK) Limited	March 11, 2024	Hong Kong	100%	Investment holding
Wholly owned subsidiaries (onshore):				
Beijing Qimengdao Technology Co., Ltd. (the "WFOE")	March 19, 2021	The PRC	100%	Technical consulting and related service
Beijing Yiqi Culture Co., Ltd.	January 21, 2025	The PRC	100%	Pop toy business
Shanghai Qimengdao Culture Co., Ltd.	September 2, 2025	The PRC	100%	Pop toy business
Chongqing Qimengdao Cultural Communication Co., Ltd.	September 2, 2025	The PRC	100%	Pop toy business
Shenzhen Qimengdao Trading Co., Ltd.	October 16, 2025	The PRC	100%	Pop toy business
Beijing Qimengdao Cultural Communication Co., Ltd.	October 22, 2025	The PRC	100%	Pop toy business
Beijing Qimengdao Trading Co., Ltd.	October 22, 2025	The PRC	100%	Pop toy business
Beijing Xingxuzaowu Cultural and Creative Co., Ltd.	March 23, 2026	The PRC	100%	Pop toy business
Xian Qimengdao Cultural Communication Co., Ltd.	March 27, 2026	The PRC	100%	Pop toy business
Shenzhen Chaowan World Information Technology Co., Ltd.	December 24, 2024	The PRC	100%	Pop toy business
Shenzhen Yiqi Culture Co., Ltd.	November 23, 2020	The PRC	76.3%	Pop toy business
Shenzhen Yiqiwan Cultural Industry Co., Ltd.	August 9, 2022	The PRC	100%	Pop toy business
Shenzhen Huiyusheji Culture Co., Ltd.	October 8, 2022	The PRC	100%	Pop toy business
Dongguan Yiqiwan Cultural Industry Co., Ltd.	November 20, 2023	The PRC	100%	Pop toy business
Hangzhou Yiqi Technology Development Co., Ltd.	July 16, 2025	The PRC	100%	Pop toy business
Qimengdao (Changchun) Culture Co., Ltd.	August 18, 2025	The PRC	100%	Pop toy business

1. Organization and principal activities (Continued)

(b) Variable interest entity

Before September 2025, the Group operated substantially all of its Divested Business through the VIEs and VIEs' subsidiaries. In May 2021, the Group, through one of its subsidiaries, or the WFOE, entered into a series of contractual arrangements with the VIE 1 and its shareholder, Shenzhen Erwan, an entity controlled by the Founder. In May 2024, the VIE 2 entered into a similar series of contractual arrangements with Beijing Zhixueduxing and its shareholder, Shenzhen Erwan, which were terminated in March 2025. In April 2025, the WFOE, entered into a similar series of contractual arrangements with the VIE 2 and its shareholder, Shenzhen Erwan.

In September 2025, as part of the disposal of the Divested Business, the Group terminated the aforementioned contractual agreements for VIE 1 and VIE 2, including the voting rights proxy agreements, equity pledge agreements, exclusive consultancy and service agreements and exclusive option agreements. With the termination of these VIE contractual agreements, the Group deconsolidated the VIEs from its consolidated financial statements since September 30, 2025.

The following table sets forth the assets, liabilities, results of operations and changes in cash and cash equivalents of the VIEs and VIEs' subsidiaries, which were included in the Group's consolidated balance sheets, consolidated statements of comprehensive income and consolidated statements of cash flows, after the elimination of intercompany balances and transactions among the VIEs and its subsidiaries:

	As of June 30,	
	2025	2026
	RMB	RMB
Current assets held for sale	665,253	-
Non-current assets held for sale	10,775	-
Current liabilities held for sale	649,753	-
Non-current liabilities held for sale	37,590	-

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Net income from discontinued operation, net of income tax	69,773	124,212	172,441

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Net cash used in operating activities from discontinued operation	(68,748)	(74,420)	(289,983)
Net cash (used in)/provided by investing activities from discontinued operation	(85,679)	(18,425)	985
Net cash provided by financing activities from discontinued operation	43,422	132,303	-

2. Summary of significant accounting policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

Comparability and Reclassification Adjustment

To conform to the current year's presentation relating to discontinued operation of the Divested Business (Note 4), the Group has reclassified certain comparative balances in the consolidated balance sheet as of June 30, 2025 and certain comparative amounts in the consolidated statements of operations and comprehensive income for the years ended June 30, 2024 and 2025. The assets and liabilities of the discontinued operation have been classified as assets held-for-sale and liabilities held-for-sale in the consolidated balance sheet as of June 30, 2025. The results of discontinued operation for the years ended June 30, 2024 and 2025 have been reflected separately in the consolidated statements of operations and comprehensive income as a single line item for all periods presented in accordance with U.S. GAAP. Cash flows from discontinued operation of the three categories for the years ended June 30, 2024 and 2025 were separately presented in the consolidated statements of cashflows for all periods presented in accordance with U.S. GAAP. These reclassifications had no impact on net income or loss, total assets and liabilities, shareholders' equity, or cash flows as previously reported.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the consolidated VIEs (including the VIEs' subsidiaries).

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A consolidated VIE is an entity in which the Company, or its subsidiaries, through contractual arrangements, has the power to direct the activities that most significantly impact the entity's economic performance, and the right to receive benefit from the entity that could potentially be significant to the entity, and therefore the Company or its subsidiaries shall be deemed to have a controlling financial interest in the entity and is the primary beneficiary of the entity. There has been no consolidated VIE since September 30, 2025.

All significant intercompany transactions and balances between the Company, its subsidiaries and the consolidated VIEs have been eliminated upon consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities at the balance sheet date, and the reported revenues and expense during the reporting period and disclosed in the consolidated financial statements and accompanying notes.

Significant accounting estimates reflected in the Group's consolidated financial statements include, but are not limited to, provision of credit losses of receivables, inventory write down, fair value of short-term investments, initial measurement of leases, depreciation and amortization of long-lived assets, impairment of goodwill, valuation of intangible assets and remeasurement of previously-held investments in connection with the business combination transaction, the valuation allowance of deferred tax assets, withholding tax on undistributed earnings, fair value of non-controlling interests, as well as the valuation and recognition of share-based compensation arrangements. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

2. Summary of significant accounting policies (Continued)

(d) Functional currency and foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Company and the Group's subsidiaries incorporated in the Cayman Islands, BVI, Singapore, and Hong Kong is United States dollars ("US$") and the Hong Kong dollar ("HKD"), while the functional currency of subsidiaries incorporated in Vietnam and Indonesia is the Vietnamese dong and the Indonesian rupiah, respectively. The Group's PRC subsidiaries determined their functional currency to be RMB. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in foreign currencies other than functional currency are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies other than functional currency are remeasured into the functional currency at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from foreign currency transactions are recorded in the consolidated statements of operations and comprehensive income.

The financial statements of the Group's non-PRC entities are translated from their respective functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the average exchange rates for the relevant period.

The resulting foreign currency translation adjustments are recorded as a component of accumulated other comprehensive loss in the consolidated statement of changes in shareholders' equity and a component of other comprehensive loss in the consolidated statement of operations and comprehensive income.

(e) Convenience translation

Translations of the consolidated balance sheet, the consolidated statement of operations and comprehensive income and the consolidated statement of cash flows from RMB into US$ as of and for the year ended June 30, 2026 are solely for the convenience of the readers and have been calculated at the rate of US$1.00=RMB6.7851, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on June 30, 2026. No representation is made that the RMB amounts could have been, or could be, converted, realized, or settled into US$ at that rate on June 30, 2026, or at any other rate.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, time deposits, and funds held in deposit accounts with banks, which are highly liquid and have original maturities of three months or less and are unrestricted as to withdrawal or use.

(g) Restricted cash

Cash that is legally or contractually restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated balance sheets. In accordance with Accounting Standards Codification ("ASC") 230, the amounts generally described as restricted cash and restricted cash equivalents are included in the total cash, cash equivalents and restricted cash balances in the consolidated statements of cash flows.

2. Summary of significant accounting policies (Continued)

(h) Accounts receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable mainly represent receivable from sales of pop toy products.

The Group's other receivables which were recorded as a component of the prepaid expenses and other current assets and other non-current assets are within the scope of ASC Topic 326.

To estimate expected credit losses, in accordance with ASC Topic 326, the Group has identified the relevant risk characteristics of its customers and the counterparties and the related accounts receivable and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the past collection experience, current economic conditions, future economic conditions (external data and macroeconomic factors) and changes in the Group's customer collection trends. This is assessed at each quarter based on the Group's specific facts and circumstances. The allowance for credit losses and corresponding receivables is written off when they are determined to be uncollectible.

(i) Inventories, net

Inventories, mainly consisting of products available for sale and raw materials, are recorded at the lower of cost or net realizable value. Cost of inventories is determined using the weighted average cost method. Net realizable value is based on estimated selling prices in the ordinary course of business, less reasonably predictable selling cost. Write-down is recorded when future estimated net realizable value is less than cost, which is recorded in cost of revenues in the consolidated statements of operations and comprehensive income. The Group recorded nil, RMB148 and RMB2,143 inventory obsolescence impairment for the years ended June 30, 2024, 2025 and 2026, respectively.

(j) Fair value measurement

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 applies to assets or liabilities for which there are quoted prices, in active markets for identical assets or liabilities.

- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

2. Summary of significant accounting policies (Continued)

(j) Fair value measurement (Continued)

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, other receivables, accounts payables, and accrued expenses and other current liabilities approximate their fair values because of their short-term nature. Operating lease liabilities are measured at amortized cost using discounted rates reflected time value of money, thus the carrying amount approximates its fair value. The Group's short-term investments mainly consisted of wealth management products which contain variable returns, and are measured at fair value (Note 2(k)).

Accounting guidance also describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

The Group's non-financial assets, such as property and equipment, intangible assets and goodwill, would be measured at fair value only if they were determined to be impaired.

(k) Short-term investments

Short-term investments include (i) wealth management products with variable interest rates or principal non-guaranteed issued by certain financial institutions; (ii) investment in equity securities of publicly listed companies for which the Group does not have significant influence. In accordance with ASC 825, Financial Instruments, for financial products with variable returns referenced to performance of underlying assets, the Group elected the fair value method at the date of initial recognition and carries these investments at fair value. Fair value is estimated based on quoted prices of similar products provided by financial institutions at the end of each reporting period. Investments in marketable securities are accounted for pursuant to ASC 321 and reported at their readily determinable fair value as quoted by market exchanges in the consolidated balance sheets with change in fair value recognized in earnings. Changes in the fair value of these investments are reflected in the consolidated statements of operations and comprehensive income as investment income and included in "Others, net".

(l) Prepayments and other current assets

Prepayments and other current assets mainly consist of prepayments for promotion fees and other service fees, prepaid input value-added tax, deposits, receivables from third party payment platforms and third-party e-commerce platforms and receivables of consideration for Divested Business. Prepayments and other current assets are stated at the historical carrying amount net of the allowance for credit losses. The Group reviews other assets on a periodic basis and makes allowances when there is doubt as to the collectability of individual balances. Other assets are written off when they are determined to be uncollectible.

(m) Property and equipment, net

Property and equipment are recorded at cost, less accumulated depreciation and impairment. Depreciation of property and equipment is calculated on a straight-line basis, after consideration of expected useful lives and estimated residual values. The Group has not recorded any impairments of property and equipment for the period presented. The estimated useful lives of these assets are generally as follows:

2. Summary of significant accounting policies (Continued)

(m) Property and equipment, net (Continued)

Category	Estimated useful life
Leasehold improvements	Shorter of the lease term or estimated economic life
Computer and electronic equipment	3 years
Molds	3-5 years
Furniture	3-5 years
Motor vehicles	4 years

Repairs and maintenance costs are charged to expenses as incurred, whereas the costs of renewals and betterment that extend the useful lives of property, plant and equipment are capitalized as additions to the related assets. Gains and losses from the disposal of property and equipment are included in the consolidated statements of operations and comprehensive income.

(n) Intangible assets

Intangible assets mainly include those acquired through business combinations and purchased intangible assets. Intangible assets acquired through business combinations are recognized as assets separate from goodwill if they satisfy either "contractual-legal" or "separability" criterion. Intangible assets arising from business combinations are recognized and measured at fair value upon acquisition. Purchased intangible assets are initially recognized and measured at cost upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives based on either an accelerated method that reflects the pattern in which economic benefits of the intangible assets are consumed if that pattern can be reliably determined and results in higher amortization in the earlier years of the assets' useful life, or using a straight-line method as follows:

Category	Estimated useful life
Software	1 year to 2 years
Intellectual property rights ("IP Rights")	10 years
Licensed intellectual properties ("Licensed IPs")	2-10 years
Channel relationship	3 years

Separately identifiable amortizable intangible assets and other long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets is based on the amounts by which the carrying amounts of the assets exceed the fair values of the assets.

Intangible assets with an indefinite useful life mainly consist of the Group's brand name. Intangible assets with an indefinite life are not amortized and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

2. Summary of significant accounting policies (Continued)

(o) Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. Goodwill is not amortized, but tested for impairment annually or more frequently if event and circumstances indicate that it might be impaired.

Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. These events or circumstances include a significant change in stock prices, business environment, legal factors, financial performances, competition, or events affecting the reporting unit. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit.

The Group first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount. If as a result of the qualitative assessment, it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the fair value of the reporting unit and its carrying amount will be recorded.

(p) Long-term investments

Investments in common stock or in-substance common stock and limited-partnership investments in entities over which the Group can exercise significant influence but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC 323 Investments-Equity Method and Joint Ventures. The Group adjusts the carrying amount of equity method investment for its share of the income or losses of the investee and reports the recognized income or losses in the consolidated statements of comprehensive income/(loss). When the Group's share of losses in the equity investee equals or exceeds its interest in the equity investee, the Group does not recognize further losses, unless the Group has incurred obligations or made payments or guarantees on behalf of the equity investee, or the Group holds other investments in the equity investee. The Group's share of the income or losses of an investee is based on the shares of common stock and in-substance common stock held by the Group.

The Group continually reviews its investment in equity investees under the equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds.

(q) Impairment of long-lived assets other than goodwill and indefinite-lived intangible assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will affect the future use of the assets) indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets.

2. Summary of significant accounting policies (Continued)

(r) Operating Leases

The Group accounts for leases in accordance with ASC 842, Leases ("ASC 842"), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements.

The Group has operating leases primarily for office space, offline stores and warehouses. The determination of whether an arrangement is a lease or contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all the economic benefits from and has the ability to direct the use of the asset. The Group elects not to apply the recognition requirements of ASC 842 to short-term leases. Variable lease payments are the payments made by a lessee to a lessor for the right to use an underlying asset that vary because of changes in facts or circumstances occurring after the commencement date, other than the passage of time. Variable lease payments are recorded in the period in which the obligation for the payment is incurred. Other operating leases are included in operating lease right-of-use assets, operating lease liabilities, current portion, and operating lease liabilities, non-current portion on the consolidated balance sheets.

The Group uses the implicit rate when readily determinable, or its incremental borrowing rate based on the information available, at the commencement date in determining the present value of lease payments. Certain leases include renewal options and/or termination options. Renewal options are included in the lease term if the Group is reasonably certain to exercise those options while options to terminate the lease are only included in the lease term if the Group is reasonably certain not to exercise those options. Lease expenses are recorded on a straight-line basis over the lease term.

(s) Treasury stock

The Group accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury stock account on the consolidated balance sheets. Treasury stock is shown separately in the shareholders' equity before the ultimate disposition of those shares acquired. When the treasury shares are reissued, the Group reduces treasury shares at an amount equal to its cost, and record the reissuance gain in additional paid-in capital; in the case of reissuance loss, the Group record the reissuance loss in additional paid-in capital to the extent of prior reissuance gains, the remaining is recorded against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. At retirement or cancellation of the treasury stock, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury stock over the aggregate par value is charged to retained earnings.

(t) Net (loss)/income per ordinary share

Basic net (loss)/income per ordinary share is computed by dividing net (loss)/income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For the calculation of diluted net (loss)/income per ordinary share, the weighted average number of ordinary shares is adjusted by the effect of potential dilutive ordinary shares, including ordinary shares issuable upon the exercise of outstanding share options using the treasury stock method. The effect mentioned above is not included in the calculation of the diluted net (loss)/income per ordinary share when inclusion of such effect would be anti-dilutive.

The shares repurchased by the Company are excluded from the number of shares outstanding for purposes of computing basic and diluted net (loss)/income per ordinary share in accordance with ASC 260.

2. Summary of significant accounting policies (Continued)

(u) Non-controlling interests

The Group's consolidated financial statements include entities in which the Company has a controlling financial interest. Earnings or losses attributable to non-controlling interest shareholders of its subsidiaries and VIEs are classified separately as "Non-controlling interests" in the Company's consolidated statements of operations and comprehensive income.

(v) Business combination

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The purchase price of the acquisition is allocated to the tangible assets, liabilities, identifiable intangible assets acquired and non-controlling interest, if any, based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred.

Considerations transferred in a business combination are measured at the fair value as of the date of acquisition. Where the consideration in an acquisition includes contingent consideration, and the payment of which depends on the achievement of certain specified conditions post-acquisition, the contingent consideration is recognized and measured at its fair value at the acquisition date and is recorded as a liability. It is subsequently carried at fair value with changes in fair value reflected in earnings.

In a business combination achieved in stages, the Group remeasures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the remeasurement gain or loss, if any, is recognized in the consolidated statements of operations and comprehensive income.

(w) Discontinued operation

A discontinued operation may include a component of an entity or a group of components of an entity, or a business or non-profit activity. A disposal of a component of an entity or a group of components of an entity is reported in discontinued operation if the disposal results from strategic shift that has (or will have) a major effect on an entity's operations and financial results when any of the following occurs: (1) the component of an entity or group of components of an entity meets the criteria to be classified as held for sale; (2) the component of an entity or group of components of an entity is disposed of by sale; (3) the component of an entity or group of components of an entity is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spinoff). For any component classified as held for sale or disposed of by sale or other than by sale that qualify for presentation as a discontinued operation in the period, the Group has reported the assets and liabilities of the discontinued operation as current assets held for sale, non-current assets held for sale, current liabilities held for sale, and non-current liabilities held for sale in the consolidated balance sheets. The results of discontinued operation were reflected separately in the consolidated statements of operations and comprehensive income as a single line item for all periods presented in accordance with U.S. GAAP. Cash flows from discontinued operation of the three categories were separately presented in the consolidated statements of cash flows for all periods presented in accordance with U.S. GAAP.

2. Summary of significant accounting policies (Continued)

(x) Revenue recognition

The Group recognizes revenue from the sale of pop toy products in accordance with ASC 606, Revenue from Contracts with Customers. Under ASC 606, the Group determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price, including the constraint on variable consideration;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when (or as) the Group satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to customers and is measured at the fair value of the consideration received or receivable, representing amounts billed or billable for goods supplied or services rendered. Such amounts are stated net of discounts, sales incentives, return allowances and value-added taxes ("VAT") collected from customers and remitted to tax authorities. Return allowances, which reduce revenue, are estimated using the most likely amount method based on the Group's historical return data and its analysis of returns patterns by product category.

The Group's revenue is predominantly derived from its pop toy business, following the disposal of the Divested Business on September 30, 2025. The Group sells its pop toy products through multiple channels, including distributors, online platforms, self-operated offline retail stores and roboshop machines.

For sales to distributors, revenue is recognized upon delivery to the contractual shipping destination. At that point, the Group has no remaining performance obligations that could affect the distributors' acceptance of the products. The significant risks and rewards of ownership, including those related to obsolescence and loss, have also been passed to the distributors upon delivery. A receivable is recognized at the time of delivery, as the Group's right to consideration becomes unconditional and only the passage of time is required before payment falls due. In cases where customers make advance payments, the Group's records such amounts as contract liabilities upon receipt and subsequent recognizes them as revenue when control of the products is transferred to the customers.

For sales made through online platforms, including self-developed online platform or third-party e-commerce platforms, revenue is recognized at the point in time when the end customers receive the delivered products. The transaction price for such sales is recorded net of estimated sales discounts at the time of sale. Consideration paid by end customers upon placement of orders and is collected immediately if the orders are placed through self-developed online platform, or after the delivery of the products through settlement with the third-party products through settlement with the third-party e-commerce platforms. Commissions to the third-party e-commerce platforms represent incremental costs to obtain contracts. The Group applies the practical expedient to expense the commissions as incurred, as the expected amortization period is less than one year.

For sales through self-operated retail stores and roboshops, revenue is recognized at the point when customers place purchase orders by making payment and simultaneously take physical possession of the products. The transactions are settled contemporaneously in cash, by credit or debit cards, or through third-party payment service providers. The Group does not have material performance obligations subsequent to the point of sale for this channel.

Other revenue includes sales or services related to various other offerings, such as IP licensing and operation services. Revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group.

2. Summary of significant accounting policies (Continued)

(x) Revenue recognition (Continued)

Practical expedients

The Group has used the following practical expedients as allowed under ASC 606:

(i) The effects of a significant financing component have not been adjusted for contracts which the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(ii) The Group expenses the costs to obtain a contract as incurred when the expected amortization period is one year or less.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group recognizes contract assets or contract liabilities and accounts receivable in the consolidated balance sheets, depending on the relationship between the Group's performance and the customer's payment. Accounts receivable represents amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment, and a contract asset if not yet has the unconditional right to receive consideration.

Contract liability is related to the payments received by the Group in advance from customers before the control of the products transferred or the services rendered.

As of June 30, 2025, the Group's contract liabilities were RMB1,665, substantially all of which was recognized as revenue for the year ended June 30, 2026. The Group's contract liabilities were RMB7,111 as of June 30, 2026, which are expected to be recognized as revenue within one year.

Revenue Disaggregation

The following table sets forth a breakdown of the Group's revenues disaggregated by business line:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Revenue from sales of pop toy products	**-**	**65,781**	**592,675**
-Distributors	-	51,953	446,274
-Online platforms	-	12,820	126,035
-Self-operated offline retail stores and roboshop machines	-	1,008	20,366
Others	-	-	4,123
Total revenues	**-**	**65,781**	**596,798**

(y) Cost of revenues

Cost of revenues mainly consists of costs of goods sold, license fee, supply chain related personnel costs, warehousing costs and molds depreciation, freight expenses, impairment of inventories and physical inventories loss.

2. Summary of significant accounting policies (Continued)

(z) Sales and marketing expenses

Sales and marketing expenses consist primarily of: (i) marketing and promotional expenses, including costs related to the promotion of brand influence and IP product marketing, offline campaign execution and online traffic acquisition; (ii) salaries and benefits (including share-based compensation expenses) related to the Group's sales and marketing team; (iii) operating expenses associate with retail stores and roboshops, including rental expenses, depreciation and other related expenses; (iv) commissions and e-commerce platform service charges; (v) other expenses incurred by the Group's sales and marketing personnel. Marketing and promotional expenses are expensed as sales and marketing expenses when the services are received. For the years ended June 30, 2024, 2025 and 2026, marketing and promotional expenses were nil, RMB11,841, and RMB88,901, respectively.

(aa) General and administrative expenses

General and administrative expenses consist primarily of salaries and benefits (including share-based compensation expenses) and related expenses for employees involved in general corporate functions, including finance, legal and human resources, rental fees, and professional service fees.

(ab) Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits for the Group's in-house creative design and product development teams, who are responsible for the design of IP characters and the diversification of product category portfolios, and (ii) other expenses associated with aforementioned activities, including office rental, general expenses and depreciation expenses.

(ac) Share-based compensation expenses

All share-based awards granted to the founder, management, directors and employees, including restricted ordinary shares and share options, are measured at fair value on grant date. Share based compensation expense is recognized using the graded-vesting method over the requisite service period, which is the vesting period. The Group accounts for share-based compensation benefits granted to grantee in accordance with ASC 718 Stock Compensation. Information relating to the plans is set out in Note 21.

The Group uses the binomial option-pricing model or other appropriate methods to estimate the fair value of share options. The determination of estimated fair value of share-based payment awards on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected value volatility of the Company over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk-free interest rate, exercise multiple and expected dividend yield, if any.

Some awards are granted with service only conditions and some awards granted with both performance conditions and service conditions. For awards granted with performance conditions and service conditions, the Company evaluates the likelihood of performance conditions being met at each reporting period. Share-based compensation costs are recorded when the performance conditions are considered probable for the number of awards expected to vest on a graded-vesting basis, net of estimated forfeitures, over the requisite service period. The Group has chosen to account for forfeitures related to service condition aspects when they occur. The compensation cost of the awards granted with performance conditions and service conditions is measured based on the fair value of the awards when all conditions to establish the grant date have been met.

2. Summary of significant accounting policies (Continued)

(ad) Employee benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries and the consolidated VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. Employee social security and welfare benefits included as expenses of continuing operations in the consolidated statements of operations and comprehensive income amounted to nil, RMB1,384 and RMB21,625 for the years ended June 30, 2024, 2025 and 2026, respectively. The total balances of employee welfare benefits, including the accruals for estimated underpaid amounts, were approximately RMB12,755 and RMB9,367 as of June 30, 2025 and 2026, respectively.

(ae) Taxation

Income taxes

Current income taxes are provided based on(loss)/income before income tax for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of comprehensive (loss)/income in the period of the enactment of the change.

The Group considers positive and negative evidence when determining whether a portion or all its deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, its experience with tax attributes expiring unused, and its tax planning strategies. The ultimate realization of deferred tax assets is dependent upon its ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, the Group has considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trend of profits expected to be reflected within the industry. The Group records a valuation allowance to reduce the amount of deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

Value added Tax ("VAT")

For the sales of products, the Group is subject to VAT at the rate of 3% for small scale VAT taxpayer and 13% for general VAT payer. For services provided, the Group is subject to VAT at the rate of 6% depending on whether the entity is a general taxpayer, and related surcharges on revenue generated from providing services. Entities that are VAT general taxpayers are allowed to offset qualified input VAT, paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in the line item of accrued expense and other liabilities on the face of balance sheet. The Group records revenue net of value added tax and the Group records the related surcharges as cost of revenues.

2. Summary of significant accounting policies (Continued)

(af) 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. Comprehensive income includes net income and foreign currency translation adjustments of the Group.

(ag) Segment reporting

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. The Group's CODM is the Chief Executive Officer. The CODM reviews separate financial information presented for each segment of the Group and measures the performance of each segment primarily based on segment revenue and segment gross profit.

For the year ended June 30, 2024, the Group identified two operating segments, including learning service and others and consumer business. For the year ended June 30, 2025, as a result of the acquisition of Shenzhen Letsvan in March 2025 (Note 3), the Group identified one more operating segment, pop toy business. Subsequent to the disposal of Divested Business in September 2025 (Note 4), the Group's CODM relies upon the consolidated results of operations as a whole for the only remaining pop toy business when making decisions about allocating resources and assessing the performance of the Group. As a result of the assessment made by CODM, the Group has only one reportable segment as defined by ASC 280.

As the Group's long-lived assets are substantially all located in the PRC and substantial portion of the Group's revenues are derived from the PRC, no geographical segments are presented.

(ah) Impact of newly adopted accounting pronouncement

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid, among other enhancements to improve the effectiveness of income tax disclosures. For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024. For entities other than public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2025; however, early adoption is permitted. The Group adopted the amendments prospectively for the fiscal year ended June 30, 2026. Please refer to Note 18 for further details.

2. Summary of significant accounting policies (Continued)

(ai) Recently issued accounting pronouncements not yet adopted

The Group qualifies as an "emerging growth company", or EGC, pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. As an EGC, the Group does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards.

In November 2024, the FASB issued ASU 2024-03, "Income Statement –Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses," which requires entities to disaggregate operating expenses into specific categories such as employee compensation, depreciation, and intangible asset amortization, by relevant expense caption on the statement of operations. The standard is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted on either a prospective or retrospective basis. The Company is currently evaluating the impact of adopting ASU 2024-03 on its consolidated financial statements and related disclosures. The amendments only impact disclosures and are not expected to have an impact on the Group's financial condition and results of operations.

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses for Accounts Receivable and Contract Assets", which provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The standard is effective for interim and annual periods beginning after December 15, 2025. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Group is currently evaluating the impact of adopting ASU 2025-05.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"), which removes all references to software development project stages so that the guidance is neutral to different software development methods. Therefore, under ASU 2025-06, software capitalization will begin when management has authorized and committed to funding the software project and when it is probable that the project will be completed and the software will be used to perform the function intended. ASU 2025-06 will be effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods with early adoption permitted. The guidance is to be applied on a prospective basis, or on a modified transition approach or a retrospective transition approach. The Group does not expect the adoption of the ASU to have a material impact on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities ("ASU 2025-10"), which provides updated guidance on how to recognize, measure, and present government grants. The ASU will be effective for annual reporting periods beginning after December 15, 2028, including interim periods within those annual reporting periods, with early adoption permitted. The Group does not expect the adoption of the ASU to have a material impact on the consolidated financial statements.

3. Business combination

Business combinations during the year ended June 30, 2025

Acquisition of Shenzhen Letsvan

Founded in 2020, Shenzhen Letsvan is principally engaged in IP incubation, copyright commercialization, and the promotion and sales of pop toys.

During the year ended June 30, 2025, the Group entered into a series of transactions with Shenzhen Letsvan and its then existing shareholders, pursuant to which the Group acquired a total of 61.05% equity interest in Shenzhen Letsvan after step acquisition ("Shenzhen Letsvan Acquisition"). Upon the completion of a series of transactions, including a convertible bond agreement, an equity transfer agreement, and a shares purchase agreement signed in December 2024, along with a debt-to-equity conversion agreement signed in March 2025, the Group held approximately 14.73% of the equity in Shenzhen Letsvan. At the end of March 2025, the Group entered into another equity transfer agreement and shares purchase agreement to acquire an additional 46.32% equity interests in Shenzhen Letsvan" for a total cash consideration of RMB200.0 million. Upon the closing of these transactions on March 31, 2025 (the acquisition date), the Group held, approximately 61.05% of Shenzhen Letsvan's interests and obtained the control in Shenzhen Letsvan. The Group accounted for the transactions as business combination and consolidated its financial results into the Group's consolidated financial statements since the acquisition date.

The acquisition of Shenzhen Letsvan was accounted for using the acquisition method, and the purchase price allocation was made based on the fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition. The fair values of the identifiable intangible assets acquired were determined using various valuation techniques, including the fair value of the channel relationship was determined using the Multi-period Excess Earnings Method, and the fair value of IP Rights was determined using Relief from Royalty Method, all of which were under the income approach. The fair value measurements were primarily based on significant inputs that are not directly observable in the market and are considered Level 3 under the fair value measurements and disclosure framework. Key assumptions include cash flow projections for Shenzhen Letsvan and the discount rate applied to those cash flows. Identifiable intangible assets with finite lives are amortized over their useful lives. The carrying value of the other tangible assets acquired and liabilities assumed approximate their fair value. The excess of the purchase price and the fair value of non-controlling interests over the estimated fair values of the identifiable net assets acquired was recorded as goodwill. The Fair value of the non-controlling interest was estimated with reference to the price per share as of the acquisition date.

3. Business combination (Continued)

The following is a summary of the fair value of the purchase price and the final allocation of the purchase price to the assets acquired and liabilities assumed:

	RMB
Cash and cash equivalents	93,450
Short-term investments	20,000
Accounts receivable, net	23,100
Other current assets	24,968
Property and equipment, net	7,488
Newly identified intangible assets (IP Rights)	49,000
Newly identified intangible assets (channel relationship)	19,000
Goodwill	187,598
Other non-current assets	7,423
Short-term borrowings	(14,500)
Other current liabilities	(22,223)
Other non-current liabilities	(1,155)
Deferred tax liabilities	(17,000)
Non-controlling interests-equity	(93,041)
Non-controlling interests- mezzanine equity	(40,999)
Total purchase consideration	**243,109**
Total purchase price is comprised of:	
-Cash	200,000
-Fair value of previously held equity interests	43,109
Total	**243,109**

In connection with the Shenzhen Letsvan Acquisition, the Group recorded goodwill of RMB187.6 million, which is primarily attributable to expected synergies, expanded market opportunities, and other expected benefits that the Group believes it will result from combining its operations with the operations of Shenzhen Letsvan. The incremental goodwill created as a result of the acquisition is not deductible for tax purposes. Goodwill has been allocated to the pop toy business segment.

Supplemental pro forma information

The following unaudited pro forma consolidated financial information is prepared as if the business acquisition occurred on July 1, 2023. For the business acquisition, amortization have been included in the calculation of the pro forma information provided below, based on the results of purchase price allocation. Amortization is computed on the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

This supplemental pro forma information is presented for illustrative purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Company consummated the acquisitions on July 1, 2023, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	For the years ended June 30,	
	2024	2025
	RMB	RMB
Pro forma total net revenues	126,634	163,473
Pro forma net income	404,094	334,774

Other acquisition during the year ended June 30, 2025

During the year ended June 30, 2025, the Group also made another business acquisition, for which the result of the operations has been included in the Group's consolidated financial statements from its acquisition date and was not material to the Group's consolidated financial statements.

4. Discontinued operation

As described in Note 1(a), on September 30, 2025, the Group disposed the Divested Business for an aggregate cash consideration of approximately equivalent to RMB180 million (the "Disposal").

The Disposal was accounted for as discontinued operation in accordance with ASC 205-20 since it represents a strategic shift that has a major effect on the Group's operations and financial results. On September 30, 2025, the Group lost its control over the Divested Business and accordingly, the Company deconsolidated the Divested Business from its consolidated financial statements on September 30, 2025. Accordingly, the historical financial results of the Divested Business are reflected in the Group's consolidated statements of operations and comprehensive income as discontinued operation for all periods presented, and the related assets and liabilities associated with discontinued operation in the prior year consolidated balance sheets are classified as assets/liabilities held for sale to provide the comparable financial information.

The assets and liabilities included in the captions "Current assets held for sale", "Non-current assets held for sale", "Current liabilities held for sale" and "Non-current liabilities held for sale" in the consolidated balance sheets as of June 30, 2025 consist of the following:

	As of June 30, 2025
	RMB
ASSETS	
Current assets:	
Cash and cash equivalents	357,216
Restricted cash	308
Short-term investments	49,707
Accounts receivable, net	16,388
Inventories, net	5,232
Prepayments and other current assets	129,465
Total current assets	**558,316**
Non-current assets:	
Property and equipment, net	1,357
Long-term investments	30,812
Operating lease right-of-use assets	7,394
Other non-current assets	3,501
Total non-current assets	**43,064**
LIABILITIES	
Current liabilities:	
Accounts payable	34,373
Accrued expenses and other current liabilities	85,638
Income tax payable	22,000
Contract liabilities, current portion	236,425
Advance from customers	113,134
Operating lease liabilities, current	6,946
Total current liabilities	**498,516**
Non-current liabilities:	
Contract liabilities, non-current portion	35,485
Operating lease liabilities, non-current	2,399
Deferred tax liabilities	28
Total non-current liabilities	**37,912**

4. Discontinued operation (Continued)

The Divested Business' results of operations for the years ended June 30, 2024 and 2025, and for the period from July 1, 2025 to September 30, 2025, the date immediately preceding the deconsolidation of the Divested Business shown in the table below, are included in the consolidated statements of operations and comprehensive income under the caption "Net income from discontinued operation, net of income tax", for those respective periods, after intercompany eliminations, as applicable.

	For the years ended June 30,		For the period from July 1, 2025 to September 30,
	2024	2025	2025
	RMB	RMB	RMB
Revenues	3,795,331	2,659,811	403,422
Cost of revenues	(550,310)	(460,763)	(77,452)
Gross profit	**3,245,021**	**2,199,048**	**325,970**
Operating expenses:			
Sales and marketing expenses	(2,586,977)	(1,592,153)	(182,302)
Research and development expenses	(144,868)	(89,515)	(4,376)
General and administrative expenses	(125,765)	(95,499)	(5,922)
Impairment loss on long-lived assets	(2,652)	-	-
Impairment loss on goodwill	(7,389)	-	-
Total operating expenses	**(2,867,651)**	**(1,777,167)**	**(192,600)**
Income from operations	**377,370**	**421,881**	**133,370**
Other income:			
Interest income	10,520	4,203	77
Remeasurement gain of previously held equity interests in connection with step acquisition	-	8,109	-
Others, net	28,965	53,750	3,562
Pretax income from discontinued operation related to major classes of pretax profit	**416,855**	**487,943**	**137,009**
Pretax gain on disposal of discontinued operation*	-	-	284,737
Total pretax gain on discontinued operation	**416,855**	**487,943**	**421,746**
Income tax expense	(31,328)	(109,569)	(103,295)
Net income from discontinued operation, net of tax	**385,527**	**378,374**	**318,451**

* In connection with the Disposal, the Group decided to retain 898,846 unvested share options granted to its former employees who continued to work for the Divested Business. Management ceased to account for these share options in accordance with ASC 718 as the grantees no longer meet the definition of "employees". Instead, these options are considered as the Group's own financial instruments issued to the Buyer, and the fair value of such financial instruments are immediately recognized to reduce the disposal gain by RMB17,461, with a corresponding credit to additional paid-in capital.

The following table set forth the condensed cash flows of the Divested Business were as follows for the years ended June 30, 2024 and 2025 and for the period from July 1, 2025 to September 30, 2025, the date immediately preceding deconsolidation of the Divested Business, which are included in the consolidated statements of cash flows of the Group as cash flow from discontinued operation:

	For the years ended June 30,		For the period from July 1, 2025 to September 30,
	2024	2025	2025
	RMB	RMB	RMB
Net cash provided by discontinued operating activities	282,720	442,748	83,706
Net cash (used in)/provided by discontinued investing activities	(132,784)	80,465	(64,183)
Net cash used in discontinued financing activities	(130,192)	(80,053)	-

During the period from July 1, 2025 to September 30, 2025, the Divested Business made an aggregated net cash payment of RMB377,047 to the continuing operations, for the purpose of fully settling all intercompany transactions occurred prior to the Disposal, which had been eliminated in consolidation.

5. Concentration and risks

Concentration of foreign currency risk

The Group's operating transactions are mainly denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only through authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other PRC foreign exchange regulatory bodies which require certain supporting documents in order to effect the remittances. As of June 30, 2025, the Group's cash and cash equivalents, restricted cash and short-term investments denominated in RMB were RMB516,525, accounting for 81.5% of the Group's total cash and cash equivalents, restricted cash and short-term investments from continuing operations. As of June 30, 2026, the Group's cash and cash equivalents, restricted cash and short-term investments denominated in RMB were RMB566,323, accounting for 92.8% of the Group's total cash and cash equivalents, restricted cash and short-term investments.

Concentration of customers and suppliers

One customer accounted for 37.5% of the Group's total revenues for the years ended June 30, 2026. No other customer accounted for more than 10% of the Group's total revenues during the same period. There were three and two customers individually accounted for more than 10% of the Group's net accounts receivable as of June 30, 2025 and 2026, respectively.

	As of June 30,	
Accounts receivables, net	**2025**	**2026**
Customer A	32.8%	34.0%
Customer B	23.0%	*
Customer C	12.8%	*
Customer D	*	11.7%

* *The percentage was below 10% for the period.*

Two suppliers accounted for 15.2% and 10.1%, respectively, of the Group's total purchases for the year ended June 30, 2026. No other supplier accounted for more than 10% of the Group's total purchases during the same period.

Credit and concentration risk

Financial instruments that potentially expose the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash and short-term investment. As of June 30, 2025, and 2026, substantially all the Group's cash and cash equivalents, restricted cash and short-term investments were held in major financial institutions located in Mainland China, Singapore and Hong Kong, which management considered to be of high credit quality.

6. Accounts receivable, net

The accounts receivable, net, as of June 30, 2025 and 2026, consists of the following:

	As of June 30,	
	2025	2026
	RMB	RMB
Sales of pop toy products	29,909	18,208
Others	28	-
Accounts receivable	**29,937**	**18,208**
Less: allowance for credit losses	(432)	(1,348)
Accounts receivable, net	**29,505**	**16,860**

Accounts receivable, net are non-interest bearing and generally on terms between 15 days to 90 days.

The movements in the allowance for credit losses are as follows:

	For the years ended June 30,	
	2025	2026
	RMB	RMB
Balance at beginning of the year	-	(432)
Additions	(432)	(916)
Write-offs	-	-
Balance at end of the year	**(432)**	**(1,348)**

7. Inventories, net

Inventories, net, as of June 30, 2025 and 2026, consist of the following:

	For the years ended June 30,	
	2025	2026
	RMB	RMB
Finished goods	12,998	130,212
Raw materials, packing materials and others	3,379	6,823
Inventories	**16,377**	**137,035**
Provisions for inventories	(148)	(2,291)
Inventories, net	**16,229**	**134,744**

8. Prepayments and other current assets

Prepaid expenses and other current assets, as of June 30, 2025 and 2026, consist of the following:

	As of June 30,	
	2025	2026
	RMB	RMB
Consideration receivable for the disposal of Divested Business	-	77,407
Receivables from third party payment platforms [(i)]	5,536	8,382
Receivables from e-commerce platforms [(ii)]	4,688	9,423
Prepaid service fees	4,066	10,102
Receivables from financial institutions security account[(iii)]	19,849	5,030
Deposits	9,994	2,260
Receivables from ESOP platform for share option exercise Proceeds (on behalf of employees)	18,145	193
Prepayments for products procurement	4,954	265
Others	6,202	10,956
Total	**73,434**	**124,018**

(i) Receivables from third-party payment platforms represent the considerations received and held by the third-party payment platforms. The Group subsequently transferred the full receivables from the third-party payment platforms to its bank accounts.

(ii) Receivables from e-commerce platforms represent the considerations for pop toy products sold on e-commerce platforms that have been delivered to the end customers but not yet settled by the e-commerce platforms.

(iii) Receivables from financial institutions security account consists of deposit in financial institutions security account for share repurchase purposes.

9. Property and equipment, net

Property and equipment, net as of June 30, 2025 and 2026, consist of the following:

	As of June 30,	
	2025	2026
	RMB	RMB
Molds	8,938	17,243
Leasehold improvements	4,172	11,082
Computer and electronic equipment	4,016	6,312
Others	355	281
Total	**17,481**	**34,918**
Less: Accumulated depreciation	(7,546)	(12,552)
Property and equipment, net	**9,935**	**22,366**

Depreciation expenses for the years ended June 30, 2024, 2025 and 2026 were nil, RMB1,030 and RMB8,953 respectively.

10. Intangible assets, net

Intangible assets, net, as of June 30, 2025 and 2026, consist of the following:

	As of June 30,	
	2025	2026
	RMB	RMB
IP Rights	49,914	50,230
Channel relationship	19,000	19,000
Brand	-	6,311
Software	65	-
Total	**68,979**	**75,541**
Less: accumulated amortization	(3,041)	(14,316)
Intangible assets, net	**65,938**	**61,225**

Except for Brand, which is intangible assets with indefinite useful life, other intangible assets are subject to amortization. Amortization expenses for intangible assets were nil, RMB3,017 and RMB11,861 for the years ended June 30, 2024, 2025 and 2026, respectively.

IP Rights and channel relationships acquired through business combination of Shenzhen Letsvan for RMB49,000 and RMB19,000 respectively are being amortized using an accelerated amortization method based on the expected economic benefits over the estimated life which range from 3 to 10 years.

11. Short-term borrowings

As of June 30, 2025, the Group's short-term borrowings primarily consisted of (i) an unsecured revolving credit line for a total credit of up to RMB6,000, in which all the credit line of RMB6,000 was drawn down and outstanding as short-term loans, bearing an interest rate of 2.22% per annum and maturing in November 2025; and (ii) a secured loan with carrying amount of RMB5,100 and a fixed interest rate of 2.95% per annum and a monthly payment schedule of RMB300, which was guaranteed by a third party guarantee company and the founder of Shenzhen Letsvan and secured by certain intellectual property certificates of the Group and is due in March 2026. The Group fully settled all outstanding borrowings during the year ended June 30, 2026. As of June 30, 2026, the Group had no outstanding borrowings.

12. Accounts payable

Accounts payable represent liabilities for services provided to and products purchased by the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Accounts payable are mainly comprised of payable for purchase of raw materials and finished goods from third parties and warehousing and logistics services expenses payable as of June 30, 2025 and 2026.

13. Accrued expenses and other current liabilities

The following table summarizes the Group's outstanding accrued expenses and other current liabilities as of June 30, 2025 and 2026, respectively:

	As of June 30,	
	2025	2026
	RMB	RMB
Accrued employee payroll and welfare benefits	34,115	27,115
Other accrued expense	9,562	13,662
Other tax payable	8,711	8,648
Payable to employees related to share option exercise proceeds	13,780	20
Total accrued expenses and other current liabilities	**66,168**	**49,445**

14. Lease

The Group has operating leases for corporate offices, offline stores and warehouses with lease terms from within three months to three years. For operating leases with terms greater than twelve months, the Group records the related assets and lease liability at the present value of lease payments over the terms.

	As of June 30,	
	2025	2026
	RMB	RMB
Operating lease right-of-use assets, net	12,504	35,438
Operating lease liabilities-current	9,482	18,532
Operating lease liabilities-non-current	4,617	16,248

The following table provides a summary of the Group's operating lease expenses and short-term lease expenses as of June 30, 2024, 2025 and 2026:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Operating lease expenses	-	1,202	14,272
Short-term lease expenses	-	106	4,490

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Cash paid for amounts included in the measurement of operating lease liabilities	-	5,964	18,919
Right-of-use assets obtained in exchange for operating lease obligations	-	2,193	42,854

The following table provides a summary of the Group's operating lease terms and discount rates as of June 30, 2025 and 2026:

	As of June 30,	
	2025	2026
Weighted average remaining lease term (in years)	0.96	2.03
Weighted average discount rate	4.52%	3.25%

14. Lease (Continued)

Maturities of operating lease liabilities as of June 30, 2026 were as follows:

	Amounts RMB
For the year ended June 30, 2027	19,384
For the year ended June 30, 2028	13,482
For the year ended June 30, 2029	3,110
Total operating lease payments	**35,976**
Less: imputed interest	(1,196)
Present value of operating lease liabilities	**34,780**

15. Short-term investments

The following table presents the fair value hierarchy for the Group's short-term investments that are measured and recorded at fair value on a recurring basis as of June 30, 2025 and 2026:

June 30, 2025	Quoted Prices in Active Market for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Other Unobservable Inputs (Level 3) RMB	Balance at Fair Value RMB
Assets				
Wealth management products[(i)]	-	131,502	-	131,502
Equity securities of publicly listed companies	8,488	-	-	8,488
Total	**8,488**	**131,502**	**-**	**139,990**

June 30, 2026	Quoted Prices in Active Market for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Other Unobservable Inputs (Level 3) RMB	Balance at Fair Value RMB
Assets				
Wealth management products[(i)]	-	170,143	-	170,143
Equity securities of publicly listed companies	8,080	-	-	8,080
Total	**8,080**	**170,143**	**-**	**178,223**

(i) The Group's short-term investments in wealth management products were issued by financial institutions in the PRC and Hong Kong with variable returns indexed to the performance of underlying assets. The wealth management products invested by the Group can be redeemed at any time after the respective lock-up period. To estimate the fair value of wealth management products, the Group uses the quoted net asset values published by the financial institutions. As there are no quoted prices in active markets for the investments, the Company classifies the valuation techniques that use these inputs as Level 2 of fair value measurement.

For the years ended June 30, 2024, 2025 and 2026, the Company recorded gains or losses resulting from changes in the fair values of short-term investments in the line item "Others, net" in the consolidated statements of operations and comprehensive income. As of June 30, 2025 and 2026, none of these short-term investments were frozen, guaranteed or subject to other restrictions.

16. Long-term investments

Long term investments as of June 30, 2025 and 2026 consist of the following:

	As of June 30,	
	2025	2026
	RMB	RMB
Equity investment (i)	28,254	20,362
Total	**28,254**	**20,362**

In March 2024, the Group entered into a partnership agreement with third party investors in China to form a limited partnership enterprise (the "Partnership Enterprise") for future investing activities in China. In accordance with the agreement, the Group served as one of the limited partners and agreed to subscribe for 43.29% of the equity interests in the Partnership Enterprise by contributing a sum of RMB100,000 aggregately as the capital of the Partnership Enterprise. The Group applied equity method of accounting to this investment in accordance with ASC 323 because the Group has significant influence over the Partnership Enterprise but does not have a controlling financial interest. As of June 30, 2026, the carrying amount of the Group's investment in the investee was RMB18,748.

Specifically, the Group acquired the equity interests of Shenzhen Letsvan held by the Partnership Enterprise among other noncontrolling shareholders in July 2025 (Note 20). As the Partnership Enterprise is also the Group's equity method investee, the gain arising from the Group's acquisition of the equity interests of Shenzhen Letsvan recognized by the Partnership Enterprise in its standalone financial statements should be eliminated in accordance with ASC 323-10-35-7 with a corresponding additional paid-in capital.

During the year ended June 30, 2025, the Group acquired Shenzhen Letsvan (Note 3), which held a 49% equity interest in a PRC private company (the "Investee") and had the ability to exercise significant influence over the Investee. During the year ended June 30, 2026, the Group executed a share transfer agreement with a third party, pursuant to which the Group's equity interest in the investee was reduced to 46.6%. As of June 30, 2026, the carrying amount of the Group's investment in the investee was RMB1,614.

For the years ended June 30, 2025 and 2026, the Company recognized the share of profit from equity method investments of RMB1,165 and the share of loss from equity method investments of RMB3,529, respectively.

17. Goodwill

	Total RMB
Gross carrying value	
As of June 30, 2024	**-**
Addition (Note 3)	187,598
As of June 30, 2025	**187,598**
Addition	-
As of June 30, 2026	**187,598**

	Total RMB
Accumulated impairment	
As of June 30, 2024	**-**
Impairment	-
As of June 30, 2025	**-**
Impairment	(124,059)
As of June 30, 2026	**(124,059)**

Net carrying value	
As of June 30, 2024	-
As of June 30, 2025	187,598
As of June 30, 2026	63,539

Following the Disposal of the Group's Divested Business (Note 4), the Group now operates solely in the pop toy business, and management has determined that the entire Group constitutes a single reporting unit in accordance with ASC 280-10-50-1. The Group performed goodwill impairment assessments for the reporting unit as of June 30, 2026, and weighed the relevant qualitative factors and quantitative assessment results in totality. As the actual financial performance of the reporting unit did not meet prior forecasted expectations and unfavorable local market conditions, RMB124,059 goodwill impairment loss was recorded.

In performing quantitative impairment tests, the Group used an income approach based on a discounted cash flow model ("DCF model"). Forecasts of future cash flows are based primarily on the best estimate of future net revenues, gross margin and operating expenses, which are subject to expected business operation, local market development, and general economic conditions. Material changes in these forecasts could significantly change the amount of impairment recorded. Therefore, it may be necessary to record further impairment charges to the reporting unit in the future, if such changes occur.

Key assumptions used in quantitative impairment test

The quantitative impairment test consists of a comparison of the fair value of the reporting unit with its carrying amount, including goodwill. The Group used a DCF model to estimate the fair value of the reporting unit, as management believes forecasted operating cash flows are the best indicator of fair value. A number of significant assumptions were involved in the preparation of the DCF models, including future revenues and discount rates. The financial projection adopted in DCF models for impairment testing purpose is based on the financial budgets approved by the management of the Group, which considers the historical performance and its expectation for future market development. Cash flows beyond the forecasted period are extrapolated using a long-term growth rate. Post-tax discount rates reflect market assessment of the weighted average cost of capital in the industry in which the Group operates and the specific risks relating to the Group.

As of June 30, 2026, the fair value of the reporting unit fell below its carrying value by 12.7%. The estimated fair value of a reporting unit is highly sensitive to changes in management's estimates and assumptions including, but not limited to, the revenue growth rate and discount rate.

Certain future events and circumstances, including deterioration of market conditions, increases in interest rates, and unfavorable impacts on the projections used in the impairment test for the reporting unit discussed above, including changes in customer behavior, decreases in delivery capability, and delays or difficulties in achieving the Group's profitability goals, could cause the fair value of this reporting unit to fall below its carrying value and a non-cash impairment charge would be required. Such a charge could have a material effect on the consolidated statements of comprehensive income and consolidated balance sheets.

18. Taxation

Cayman Islands

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands ("BVI")

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

Hong Kong

When the two-tiered profits tax regime took effect on April 1, 2018, the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK$2,000 and 16.5% for any assessable profits in excess of HK$2,000. During the years ended June 30, 2023, 2024 and 2025, Hong Kong profits tax was not provided as there were no taxable profits deriving from Hong Kong.

PRC

Under the PRC Enterprise Income Tax Law ("EIT Law"), the statutory income tax rate is 25%. Entities qualifying as High and New Technology Enterprises ("HNTE") qualify for a preferential tax rate of 15% subject to a requirement that they re-apply for HNTE status every three years. The WFOE qualified as a HNTE in the calendar year 2022 and is eligible for a preferential enterprise income tax rate of 15% as a "high and new technology enterprise" under the EIT Law from the period of 2022 to 2025. In October 2025, the WFOE successfully renewed its HNTE certification for a further three-year period and maintained the 15% preferential tax rate for the calendar year ended December 31, 2025. Following the disposal of the Divested Business (Note 4), the Group determined that it is no longer likely to meet the criteria for the preferential tax rate. Accordingly, effective January 1, 2026, the Group has accrued income tax using the statutory tax rate of 25%.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%.

Withholding tax on undistributed earnings

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise ("FIE") to its immediate holding company outside the PRC, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within the PRC or if the received dividends have no connection with the establishment or place of such immediate holding company within the PRC, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have such tax treaty with the PRC. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion ("HK DTA") in August 2006, dividends paid by an FIE in the PRC to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5%. To the extent that subsidiaries and the consolidated VIE (including its subsidiaries) of the Group have undistributed earnings, the Group accrues appropriate expected withholding tax associated with repatriation of such undistributed earnings.

During the year ended June 30, 2024 and 2025, one of the Group's WFOE, an onshore subsidiary of the Group, distributed a portion of its retained earnings of approximate US$5,263 and US$10,000 to its immediate holding company, Witty Digital Technology Limited, an offshore subsidiary of the Company in Hong Kong, respectively. As of June 30, 2024, the Group had applied withholding tax rate of 5% based on the facts and circumstances of the offshore subsidiary and management's interpretation of the HK DTA back then. During the year ended June 30, 2025, as there were new changes in relevant facts and circumstances, the Group accrued withholding tax on undistributed earnings as of June 30, 2025 using a 10% tax rate to reflect the management' estimation accordingly. And the Group continued to apply 10% tax rate to accrue withholding tax on undistributed earnings going forward.

18. Taxation (Continued)

The following table sets forth the component of income tax (expenses)/benefit of the Group for the years ended June 30, 2024, 2025 and 2026:

	For the years ended June 30, 2026			
	Mainland China	Hongkong	Others	Total
	RMB	RMB	RMB	RMB
Loss before income tax benefits	**(219,032)**	**(7,231)**	**(40,136)**	**(266,399)**
Current tax benefits	121	-	(72)	49
Deferred tax expenses	11,415	-	-	11,415
Income tax benefits	11,536	-	(72)	11,464

	For the years ended June 30, 2025			
	Mainland China	Hongkong	Others	Total
	RMB	RMB	RMB	RMB
Loss before income tax expense	**(17,917)**	**1,712**	**(2,251)**	**(18,456)**
Current tax expenses	(3,596)	-	-	(3,596)
Deferred tax expenses	246	-	-	246
Income tax expenses	(3,350)	-	-	(3,350)

	For the years ended June 30, 2024			
	Mainland China	Hongkong	Others	Total
	RMB	RMB	RMB	RMB
Loss before income tax expense	-	-	-	-
Current tax expenses	-	-	-	-
Deferred tax expenses	-	-	-	-
Income tax expenses	-	-	-	-

18. Taxation (Continued)

The following table sets forth reconciliation between the PRC statutory EIT rate and the effective tax rates for years prior to the adoption of ASU 2023-09:

	For the years ended June 30,	
	2024	2025
Statutory income tax rate in PRC	25.0%	25.0%
Effect of income tax exemptions and preferential tax rates	-	-11.8%
Effect of income tax rate difference in other jurisdictions	-	9.4%
Effect of PRC withholding tax	-	0.0%
Permanent differences	-	-16.9%
Changes in valuation allowance	-	-23.9%
Effective tax rate	-	-18.2%

Upon adoption of ASU 2023-09, as described in Note 2(ah), reconciliation of difference between the PRC statutory income tax rate and the Group's effective income tax rate for the year ended June 30, 2026 is as follows:

	For the years ended June 30, 2026	
	RMB	Percentage
Chinese mainland statutory income tax benefits	66,600	25.0%
Other jurisdictions' tax effects		
Hong Kong	1,434	0.5%
Cayman		
Effect on tax rates in different tax jurisdictions	(9,983)	-3.7%
Other jurisdictions	(24)	0.0%
Changes in valuation allowance	(24,741)	-9.3%
Non-taxable or non-deductible items		
Preferential tax rates and tax holiday	242	0.1%
R&D Super deduction	6,161	2.3%
Impairment loss on goodwill	(31,015)	-11.6%
Others	(1,428)	-0.5%
Other adjustments		
Effect of PRC withholding tax	4,218	1.6%
Effective tax rates	**11,464**	**4.3%**

For the year ended June 30, 2026, income taxes paid amounted to RMB48.3 million in Chinese mainland, and RMB0.1 million in jurisdictions outside Chinese mainland.

Deferred tax assets and liabilities

	As of June 30,	
	2025	2026
	RMB	RMB
Deferred tax assets:		
Allowances of credit losses	-	350
Allowance for inventory valuation allowance	-	361
Operating lease liabilities	1,509	6,227
Accrued liability	-	144
Deductible temporary difference related to advertising expenses	-	269
Net operating tax losses carried forward	783	21,645
Subtotal	**2,292**	**28,996**
Less: valuation allowance	(465)	(12,760)
Total deferred tax assets, net	**1,827**	**16,236**

18. Taxation (Continued)

	As of June 30,	
	2025	2026
	RMB	RMB
Deferred tax liabilities:		
Receivables of consideration for Divested Business	-	28,774
Operating lease right-of-use assets	1,694	6,394
Newly identified intangible assets arising from business combination	16,259	13,442
Unrealized investment income	297	(222)
Withholding tax on undistributed earnings	55,591	86,478
Total deferred tax liabilities	**73,841**	**134,866**

The tax losses of the Group expire over different time intervals depending on the local jurisdiction. According to PRC tax regulations, the PRC enterprise net operating loss can generally carry forward for no longer than five years, starting from the year subsequent to the year in which the loss was incurred. As of June 30, 2026, certain entities of the Group had net operating tax losses carried forward, which if not utilized, will expire as follows:

	2026
	RMB
Loss expiring for the year ended December 31, 2026	-
Loss expiring for the year ended December 31, 2027	-
Loss expiring for the year ended December 31, 2028	-
Loss expiring for the year ended December 31, 2029	79
Loss expiring for the year ended December 31, 2030	14,795
Loss expiring for the year ended December 31, 2031	73,515
Subtotal	**88,389**

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated equity, existence of taxable temporary differences and reversal periods.

Changes in valuation allowance are as follows:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Balance at beginning of the year	-	-	(465)
Addition	-	(465)	(12,295)
Balance at end of the year	-	(465)	(12,760)

The major jurisdiction in which the Group is subject to potential examination is the PRC. In general, the PRC tax authorities have up to five years and in certain cases up to ten years to conduct examinations of the tax filings of the Group. All these related tax years remain subject to examination by the PRC tax authorities potentially.

19. Others, net

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Government grants	-	-	3,047
Fair value changes and investment gain of short-term investments	-	4,714	7,223
Share of net income/(loss) of investments accounted for using equity method	-	1,165	(3,529)
Net gains relating to transition services provided to the Divested Business	-	-	7,801
Others	-	(151)	2,106
Total	**-**	**5,728**	**16,648**

20. Noncontrolling interests and noncontrolling interests with liquidation preferences

In connection with the Group's acquisition of Shenzhen Letsvan (Note 3), there are certain non-controlling interest shareholders. Pursuant to the shareholder agreement, certain non-controlling shareholders of Shenzhen Letsvan held preferred shares that entitled these shareholders to certain preferences and privileges, such as liquidation preferences. The Group determined that the preferred shares should be accounted for as mezzanine equity on the Group's consolidated balance sheets since they are contingently redeemable upon the occurrence of a conditional event or a deemed redemption event, which is not solely within the control of the Group. The other non-controlling interests with no preferential rights held by non-controlling interest shareholders are classified under equity in the Group's consolidated balance sheets. All the non-controlling interests were initially recorded at the acquisition date fair value and subsequently adjusted by the attribution of their shares of net income or loss pursuant to the shareholder agreement.

In June 2025, the Group, through one of its wholly-owned subsidiaries, further acquired approximately 2.5% equity interests in Shenzhen Letsvan from Shenzhen Letsvan's non-controlling shareholders for a total cash consideration of RMB9.8 million. The acquisition was accounted for as an equity transaction as this is a transaction among the shareholders, whereby (a) the difference between the fair value of non-controlling interests acquired and the carrying amount of non-controlling interests was allocated to additional paid-in capital, and (b) the difference of the consideration paid to the non-controlling shareholders over the fair value of the equity interests acquired, of RMB1,208, was accounted as compensation expense (Note 21(b)).

In July 2025, the Group, through one of its wholly-owned subsidiaries, further entered into a series of agreements to acquire all of the remaining non-controlling interests of Shenzhen Letsvan from the minority shareholders with a fixed amount of cash or a fixed number of the Company's ordinary shares as consideration.

Transactions with non-controlling shareholders other than Mr. Huiyu Zhan, or Mr. Zhan, the founder of Shenzhen Letsvan, were settled with cash consideration, amounting to RMB128.1 million, and the closing has been completed. The acquisitions with non-controlling shareholders other than Mr. Huiyu Zhan, was accounted for as an equity transaction as this is a transaction among the shareholders, whereby the difference of the consideration paid to the non-controlling shareholders, which approximated to the fair value of the non-controlling interests acquired, over the carrying amount of non-controlling interests or mezzanine equity is allocated to additional paid-in capital for RMB80.5 million.

Transaction with Mr. Zhan was agreed to be settled with an aggregate of 18,219,330 the Company's own class A ordinary shares, of which 7,287,732 restricted shares are subject to service conditions and are accounted for as share-based compensation under ASC 718, Compensation—Stock Compensation (Note 21(c)). As of June 30, 2026, the acquisition of the non-controlling interest held Mr. Zhan was not closed. The Group classified the non-controlling interests of Shenzhen Letsvan held by Mr. Zhan as mezzanine equity considering there is a contingent forward embedded in the non-controlling interests. Mezzanine equity should be recognized using the fair value of ordinary shares to be issued at agreement signing date, whereby the difference between mezzanine equity, which approximated to the fair value of non-controlling interests at agreement signing date, and carrying amount of non-controlling interests, amounting to RMB144.1 million, should be recorded as additional paid-in capital.

21. Share based compensation expenses

Compensation expenses from continuing operations recognized for share-based compensation awards granted by the Company were as follows:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Included in:			
Cost of revenues	-	(11)	195
Sales and marketing expenses	-	98	655
Research and development expenses	-	77	248
General and administrative expenses	-	2,349	35,865
Total	**-**	**2,513**	**36,963**
(a) Share options	-	1,305	6,099
(b) Acquisition of equity interests from non-controlling shareholders	-	1,208	-
(c) Restricted shares issued to the Founder of Shenzhen Letsvan	-	-	30,864
Total	**-**	**2,513**	**36,963**

(a) Share options

On May 31, 2022, the Company adopted the 2018 Employee Share Incentive Plan (the "2018 Plan") and the 2021 Gl0bal Share Plan (the "2021 Plan"), whereby the maximum aggregate number of ordinary shares that can be issued under the 2018 Plan and the 2021 Plan was 21,717,118 shares. On December 20, 2022, the Company's board of directors authorized an expansion of the reserved shares pool for the 2021 Plan with an addition number of 16,523,627 ordinary shares.

The Company granted options to employees and directors under the 2018 Plan and 2021 Plan. All granted options have a contractual term of ten years. The options vest over a requisite service period of three, four or five years, depending on the terms of each award agreement, in three, four or five equal installments, with 33%, 25% or 20% of the total options vesting on each anniversary of the vesting commencement date. Certain of these options are subject to performance conditions.

During the year ended June 30, 2026, the Company modified share options granted certain departing employees to allow post-termination vesting and exercisability. This modification was accounted for as a Type III (improbable-to-probable) modification pursuant to ASC 718-20-35-3, and the Company recognized RMB3,537 of stock-based compensation expense, measured at the modification-date fair value.

A summary of activities of share options of the Company for the years ended June 30, 2024, 2025 and 2026 is presented below:

21. Share based compensation expenses (Continued)

(a) Share options (Continued)

	Options Outstanding	Weighted Average Exercise Price (US$)	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (RMB)
Outstanding as of July 1, 2023	18,225,251	0.1831	9.01	346,378
Granted	4,217,652	0.4066		
Exercised	(1,852,806)	0.2261		
Forfeited	(2,807,954)	0.2507		
Expired	(120,003)	0.7162		
Outstanding as of June 30, 2024	17,662,140	0.2176	8.37	44,127
Options vested and exercisable as of June 30,2024	11,871,925	0.1573	8.01	34,836
Outstanding as of July 1, 2024	17,662,140	0.2176	8.37	44,127
Granted	680,000	0.4000		
Exercised	(11,365,500)	0.1402		
Forfeited	(940,214)	0.4594		
Expired	(137,361)	0.7030		
Outstanding as of June 30, 2025	5,899,065	0.3380	8.13	118,750
Options vested and exercisable as of June 30,2025	2,505,209	0.3486	7.63	50,239
Outstanding as of July 1, 2025	5,899,065	0.3380	8.13	118,750
Granted	1,149,000	1.5894		
Exercised	(482,961)	0.4726		
Forfeited	(610,254)	0.5749		
Expired	(17,681)	0.5143		
Outstanding as of June 30, 2026	5,937,169	0.5443	7.56	11,490
Options vested and exercisable as of June 30,2026	4,027,490	0.3077	6.96	9,617

There were 4,217,652, 680,000 and 1,149,000 options granted for the years ended June 30, 2024, 2025 and 2026. The weighted average grant date fair value of options granted for the years ended June 30, 2024, 2025 and 2026 were US$0.39, US$0.62 and US$0.93 per share, respectively.

For the year ended June 30, 2024, 2025 and 2026, share-based compensation expenses recognized associated with share options granted to directors and employees by the Company were nil, RMB1,305 and RMB6,099.

As of June 30, 2024, 2025 and 2026, there were RMB38,162, RMB14,939 and RMB5,682 of unrecognized share-based compensation expenses related to the share options granted. The expenses are expected to be recognized over a weighted-average period of 1.99 years, 2.05 years and 3.78 years, which may be adjusted for future change in forfeitures.

21. Share based compensation expenses (Continued)

(a) Share options (Continued)

The estimated fair value of each option grant is estimated on the date of grant using the Binomial option-pricing model with the following assumptions:

	For the years ended June 30,		
	2024	**2025**	**2026**
Expected volatility	81.85%-83.12%	90.10%-91.20%	59.30%-61.30%
Risk-free interest rate (per annum)	3.84%-4.27%	3.70%-4.30%	4.20%-4.40%
Expected dividend yield	0.00%	0.00%	0.00%
Expected term (in years)	10	10	10
Fair value of the underlying shares on the date of option grants (US$)	0.53-1.20	0.38-0.80	0.71-3.01

(b) Acquisition of equity interests from non-controlling shareholders

As discussed in Note 20, in connection with the acquisition of non-controlling interests of Shenzhen Letsvan in June 2025, the Group recognized RMB1,208 compensation expense, representing the difference between the consideration paid and the fair value of the non-controlling interests acquired.

(c) Restricted shares issued to the Founder of Shenzhen Letsvan

As discussed in Note 20, in connection with the non-controlling interests held by Mr. Zhan in July 2025, the Group granted a total of 7,287,732 restricted shares to Mr. Zhan with service condition. The Group concluded that the grant of restricted shares to Mr. Zhan with service condition should be accounted for as share-based compensation in accordance with ASC 718. For the year ended June 30, 2026, the Group recognized RMB30,864 in share-based compensation expense.

22. Ordinary shares and treasury stock

On February 9, 2022, the Company was incorporated in the Cayman Islands with an authorized share capital of US$50,000, divided into 500,000,000 shares with a par value of US$0.0001 each.

On January 27, 2023, the Company completed the initial public offering or IPO. Immediately prior to the completion of the IPO, the Company's authorized share capital was changed into US$70,000 consisting of 700,000,000 shares, divided into: (i) 430,000,000 Class A ordinary shares of a par value of US$0.0001 each, (ii) 70,000,000 Class B ordinary shares of a par value of US$0.0001 each, and (iii) 200,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with the Company's post-offering memorandum and articles of association. Immediately prior to the completion of the IPO, all of the Company's issued and outstanding preferred shares and ordinary shares were converted into, and re-designated and re-classified, as Class A ordinary shares on a one-for-one basis, except that the 49,859,049 shares beneficially owned by Mr. Peng Li, the founder of the Company, continue to be Class B ordinary shares. Holders of Class A and Class B ordinary shares have the same rights, preferences, privileges and restrictions except for voting rights and conversion rights, whereby each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of the Company and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of the Company.

During the IPO, the Company issued a total of 3,250,000 ADSs, with one ADS representing three Class A ordinary share of the Company with par value of US$0.0001 per share. The Company received a total of approximately US$ 37,172 of net proceeds after deducting the underwriter commissions.

22. Ordinary shares and treasury stock (Continued)

On February 16, 2023, the underwriters exercised their option to purchase 127,396 additional ADSs and the Company received a total of approximately US$1,457 of net proceeds after deducting the underwriter commissions.

During the year ended June 30, 2024, 9 Class A ordinary shares were cancelled as fractional shares in connection with ADS conversion.

During the year ended June 30, 2024, 3,835,647 Class A ordinary shares were issued and reserved for future issuance upon exercise of share options, which were recorded as treasury stock on the consolidated balance sheets.

In June 2023, the Board of Directors of the Group authorized a share repurchase program ("2023 share repurchase program") to repurchase up to US$20,000 worth of its own American depositary shares ("ADSs") over the following 12 months. In June 2024, the Board of Directors of the Group authorized another share repurchase program ("2024 share repurchase program") to repurchase up to US$20,000 worth of its own ADSs over the following 12 months. In June 2025, the Board of Directors of the Group authorized another share repurchase program ("2025 share repurchase program") to repurchase up to US$20,000 worth of its own ADSs for a purchase period beginning from June 11, 2025 and ending on June 30, 2026. In June 2026, the Board of Directors of the Group authorized another share repurchase program ("2026 share repurchase program") to repurchase up to US$20,000 worth of its own ADSs for a purchase period beginning from July 1, 2026 and ending on June 30, 2027.The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by the management.

As of June 30, 2026, the Group had repurchased an aggregate of 21,577,482 Class A ordinary shares under the aforementioned share repurchase programs, at an average price of US$4.2 per ADS, or US$1.4 per share for a total consideration of US$30,079 (including commission to broker).

The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders' equity.

During the year ended June 30, 2024 and 2025, 4,681,353 and 7,622,283 Class A ordinary shares repurchased by the Company were transferred from the Company to the ESOP Platform and reserved for future issuance upon the exercise of share options.

As of June 30, 2026, 13,701,267 Class A ordinary shares have been re-issued from the treasury stock upon exercise of share options.

23. Special cash dividends

In October, 2024, the Company declared a special cash dividend in the amount of US$0.067 per ordinary share, or US$0.201 per ADS. The aggregate amount of the special dividend was approximately US$10.9 million, which was fully paid out from the share premium account of the Company in November 2024. Dividends are recognized as reduction of additional paid-in capital when declared.

No dividends had been declared by the Company for the year ended June 30, 2026.

24. Net income/(loss) per share

Basic net income/(loss) per share is the amount of net loss available to each share of ordinary shares outstanding during the reporting period. Diluted net loss per share is the amount of net loss available to each share of ordinary shares outstanding during the reporting period adjusted to include the effect of potentially dilutive ordinary equivalent shares.

Basic net income/(loss) per share and diluted net income/(loss) per share were calculated in accordance with ASC 260 Earnings per share for the years ended June 30, 2024, 2025 and 2026 as below:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Numerator:			
Net income for discontinued operation	385,527	378,374	318,451
Net income attributable to noncontrolling interests	-	(3)	(12)
Net income from discontinued operation attributable to ordinary shareholders of Here Group Limited	385,527	378,371	318,439
Denominator:			
Weighted average number of ordinary shares outstanding (i)			
— basic	164,998,649	161,291,663	161,393,281
— diluted	164,998,649	161,291,663	161,393,281
Net income from discontinued operation per ordinary share attributable to ordinary shareholders of Here Group Limited			
— basic	2.34	2.35	1.97
— diluted	2.34	2.35	1.97
Numerator:			
Net loss for continuing operations	-	(21,806)	(254,935)
Net loss/(income) attributable to noncontrolling interests	-	2,165	(1,071)
Net loss from continuing operations attributable to ordinary shareholders of Here Group Limited	-	(19,641)	(256,006)
Denominator:			
Weighted average number of ordinary shares outstanding (i)			
— basic	164,998,649	161,291,663	161,393,281
— diluted	164,998,649	161,291,663	161,393,281
Net loss from continuing operations per ordinary share attributable to ordinary shareholders of Here Group Limited			
— basic	-	(0.12)	(1.59)
— diluted	-	(0.12)	(1.59)

(i) Basic and diluted net income/(loss) per share are computed using the weighted average number of ordinary shares outstanding during the period, including 3,092,516, 810,696 and 60,009 vested options with nominal exercise price for the years ended June 30, 2024, 2025 and 2026.

For the years ended June 30, 2024, 2025 and 2026, as the Group is in a net loss position for the continuing operations, the potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share. For the years ended June 30, 2024, 2025 and 2026, stock options to purchase ordinary shares and restricted shares that were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company were 5,047,002, 3,904,579 and 3,906,394 respectively, on a weighted average basis.

25. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

During the years ended June 30, 2024, 2025 and 2026, other than disclosed elsewhere, the Group had the following material related party transactions.

Name of related parties	Relationship with the Group
Mr. Huiyu Zhan	The Founder of Shenzhen Letsvan
Yuhuatongxing (Beijing) Cultural Development Co., Ltd. ("Yuhuatongxing")	Entity significantly influenced by the Group
Nanjing Shangdehehua Equity Investment Partnership (Limited Partnership) ("Nanjing Shangde Hehua")	Entity significantly influenced by the Group

(a) The related party transactions entered into during the years ended June 30. 2024, 2025 and 2026 were as follows:

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Revenue from a related party [1]			
Sales of pop toy products	-	1,503	26,975
Others	-	-	2,318
Total	**-**	**1,503**	**29,293**

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Services received from a related party [1]			
IP license fee included in cost of revenues	-	-	10,402
Promotion service fee included in sales and marketing expenses	-	2,472	9,403

	For the years ended June 30,		
	2024	2025	2026
	RMB	RMB	RMB
Other transactions			
Payment for acquisition of non-controlling interests in Shenzhen Letsvan [2]	-	2,800	45,200
Lending to Mr. Zhan [3]	-	-	17,290
Nanjing Shangde Hehua[4]	-	-	7,252
Capital contribution of non-controlling interest from a related party	-	513	-
Lending to an equity investee of the Group	-	113	-

25. Related party transactions (Continued)

(b) The outstanding balance due from/to related parties as of June 30, 2025 and 2026 were as follows:

	As of June 30,	
	2025	2026
	RMB	RMB
Due from related parties		
Mr. Zhan [3]	-	17,190
Due from Yuhuatongxing [1]	1,440	8,933
Due from an equity investee of the Group	137	108
Total	**1,577**	**26,231**

	As of June 30,	
	2025	2026
	RMB	RMB
Due to related parties		
Due to Yuhuatongxing [1]	2,621	17,637
Due to a non-controlling shareholder [2]	700	-
Total	**3,321**	**17,637**

Note:

(1) In January 2025, the Group, Tianjin Yihua Management Consulting Co., Ltd. ("Tianjin Yihua"), a wholly-owned subsidiary of YH Entertainment Group (a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 2306)), and Yuhuatongxing, entered into a strategic cooperation framework agreement, which was subsequently supplemented and amended (the "Strategic Cooperation Framework Agreements"). Pursuant to the Strategic Cooperation Framework Agreements,

a) Yuhuatongxing acts as an authorized distributor of the Group and pays the Group for the pop toy products purchased.

b) Yuhuatongxing receives service fees from the Group for the provision of promotion services.

c) The Company designs, manufactures and sells pop toys incorporating certain IPs licensed from Yuhuatongxing, as well as co-developed pop toys that combine IPs owned by both parties. For sales of the above-mentioned products, the Company pays Yuhua sales-based royalties as IP license fees.

Given the Group's payments to Yuhuatongxing are in exchange for distinct marketing services and licenses priced at fair value, the Group recorded the services received from Yuhuatongxing as selling and marketing expenses and cost of sales, rather than as a reduction of revenue derived from sales of pop toy products.

(2) As described in Note 20, during the year ended June 30, 2025, the Group acquired a 0.88% equity interests of Shenzhen Letsvan from a non-controlling shareholder for a total consideration of RMB3,500, of which RMB2,800 was paid as of June 30, 2025 with the remaining RMB700 paid in July 2025. During the year ended June 30, 2026, the Group acquired a 4.5% equity interests from certain related parties (including certain employees and an equity method investee) for a total of cash consideration of RMB44,500, all of which was settled as of June 30, 2026.

(3) During the year ended June 30, 2026, to facilitate the Company's acquisition of Shenzhen Letsvan non-controlling interests held by Mr. Zhan (Note 20), the Group lent RMB17.3 million to Mr. Zhan, which is an interest-free loan and repayable upon the completion of the acquisition, and within the repayment period notified by the Group. As of June 30, 2026, the loan remained outstanding.

(4) During the year ended June 30, 2026, the Group received a distribution of RMB7,252 from Nanjing Shangde Hehua. As the distribution was funded from proceeds relating to the acquisition of Shenzhen Letsvan (Note 20), the distribution was accounted for as an elimination of an upstream transaction with an equity method investee, with a corresponding credit to additional paid-in capital.

25. Related party transactions (Continued)

(c) Loans guaranteed by a related party as of June 30, 2025 and 2026 were as follows:

	As of June 30,	
	2025	2026
	RMB	RMB
Due from other related parties	5,100	-

26. Commitments and contingencies

Operating lease commitment

Upon the adoption of ASC 842, Leases, future minimum lease payments for operating lease liabilities as of June 30, 2025 and 2026 are disclosed in Note 14.

Legal Proceedings

From time to time, the Company may be involved in various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. The Company did not have other material commitments, long-term obligations, significant contingencies or guarantees as of June 30, 2025 and 2026.

27. Subsequent events

Share repurchase program

Subsequent to June 30, 2026 and as of October 21, 2026, the Company had repurchased 1,244,184 Class A ordinary shares for approximately US$0.8 million under 2026 share repurchase program.

The Group has evaluated subsequent events through October 30, 2026, which is the date the consolidated financial statements are issued, with no other material events or transactions identified that should have been recorded or disclosed in the consolidated financial statements.

Transfer of equity interests of Yuhuatongxing to Tianjin Yihua

In September 2026, the Group's subsidiary, Shenzhen Letsvan, Yuhuatongxing and Tianjin Yihua, the controlling shareholder of Yuhuatongxing, entered into a Share Transfer Agreement, pursuant to which Shenzhen Letsvan agreed to transfer all of its equity interest in Yuhuatongxing for a consideration of RMB 4 million subject to satisfaction of certain pre-closing conditions.

As of October 30, 2026, the closing of share transfer is yet to be completed.

28. Restricted net assets and parent company only condensed financial information

The Group's ability to pay dividends is primarily dependent on the Group receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's subsidiaries and the consolidated VIEs incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's subsidiaries.

In accordance with the PRC laws and regulations, statutory reserve funds shall be made and can only be used for specific purposes and are not distributable as cash dividends. As a result of these PRC laws and regulations that require annual appropriations of 10% of net after-tax profits to be set aside prior to payment of dividends as general reserve fund or statutory surplus fund, the Group's PRC subsidiaries and the consolidated VIE are restricted in their ability to transfer a portion of their net assets to the Company. The restricted portion was RMB323,914 as of June 30, 2026.

The Company performed a test on the restricted net assets of its subsidiaries and the consolidated VIEs (the "restricted net assets") in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the condensed financial information for the parent company for the years ended June 30, 2024,2025 and 2026.

For the purpose of presenting parent only financial information, the Company records its investments in its subsidiaries under the equity method of accounting. Such investments are presented on the separate condensed balance sheets of the Company as "Investment in subsidiaries" and the income of the subsidiaries is presented as "share of income of subsidiaries". The Company's net financial interests in the consolidated VIEs are presented on the separate condensed balance sheets of the Company as "Net liabilities of the VIEs, and the income of the VIEs is presented as "Income from the VIEs". The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company. The Company did not have significant capital and other commitments or guarantees as of June 30, 2026.

28. Restricted net assets and parent company only condensed financial information (Continued)

Condensed balance sheets

	As of June 30,		
	2025	2026	2026
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	61,483	24,637	3,631
Short-term investments	124	54	8
Amounts due from intra-Group companies	89,638	70,486	10,388
Prepayments and other current assets	26,497	24,637	3,632
Total current assets	**177,742**	**119,814**	**17,659**
Investment in subsidiaries	707,892	594,879	87,674
Total non-current assets	**707,892**	**594,879**	**87,674**
TOTAL ASSETS	**885,634**	**714,693**	**105,333**
Accrued expenses and other current liabilities	300	396	58
Amounts due to intra-Group companies	64,820	85,578	12,613
Total current liabilities	**65,120**	**85,974**	**12,671**
Net liabilities of the VIE	11,517	-	-
Total non-current liabilities	**11,517**	**-**	**-**
TOTAL LIABILITIES	**76,637**	**85,974**	**12,671**
SHAREHOLDERS' EQUITY			
Class A ordinary shares	81	81	12
Class B ordinary shares	34	34	5
Treasury stock	(49,054)	(121,020)	(17,836)
Additional paid-in capital	1,066,860	900,672	132,743
Accumulated other comprehensive income	16,507	11,950	1,761
Accumulated deficit	(225,431)	(162,998)	(24,023)
TOTAL SHAREHOLDERS' EQUITY	**808,997**	**628,719**	**92,662**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**885,634**	**714,693**	**105,333**

28. Restricted net assets and parent company only condensed financial information (Continued)

Condensed statements of operations and comprehensive income

	For the years ended June 30,			
	2024	2025	2026	2026
	RMB	RMB	RMB	US$
Revenues	-	-	-	-
Cost of revenues	-	(905)	(393)	(58)
Gross Profit	-	(905)	(393)	(58)
Operating expenses:				
Sales and marketing expenses	-	141	(577)	(85)
Research and development expenses	-	15	(197)	(29)
General and administrative expenses	-	(2,445)	(41,675)	(6,142)
Total operating expenses	**-**	**(2,289)**	**(42,449)**	**(6,256)**
Loss from operations	**-**	**(3,194)**	**(42,842)**	**(6,314)**
Other income:				
Interest income	-	525	1,009	149
Others, net	-	536	1,936	285
Share of loss from subsidiaries	-	(19,673)	(215,038)	(31,692)
Loss before income tax	**-**	**(21,806)**	**(254,935)**	**(37,572)**
Income tax expense	-	-	-	-
Net loss from continuing operations, net of income tax	**-**	**(21,806)**	**(254,935)**	**(37,572)**
Net income from discontinued operation, net of income tax	**385,527**	**378,374**	**318,451**	**46,934**
Net income	**385,527**	**356,568**	**63,516**	**9,362**
Net income	**385,527**	**356,568**	**63,516**	**9,362**
Other comprehensive loss				
Foreign currency translation adjustments, net of nil tax	(4,869)	(806)	(4,557)	(672)
Total other comprehensive loss	**(4,869)**	**(806)**	**(4,557)**	**(672)**
Total comprehensive income	**380,658**	**355,762**	**58,959**	**8,690**

28. Restricted net assets and parent company only condensed financial information (Continued)

Condensed statements of cash flows

	For the years ended June 30,			
	2024	2025	2026	2026
	RMB	RMB	RMB	US$
Net cash (used in)/provided by operating activities	(8,427)	104	9,551	1,409
Cash flows from investing activities:				
Loan provided to subsidiaries	(117,217)	(56,763)	(514)	(76)
Loan repaid by subsidiaries	235,424	30,009	9,104	1,342
Proceeds from short-term investments	59,520	58,132	-	-
Net cash provided by investing activities	**177,727**	**31,378**	**8,590**	**1,266**
Cash flows from financing activities:				
Loan from subsidiaries	-	170,707	88,207	13,000
Repayments of loan from subsidiaries	-	(108,874)	(69,702)	(10,273)
Proceeds from exercise of share options	2,467	7,696	5,619	828
Repurchase of ADSs	(130,409)	(25,771)	(76,976)	(11,345)
Dividends paid to equity holders of the Company	-	(78,111)	-	-
Net cash used in financing activities	**(127,942)**	**(34,353)**	**(52,852)**	**(7,790)**
Effect of exchange rate changes on cash and cash equivalents	**(138)**	**(335)**	**(2,135)**	**(315)**
Net increase/(decrease) in cash and cash equivalents	**41,220**	**(3,206)**	**(36,846)**	**(5,430)**
Cash and cash equivalents at beginning of the year	23,469	64,689	61,483	9,061
Cash and cash equivalents at end of the year	64,689	61,483	24,637	3,631

Exhibit 1.1

THE COMPANIES ACT (AS REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

Here Group Limited
奇梦岛集团有限公司

(adopted by a Special Resolution passed on 6 November 2025)

1. The name of the Company is Here Group Limited 奇梦岛集团有限公司.

2. The Registered Office of the Company will be situated at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as the Directors may from time to time determine.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

4. 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 the Companies Act.

5. The Company will 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 section 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.

6. The liability of each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.

7. The authorised share capital of the Company is US$70,000 divided into 700,000,000 shares comprising (i) 430,000,000 Class A Ordinary Shares of a par value of US$0.0001 each, (ii) 70,000,000 Class B Ordinary Shares of a par value of US$0.0001 each and (iii) 200,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with Article 9 of the Articles. Subject to the Companies Act and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

8. The Company has the power contained in the Companies Act to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

9. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

THE COMPANIES ACT (AS REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Here Group Limited
奇梦岛集团有限公司

(adopted by a Special Resolution passed on 6 November 2025)

TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Act shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"ADS"	means an American Depositary Share representing Class A Ordinary Shares;
"Affiliate"	means in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, a Controlled Entity;
"Articles"	means these articles of association of the Company, as amended or substituted from time to time;
"Board" and **"Board of Directors"** and **"Directors"**	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
"Cause"	means, as determined by the Board: (i) a Person's conviction of, guilty plea, no contest plea or plea of nolo contendere to (a) a felony or a crime involving moral turpitude or (b) any other crime which, in the case of this clause (b), is work related and results in material financial or reputational harm to the Company or its subsidiaries, taken as a whole; (ii) a Person's engagement in fraud, embezzlement, sexual harassment, theft or misappropriation of property, information or other assets, or willful and material dishonesty in connection with such person's employment by the Company or any of its subsidiaries that results in material financial or reputational harm to the Company or its subsidiaries, taken as a whole;

(iii) a Person's failure to comply with the written policies or rules of the Company and/or its subsidiaries, as such policies or rules may be in effect from time to time, that results in material financial or reputational harm to the Company or its subsidiaries, taken as a whole;

(iv) a Person's material breach of any confidentiality agreement, non-competition agreement or similar agreement or covenant with the Company or its subsidiaries that results in material financial or reputational harm to the Company or its subsidiaries, taken as a whole;

(v) a Person's act that would constitute "cause" under any employment agreement by such Person with the Company or its subsidiaries or the laws of the Cayman Islands;

"Chairperson" means the chairperson of the Board of Directors;

"Class" or "Classes" means any class or classes of Shares as may from time to time be issued by the Company;

"Class A Ordinary Share" means an Ordinary Share of a par value of US$0.0001 in the capital of the Company, designated as a Class A Ordinary Shares and having the rights provided for in these Articles;

"Class B Ordinary Share" means an Ordinary Share of a par value of US$0.0001 in the capital of the Company, designated as a Class B Ordinary Share and having the rights provided for in these Articles;

"Commission" means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

"Communication Facilities" means video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communications, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other;

"Company" means Here Group Limited奇梦岛集团有限公司, a Cayman Islands exempted company;

"Companies Act" means the Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;

"Company's Website" means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;

"Controlled Entity" means a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;

"Designated Person"	means Mr. Peng Li.
"Designated Stock Exchange"	means the stock exchange in the United States on which any Shares and ADSs are listed for trading;
"Designated Stock Exchange Rules"	means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;
"electronic"	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"electronic communication"	means electronic posting to the Company's Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
"Electronic Transactions Act"	means the Electronic Transactions Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;
"electronic record"	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"Final Conversion Date"	means 5:00 p.m. in New York City, New York, USA on the business day immediately following the date that a Final Conversion Trigger Event occurs. In the event of a dispute regarding whether a Final Conversion Trigger Event has occurred, no Final Conversion Trigger Event will be deemed to have occurred unless and until an affirmative ruling regarding such event has been made by a court of competent jurisdiction;
"Final Conversion Trigger Event"	means the first to occur of: (i) the death or Incapacity of the Designated Person; (ii) the date upon which the Designated Person is no longer employed by the Company as its Chief Executive Officer for Cause (iii) if the Designated Person was not employed as the Chief Executive Officer of the Company for at least five years following the date of the closing of the Company's initial public offering, the date when the Designated Person is no longer employed by the Company as its Chief Executive Officer; and (iv) if the Designated Person was employed as the Chief Executive Officer of the Company for at least five years following the date of the closing of the Company's initial public offering, the earlier of: (a) the date the Designated Person ceases to be employed as the Chief Executive Officer of the Company and ceases to be a member of the board of directors of the Company; and (b) if the Designated Person continues to be a member of the board of directors of the Company upon ceasing to be employed as the Chief Executive Officer of the Company, the date that is two (2) years after the date the Designated Person first ceases to be employed as the Chief Executive Officer of the Company without regard to whether the Designated Person is a member of the board of directors on such second anniversary;

"Incapacity"	means, with respect to an individual, that such individual is incapable of managing his or her financial affairs and that can be expected to either result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction;
"Memorandum of Association"	means the memorandum of association of the Company, as amended or substituted from time to time;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company held in accordance with these Articles; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;
"Ordinary Share"	means a Class A Ordinary Share or a Class B Ordinary Share;
"paid up"	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
"Person"	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
"Present"	means, in respect of any Person, such Person's presence at a general meeting of Shareholders (or any meeting of the holders of any Class of Shares), which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorized representative (or, in the case of any Shareholder, a proxy which has been validly appointed by such Shareholder in accordance with these Articles), being: (a) physically present at the meeting; or (b) in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by means of the use of such Communication Facilities;

"Register"	means the register of Members of the Company maintained in accordance with the Companies Act;
"Registered Office"	means the registered office of the Company as required by the Companies Act;
"Seal"	means the common seal of the Company (if adopted) including any facsimile thereof;
"Secretary"	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
"Securities Act"	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
"Share"	means a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
"Shareholder" or "Member"	means a Person who is registered as the holder of one or more Shares in the Register;
"Share Premium Account"	means the share premium account established in accordance with these Articles and the Companies Act;
"signed"	means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
"Special Resolution"	means a special resolution of the Company passed in accordance with the Companies Act, being a resolution: (a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;
"Treasury Share"	means a Share held in the name of the Company as a treasury share in accordance with the Companies Act;
"United States"	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; and.
"Virtual Meeting"	means any general meeting of the Shareholders (or any meeting of the holders of any Class of Shares) at which the Shareholders (and any other permitted participants of such meeting, including without limitation the chairperson of the meeting and any Directors) are permitted to attend and participate solely by means of Communication Facilities.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;

(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;

(d) reference to a dollar or dollars (or US$) and to a cent or cents is reference to dollars and cents of the United States of America;

(e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;

(f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;

(g) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;

(h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;

(i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transaction Act; and

(j) Sections 8 and 19(3) of the Electronic Transactions Act shall not apply.

3. Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be conducted as the Directors see fit.

5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.

7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

SHARES

8. Notwithstanding anything to the contrary in these Articles, the Company shall not issue any Class B Ordinary Shares following the closing of its initial public offering without the approval of the holders of a majority of the then issued and outstanding Class A Ordinary Shares. Subject to these Articles (including but not limited to the foregoing sentence), all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:

(a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;

(b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and

(c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.

9. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by an Ordinary Resolution. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 17, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

(a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

(b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

(d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

(e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued. The Company shall not issue Shares to bearer.

10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.

11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES

12. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, and each Class B Ordinary Share shall entitle the holder thereof to ten (10) votes on all matters subject to vote at general meetings of the Company.

13. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares.

14. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Ordinary Share as a Class A Ordinary Share. Such conversion shall become effective (i) in the case of any conversion effected pursuant to Article 13, forthwith upon the receipt by the Company of the written notice delivered to the Company as described in Article 13 (or at such later date as may be specified in such notice), or (ii) in the case of any automatic conversion effected pursuant to Article 15, forthwith upon occurrence of the event specified in Article 15 which triggers such automatic conversion, and the Company shall make entries in the Register to record the re-designation of the relevant Class B Ordinary Shares as Class A Ordinary Shares.

15. Upon any sale, transfer, assignment or disposition of any Class B Ordinary Share by a Shareholder to any person who is not the Designated Person or a Controlled Entity of the Designated Person, or upon a change of ultimate beneficial ownership of any Class B Ordinary Share to any Person who is not the Designated Person or a Controlled Entity of the Designated Person, such Class B Ordinary Share shall be automatically and immediately converted into the same number of Class A Ordinary Share. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in its Register; and (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition, or a change of ultimate beneficial ownership, unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the relevant Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares. For the purposes of this Article 15, beneficial ownership shall have the meaning set forth in Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended. In addition, each Class B Ordinary Share shall automatically, without further action, convert into one Class A Ordinary Share on the Final Conversion Date. Any Class B Ordinary Shares converted to Class A Ordinary Shares, including, without limitation, following the Final Conversion Date, shall be surrendered for nil consideration and cancelled and may not be reissued as Class B Ordinary Shares, and the Board may thereafter take such appropriate action (without the need for shareholders' approval) as may be necessary to reduce the authorized number of Class B Ordinary Shares by re-designation of such authorised but unissued Class B Ordinary Shares into Class A Ordinary Shares accordingly.

16. Save and except for voting rights and conversion rights as set out in Articles 12 to 15 (inclusive), the Class A Ordinary Shares and the Class B Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

MODIFICATION OF RIGHTS

17. Whenever the capital of the 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 the issued Shares of that Class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that Class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not Present, those Shareholders who are Present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.

18. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any Class by the Company. The rights of the holders of Shares shall not be deemed to be materially adversely varied by the creation or issue of Shares with preferred or other rights including, without limitation, the creation of Shares with enhanced or weighted voting rights.

CERTIFICATES

19. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register.

20. Every share certificate of the Company shall bear such legends as may be required under applicable laws, including the Securities Act.

21. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one dollar (US$1.00) or such smaller sum as the Directors shall determine.

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, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

23. In the event that Shares are held jointly by several Persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

FRACTIONAL SHARES

24. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

LIEN

25. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.

26. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.

27. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer 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 in reference to the sale.

28. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

CALLS ON SHARES

29. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

30. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

31. 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 upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

32. The provisions of these Articles as to the liability of joint holders and as to payment of interest 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 amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

33. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.

34. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

35. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

36. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

38. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

39. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

40. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.

41. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

42. 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 due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

43. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.

44. (a) The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien.

(b) The Directors may also decline to register any transfer of any Share unless:

(i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(ii) the instrument of transfer is in respect of only one Class of Shares;

(iii) the instrument of transfer is properly stamped, if required;

(iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and

(v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

45. The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty calendar days in any calendar year.

46. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within three calendar months after the date on which the transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

TRANSMISSION OF SHARES

47. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.

48. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.

49. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

REGISTRATION OF EMPOWERING INSTRUMENTS

50. The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

ALTERATION OF SHARE CAPITAL

51. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.

52. The Company may by Ordinary Resolution:

(a) increase its share capital by new Shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and

(d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled;

provided, however, in each case and notwithstanding anything in the Articles to the contrary, if the Company in any manner consolidates, divides, subdivides, combines or otherwise reclassifies the issued and outstanding Class A Ordinary Shares or Class B Ordinary Shares, the issued and outstanding shares of the other such class will concurrently therewith be proportionately consolidated, divided, subdivided, combined or otherwise reclassified in a manner that maintains the same proportionate equity ownership and voting rights between the holders of the issued and outstanding Class A Ordinary shares and the holders of the issued and outstanding Class B Ordinary Shares on the effective date of such action, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the issued and outstanding Class A Ordinary Shares to vote thereon and by the affirmative vote of the holders of a majority of the issued and outstanding Class B Ordinary Shares entitled to vote thereon, each voting separately as a separate class.

53. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Companies Act.

REDEMPTION, PURCHASE AND SURRENDER OF SHARES

54. Subject to the provisions of the Companies Act and these Articles, the Company may:

(a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by the Board or by Special Resolution;

(b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner and terms as have been approved by the Board or by Ordinary Resolution; and

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Act, including out of capital.

55. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.

56. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

57. The Directors may accept the surrender for no consideration of any fully paid Share.

TREASURY SHARES

58. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

59. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

GENERAL MEETINGS

60. All general meetings other than annual general meetings shall be called extraordinary general meetings.

61. (a) The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

62. (a) The Chairperson or a majority of the Directors (acting by a resolution of the Board) may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(b) A Shareholders' requisition is a requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than two-thirds (2/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If there are no Directors as at the date of the deposit of the Shareholders' requisition, or if the Directors do not within twenty-one (21) calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one (21) calendar days.

(e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

63. At least seven (7) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

    (a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and

    (b) in the case of an extraordinary general meeting, by two-thirds (2/3rd) of the Shareholders having a right to attend and vote at the meeting, Present at the meeting.

64. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

65. No business except for the appointment of a chairperson for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is Present at the time when the meeting proceeds to business. One or more Shareholders holding Shares which carry in aggregate not less than a majority of all votes attaching to all Shares in issue and entitled to vote at such general meeting, Present at the meeting, shall be a quorum for all purposes.

66. If within half an hour from the time appointed for the meeting a quorum is not Present, the meeting shall be dissolved.

67. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, attendance and participation in any general meeting of the Company may be by means of Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a Virtual Meeting. The notice of any general meeting at which Communication Facilities will be utilized (including any Virtual Meeting) must disclose the Communication Facilities that will be used, including the procedures to be followed by any Shareholder or other participant of the Meeting who wishes to utilize such Communication Facilities for the purposes of attending and participating in such meeting, including attending and casting any vote thereat.

68. The Chairperson, if any, of the Board of Directors shall preside as chairperson at every general meeting of the Company. If there is no such Chairperson of the Board of Directors, or if at any general meeting he is not Present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting, any Director or Person nominated by the Chairperson (or, in the absence of such Chairperson nomination, the Directors) shall preside as chairperson of that meeting, failing which the Shareholders Present shall choose any Person Present to be chairperson of that meeting.

69. The chairperson of any general meeting (including any Virtual Meeting) shall be entitled to attend and participate at any such general meeting by means of Communication Facilities, and to act as the chairperson of such general meeting, in which event the following provisions shall apply:

    (a) The chairperson of the meeting shall be deemed to be Present at the meeting; and

    (b) If the Communication Facilities are interrupted or fail for any reason to enable the chairperson of the meeting to hear and be heard by all other Persons participating in the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as chairperson of the meeting for the remainder of the meeting; provided that if no other Director is Present at the meeting, or if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the board of Directors.

70. The chairperson may with the consent of any general meeting at which a quorum is Present (and shall if so directed by the meeting) 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 left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

71. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.

72. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairperson of the meeting or any Shareholder Present, and unless a poll is so demanded, a declaration by the chairperson of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

73. If a poll is duly demanded it shall be taken in such manner as the chairperson of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

74. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Act. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

75. A poll demanded on the election of a chairperson of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairperson of the meeting directs.

VOTES OF SHAREHOLDERS

76. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder Present at the meeting shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder Present at the meeting shall have one (1) vote for each Class A Ordinary Share and ten (10) votes for each Class B Ordinary Share of which he is the holder.

77. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or 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.

78. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.

79. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.

80. On a poll votes may be given either personally or by proxy.

81. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand. 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 Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.

82. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

83. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

(a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairperson or to the secretary or to any director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The Chairperson may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

84. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

85. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

86. Any corporation which is a Shareholder or a Director 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 of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

DEPOSITARY AND CLEARING HOUSES

87. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

DIRECTORS

88. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, the exact number of Directors to be determined from time to time by the Board of Directors.

(b) The Board of Directors shall elect and appoint a Chairperson by a majority of the Directors then in office. The period for which the Chairperson will hold office will also be determined by a majority of all of the Directors then in office. The Chairperson shall preside as chairperson at every meeting of the Board of Directors. To the extent the Chairperson is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairperson of the meeting.

(c) The Company may by Ordinary Resolution appoint any person to be a Director.

(d) The Board 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 the Board or as an addition to the Board.

(e) 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. Each Director whose term of office expires shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.

89. A Director may be removed from office by an Ordinary Resolution, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by an Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.

90. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

91. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.

92. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.

93. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

ALTERNATE DIRECTOR OR PROXY

94. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

95. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairperson of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

96. Subject to the Companies Act, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.

97. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

98. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.

99. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

100. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such Person being an "Attorney" or "Authorised Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.

101. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.

102. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.

103. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

104. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

BORROWING POWERS OF DIRECTORS

105. The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

106. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixing of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

107. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixing of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

108. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

DISQUALIFICATION OF DIRECTORS

109. The office of Director shall be vacated, if the Director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors;

(b) dies or is found to be or becomes of unsound mind;

(c) resigns his office by notice in writing to the Company;

(d) 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; or

(e) is removed from office pursuant to any other provision of these Articles.

PROCEEDINGS OF DIRECTORS

110. The Directors may meet together (either within or outside the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any meeting of the Directors, each Director present in person or represented by his proxy or alternate shall be entitled to one vote. In case of an equality of votes the Chairperson shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.

111. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

112. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

113. A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. A Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

114. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company 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 for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

115. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

116. The Directors shall cause minutes to be made for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

(c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

117. When the chairperson of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

118. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.

119. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

120. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairperson of its meetings. If no such chairperson is elected, or if at any meeting the chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairperson of the meeting.

121. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairperson shall have a second or casting vote.

122. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

123. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairperson or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS

124. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

125. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

126. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

127. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may 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.

128. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

129. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.

130. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.

131. No dividend shall bear interest against the Company.

132. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

133. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

134. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

135. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

136. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

137. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.

138. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

139. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

140. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Act and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

CAPITALISATION OF RESERVES

141. Subject to the Companies Act, the Directors may:

(a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;

(b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or

(ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:

(i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or

(ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Shareholders; and

(e) generally do all acts and things required to give effect to the resolution.

142. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

(a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;

(b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or

(c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

SHARE PREMIUM ACCOUNT

143. The Directors shall in accordance with the Companies Act establish a 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.

144. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Act, out of capital.

NOTICES

145. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. 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 in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

146. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognised courier service.

147. Any Shareholder Present at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

148. Any notice or other document, if served by:

(a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted;

(b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;

(c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or

(d) electronic means, shall be deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Shareholder to the Company or (ii) upon the time of its placement on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

149. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

150. Notice of every general meeting of the Company shall be given to:

(a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

(b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

INFORMATION

151. Subject to the relevant laws, rules and regulations applicable to the Company, no Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information 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 Board would not be in the interests of the Members of the Company to communicate to the public.

152. Subject to due compliance with the relevant laws, rules and regulations applicable to the Company, the Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

153. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless 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.

154. No Indemnified Person shall be liable:

(a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or

(b) for any loss on account of defect of title to any property of the Company; or

(c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or

(d) for any loss incurred through any bank, broker or other similar Person; or

(e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or

(f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, wilful default or fraud.

FINANCIAL YEAR

155. Unless the Directors otherwise prescribe, the financial year of the Company shall end on June 30th in each calendar year and shall begin on July 1st in each calendar year.

NON-RECOGNITION OF TRUSTS

156. No Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Act requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

WINDING UP

157. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, divide amongst the Members in species or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

158. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members 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 the Members 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 the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF ARTICLES OF ASSOCIATION

159. Subject to the Companies Act, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part; provided however, notwithstanding anything in these Articles to the contrary, so long as any Class A Ordinary Shares remain issued and outstanding, the Company shall not, without the prior affirmative vote of the holders of a majority of the issued and outstanding Class A Ordinary Shares, voting as a separate class, in addition to any other vote required by applicable law or these Articles, directly or indirectly, whether by amendment, or through merger, recapitalization, reclassification, subdivision, combination, consolidation, share exchange, business combination or otherwise, amend, alter, change, repeal or adopt any provision of these Articles: (1) in a manner that is inconsistent with, or that otherwise alters or changes, any of the voting, conversion, dividend or liquidation provisions of the Class A Ordinary Shares or other rights, powers, preferences or privileges of the Class A Ordinary Shares; (2) to provide for each Class B Ordinary Share to have more than ten (10) votes per share or any rights to a separate class vote of the holders of Class B Ordinary Shares other than as provided by these Articles or required by applicable law; or (3) to otherwise adversely impact the rights, powers, preferences or privileges of the Class A Ordinary Shares in a manner that is disparate from the manner in which it affects the rights, powers, preferences or privileges of the Class B Ordinary Shares.

CLOSING OF REGISTER OR FIXING RECORD DATE

160. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.

161. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

162. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

163. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DISCLOSURE

164. The Directors, or any service providers (including the officers, the Secretary and the registered office provider of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

Exhibit 2.2

Share Certificate

of

Here Group Limited

(the "Company")

Incorporated in Cayman Islands

Authorized Capital: US$70,000 divided into 700,000,000 shares of a par value of US$0.0001 each, comprising of:-
(i) 430,000,000 Class A Ordinary Shares of a par value of US$0.0001 each,
(ii) 70,000,000 Class B Ordinary Shares of a par value of US$0.0001 each and
(iii) 200,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated)
as the board of directors may determine in accordance with Article 9 of the Articles.

This is to certify that the undermentioned person is the registered holder of the shares specified hereunder in the Company, subject to the Articles of Association of the Company.

Name & Address of the Shareholder:							
Certificate No.:		Class of Shares:	**Class A Ordinary**	No. of Shares:		Consideration Paid:	

Date of Issue:

Given under the common seal of the Company on the date stated herein.

Director / Officer

NO TRANSFER OF ANY OF THE ABOVE SHARES CAN BE REGISTERED UNLESS ACCOMPANIED BY THIS CERTIFICATE

Exhibit 2.5

Description of rights of securities
registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

American depositary shares ("ADSs"), each of which represents three Class A ordinary shares of Here Group Limited ("we," "us," "our company," or "our"), are listed and traded on the Nasdaq Stock Market and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (1) the holders of Class A ordinary shares and (2) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by Citibank, N.A., as depositary, and holders of ADSs will not be treated as holders of Class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective third amended and restated memorandum and articles of association (the "Articles") as well as the Companies Act (As Revised) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our Class A ordinary shares. As it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Articles, which is filed with the Securities and Exchange Commission (the "SEC") as an exhibit to our annual report on Form 20-F as filed with the SEC on October 30, 2026.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

The par value of Class A ordinary shares is US$0.0001 per share. The number of Class A ordinary shares that had been issued as of the date of the annual report on Form 20-F for the fiscal year ended June 30, 2026 is provided on the cover thereof. Our Class A ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are not Cayman Islands residents may freely hold and vote their shares.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and our Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by our shareholders at any general meeting of our company. Each Class A ordinary share shall be entitled to one vote, and each Class B ordinary share shall be entitled to ten votes, on all matters subject to a vote at general meetings of our company. Due to the additional votes attached to the Class B ordinary shares, the voting power of the Class A ordinary shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Ordinary shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to ten votes on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Issuance of additional shares. Our Articles authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent out of available authorized but unissued ordinary shares.

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

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

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

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

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

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

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

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of rights of shares. If at any time, our share capital is divided into different classes of shares, the rights attached to any class may be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares or the redemption or purchase of any shares of any class by the company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations imposed by our Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Articles that require our company to disclose shareholder ownership above any particularly ownership threshold.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-takeover provisions. Some provisions of our Articles may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

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

- limit the ability of shareholders to requisition and convene general meetings of shareholders.

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

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions in our Articles that require our company to disclose shareholder ownership above any particularly ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a declaration as to the assets and liabilities of each constituent company, and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by (a) 75% in value of shareholders or class of shareholders, as the case may be, or (b) a majority in number of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% in value of the shares for which the offer has been made, the offeror may, within a two-month period after the approval by the sale holders, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of directors and executive officers and limitation of liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Articles provide that we shall indemnify our directors and officers, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Articles.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' fiduciary duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder action by written consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Articles provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Articles allow any one or more of our shareholders holding shares which carry in aggregate not less than two-thirds of the total number votes attaching to all issued and outstanding shares of our company as of the date of the deposit that are entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Articles do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our Articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Articles, directors may be removed by an ordinary resolution of our shareholders. An appointment of a director may be on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the company and the director, if any; but no such term shall be implied in the absence of express provision. In addition, a director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with interested shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of rights of shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our Articles, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of governing documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our Articles, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of non-resident or foreign shareholders. There are no limitations imposed by our Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Articles that require our company to disclose shareholder ownership above any particular ownership threshold.

Changes in Capital (Item 10.B.10 of Form 20-F)

We may from time to time by ordinary resolution in accordance with the Companies Act:

- increase our capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of larger amounts than our existing shares;
- cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act;
- sub-divide our shares or any of them into shares of smaller amount than is fixed by our Articles, subject nevertheless to the Companies Act; and
- divide shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares, attach to the shares respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions that in the absence of any such determination in a general meeting may be determined by our directors.

We may, by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner authorized by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Citibank, N.A. has agreed to act as the depositary for the American Depositary Shares. The depositary offices are located at 388 Greenwich Street, New York, New York, 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. - Hong Kong, located at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depositary pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov). Please refer to Registration Number 333-268984 when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in three Class A ordinary share(s) that are on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-Class A ordinary share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of Class A ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the Class A ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A ordinary shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancelation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Class A Ordinary Shares

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to-Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if we request such rights be made available to holders of ADSs, it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary;
- The depositary determines that all or a portion of the distribution to you in not reasonably practicable; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if we request and it is reasonably practicable, and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we request such rights be made available to you and provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will not distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you;
- We do not deliver satisfactory documents to the depositary; or
- The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

Changes Affecting Class A Ordinary shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For instance, there may be a change in nominal or par value, split-up, cancelation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of our assets.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A Ordinary Shares

The depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian and provide the certifications and documentation required by the deposit agreement. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A Ordinary Shares Upon Cancelation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancelation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands law considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancelation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancelation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.

- Obligations to pay fees, taxes and similar charges.

- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in "Description of Class A Ordinary Shares."

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event* of voting by show of hands, the depositary will instruct the custodian to refrain from voting and the voting instructions (or the deemed voting instructions) received from holders of ADSs shall lapse.

- *In the event* of voting by poll, the depositary will vote (or cause the custodian to vote) the Class A ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except (a) as set forth above in the case voting is by show of hands, (b) in the event of voting by poll, holders of ADSs in respect of which no timely voting instructions have been received shall be deemed to have instructed the depositary to give a proxy to a person designated by us to vote the Class A ordinary shares represented by such holders' ADSs in a manner consistent with the recommendation(s) made by the company's board of directors as set forth in the proxy statement or other voting materials in connection with the matter(s) submitted for voting; provided, however, that no such proxy shall be given with respect to any matter to be voted upon as to which we inform the depositary that (i) we do not wish such proxy to be given, (ii) substantial opposition exists, or (iii) the rights of holders of Class A ordinary shares may be adversely affected, and (c) as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Services	Fees
● Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to US$0.05 per ADS issued
● Cancelation of ADSs (e.g., a cancelation of ADSs for delivery of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share(s) ratio, or for any other reason)	Up to US$0.05 per ADS canceled
● Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US$0.05 per ADS held
● Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US$0.05 per ADS held
● Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US$0.05 per ADS held
● ADS Services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary
● Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US$0.05 per ADS transferred
● Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa).	Up to US$0.05 per ADS converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;

- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;

- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with foreign currency conversions, compliance with exchange control regulations and other regulatory requirements;

- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and

- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancelation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are canceled (in the case of ADS cancelations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancelation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being canceled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay.

In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancelation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the depositary of such Class A ordinary shares into an unsponsored American depositary share program established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees and expenses.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancelation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary also disclaim any liability for any action or inaction of any clearing or settlement system (and any participant thereof) for the ADSs or deposited securities.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.

- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our memorandum and articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our memorandum and articles of association or in any provisions of or governing the securities on deposit.

- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.

- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.

- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.

- Nothing in the deposit agreement precludes the depositary (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates the depositary to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the Class A ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

As a party to the deposit agreement, you irrevocably waive, to the fullest extent permitted by applicable law, your right to trial by jury in any legal proceeding arising out of or related to the deposit agreement or the ADRs, or the transactions contemplated therein, against us and/or the depositary.

Such waiver of your right to trial by jury would apply to any claim under U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, whether the ADS holder purchased the ADSs in the initial public offering or secondary transactions, even if the ADS holder subsequently withdraws the underlying Class A ordinary shares. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of the applicable case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Jurisdiction

We have agreed with the depositary that the federal or state courts in the City of New York shall have the non-exclusive jurisdiction to hear and determine any dispute between us and the depositary arising from or relating in any way to the deposit agreement (including claims arising under the Exchange Act or the Securities Act).

The deposit agreement provides that, by holding an ADS or an interest therein, you irrevocably agree that any legal suit, action or proceeding against or involving us or the depositary arising out of or related in any way to the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby or by virtue of ownership thereof, may only be instituted in the United States District Court for the Southern District of New York (or, if the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts of New York County, New York), and by holding an ADS or an interest therein you irrevocably waive any objection which you may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding. The deposit agreement also provides that the foregoing agreement and waiver shall survive your ownership of ADSs or interests therein.

Exhibit 8.1

List of Principal Subsidiaries

The following table sets out the details of our subsidiaries that are significant to us as of the date of this annual report.

Subsidiaries	Place of Incorporation
CreaVerse Group Limited	Cayman Islands
CreaVerse Group (BVI) Limited	BVI
CreaVerse Technology (Singapore) Pte. Limited	Singapore
CreaVerse Technology (HK) Limited	Hong Kong
Shenzhen Chaowan World Information Technology Co., Ltd.	PRC
Shenzhen Yiqi Culture Co., Ltd.	PRC
Hangzhou Yiqi Technology Development Co., Ltd.	PRC
Hundreds of Mountains Limited	BVI
Witty Digital Technology Limited	Hong Kong
Beijing Qimengdao Technology Co., Ltd.	PRC
Beijing Yiqi Culture Co., Ltd.	PRC
Shanghai Qimengdao Culture Co., Ltd.	PRC
Chongqing Qimengdao Cultural Communication Co., Ltd.	PRC
Shenzhen Qimengdao Trading Co., Ltd.	PRC
Beijing Qimengdao Cultural Communication Co., Ltd.	PRC
Xi’an Qimengdao Cultural Communication Co., Ltd.	PRC

Exhibit 11.1

HERE GROUP LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS

(Adopted by the Board of Directors of Here Group Limited (the "Company"), a Cayman Islands company, on December 20, 2022, effective upon the effectiveness of the Company's registration statements on Form F-1 relating to the Company's initial public offering)

INTRODUCTION

Purpose and Applicability

This Code of Business Conduct and Ethics (this "Code") contains general guidelines for conducting the business of the Company, and its subsidiaries and affiliates, consistent with the highest standards of business ethics, and is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the "SEC") and in other public communications made by the Company;
- compliance with applicable laws, rules and regulations;
- prompt internal reporting of violations of the Code; and
- accountability for adherence to the Code.

This Code applies to all directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative or temporary basis (each, an "employee" and collectively, the "employees" or "Company employees"). Certain provisions of the Code apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for the Company (each, a "principal financial officer," and collectively, the "principal financial officers").

This Code has been adopted by the Board of the Company (the "Board") and shall become effective (the "Effective Time") upon the effectiveness of the Company's registration statement on Form F-1 filed by the Company with the SEC relating to the Company's initial public offering.

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. The Board has appointed the Company's Chief Financial Officer as the Compliance Officer for the Company (the "Compliance Officer"). If you have any question or feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company's ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Compliance Officer. You may remain anonymous and will not be required to reveal your identity in your communication to the Company.

Reporting Violations of the Code

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Compliance Officer, who will work with you and your supervisor to investigate the matter. If you do not feel comfortable reporting the matter to your supervisor or you do not get a satisfactory response, you may contact the Compliance Officer directly. Employees making a report need not leave their name or other personal information and reasonable efforts will be used to conduct the investigation that follows from the report in a manner that protects the confidentiality and anonymity of the employee submitting the report. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Compliance Officer and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your report.

It is the Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Policy Against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Waivers of the Code

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by our Board of Directors or the appropriate committee of our Board of Directors and will be disclosed to the public as required by law or the rules of the NASDAQ Stock Market LLC.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- Outside Employment. No employee should be employed by, serve as a director of, or provide any services not in his or her capacity as a Company employee to a company that is a material customer, supplier or competitor of the Company.

- Improper Personal Benefits. No employee should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.

- Financial Interests. No employee should have a financial interest (ownership, investment or otherwise) in any company that is a customer, supplier or competitor of the Company.

- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.

- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.

- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's objectivity in making decisions on behalf of the Company. For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Compliance Officer. Your supervisor and the Compliance Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in "Waivers of the Code" above.

CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property, information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

CONFIDENTIALITY

Confidential Information and Company Property

Employees have access to a variety of confidential information while employed at the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Every employee has a duty to respect and safeguard the confidentiality of the Company's information and the information of our suppliers and customers, except when disclosure is authorized or legally mandated. In addition, you must refrain from using any confidential information from any previous employment if, in doing so, you could reasonably be expected to breach your duty of confidentiality to your former employers. An employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Employees also have a duty to protect the Company's intellectual property and other business assets. The intellectual property, business systems and the security of the Company property are critical to the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Compliance Officer.

Safeguarding Confidential Information and Company Property

Care must be taken to safeguard and protect confidential information and Company property. Accordingly, the following measures should be adhered to:

- The Company's employees should conduct their business and social activities so as not to risk inadvertent disclosure of confidential information. For example, when not in use, confidential information should be secretly stored. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, buses, etc.) should be conducted so as to prevent overhearing or other access by unauthorized persons.

- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.

- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives including those living in the same household as a Company employee.

- The Company's employees are only to access, use and disclose confidential information that is necessary for them to have in the course of performing their duties. They are not to disclose confidential information to other employees or contractors at the Company unless it is necessary for those employees or contractors to have such confidential information in the course of their duties.

- The Company's files, personal computers, networks, software, internet access, internet browser programs, emails, voice mails and other business equipment (e.g. desks and cabinets) and resources are provided for business use and they are the exclusive property of the Company. Misuse of such Company property is not tolerated.

COMPETITION AND FAIR DEALING

All employees are obligated to deal fairly with fellow employees and with the Company's customers, suppliers and competitors. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.

- Employees should not refuse to sell, service, or maintain products or services the Company has produced or provided simply because a customer is buying products or services from another supplier.

- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for customer purchase decisions. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Financial Institutions

The Company is committed to dealing with financial institutions fairly, honestly and with integrity. Employees should not deliberately misrepresent information to financial institutions.

Relationships with Service Providers and Suppliers

The Company deals fairly and honestly with its service providers and suppliers. This means that our relationships with service providers and suppliers are based on price, quality, service and reputation, among other factors. Employees dealing with service providers and suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a service provider or supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the service provider's services and prices or supplier's products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor.
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of Company property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment received which is of a value of more than US$100 should be promptly reported and handed in to your supervisor. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
- The items are of reasonable value;
- The purpose of the meeting or attendance at the event is business related; and
- The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.

- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.

- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

You must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See "The Foreign Corrupt Practices Act" below for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Compliance Officer for additional guidance.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company, we are subject to various securities laws, regulations and reporting obligations. These laws, regulations and obligations and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

It is essential that the Company's financial records, including all filings with the Securities and Exchange Commission (the "**SEC**") be accurate and timely. Accordingly, in addition to adhering to the conflict of interest policy and other policies and guidelines in this Code, the principal financial officers and other senior financial officers must take special care to exhibit integrity at all times and to instill this value within their organizations. In particular, these senior officers must ensure their conduct is honest and ethical that they abide by all public disclosure requirements by providing full, fair, accurate, timely and understandable disclosures, and that they comply with all other applicable laws and regulations. These financial officers must also understand and strictly comply with generally accepted accounting principles in the U.S. and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

In addition, U.S. federal securities law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

COMPLIANCE WITH INSIDER TRADING LAWS

The Company has an insider trading policy, which may be obtained from the Compliance Officer. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Company employees are prohibited from trading in shares or other securities of the Company while in possession of material, nonpublic information about the Company. In addition, Company employees are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell shares or other securities of the Company on the basis of material, nonpublic information. Company employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in shares or securities of the other company while in possession of such information or "tipping" others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Information is "non-public" if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is "material" if a reasonable investor would consider it important in a decision to buy, hold or sell stock or other securities. As a rule of thumb, any information that would affect the value of stock or other securities should be considered material. Examples of information that is generally considered "material" include:

- financial results or forecasts, or any information that indicates the Company's financial results may exceed or fall short of forecasts or expectations;
- important new products or services;
- pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;
- possible management changes or changes of control;
- pending or contemplated public or private sales of debt or equity securities;
- acquisition or loss of a significant customer or contract;
- significant write-offs;
- initiation or settlement of significant litigation; and
- changes in the Company's auditors or a notification from its auditors that the Company may no longer rely on the auditor's report.

The laws against insider trading are specific and complex. Any questions about information you may possess or about any dealings you have had in the Company's securities should be promptly brought to the attention of the Compliance Officer.

PUBLIC COMMUNICATIONS AND PREVENTION OF SELECTIVE DISCLOSURE

Public Communications Generally

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Company's Investor Relations Department. The Investor Relations Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Selective disclosure" occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally. Selective disclosure is a crime under United States law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure. Every employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the chief executive officer, chief financial officer or persons designated by them (collectively, the "**Media Contacts**").

- Other than the Media Contacts, no officer, director or employee shall provide any information regarding the Company or its business to any investment analyst or member of the press or media.

- All inquiries from third parties, such as industry analysts or members of the media, about the Company or its business should be directed to a Media Contact. All presentations to the investment community regarding the Company will be made by us under the direction of a Media Contact.

- Other than the Media Contacts, any employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with "No comment" and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Please contact the Compliance Officer if you have any questions about the scope or application of the Company's policies regarding selective disclosure.

THE FOREIGN CORRUPT PRACTICES ACT

The Foreign Corrupt Practices Act (the "**FCPA**") prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickbacks or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is "routine" if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, "routine" functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

ENVIRONMENT, HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which we do business. Company employees must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer if you have any questions about the laws, regulations and policies that apply to you.

Environment

All Company employees should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials.

Health and Safety

The Company is committed not only to complying with all relevant health and safety laws, but also to conducting business in a manner that protects the safety of its employees. All employees are required to comply with all applicable health and safety laws, regulations and policies relevant to their jobs. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the human resources department.

EMPLOYMENT PRACTICES

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of our detailed policies are available from the human resources department. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer or the human resources department if you have any questions about the laws, regulations and policies that apply to you.

Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, gender (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the human resources department. All complaints will be treated with sensitivity and discretion. Your supervisor, the human resources department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a compliant.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the human resources department immediately.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer. We expect all Company employees to adhere to these standards.

This Code of Business Conduct and Ethics, as applied to the Company's principal financial officers, shall be the Company's "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

Exhibit 11.2

HERE GROUP LIMITED

INSIDER TRADING POLICY

(Adopted by the Board of Directors of Here Group Limited (the "Company"), a Cayman Islands company, on December 20, 2022, effective upon the effectiveness of the Company's registration statements on Form F-1 relating to the Company's initial public offering)

This statement of Insider Trading Policy (the "**Statement**") of the Company sets forth the Company's policies against insider trading.

I. OVERVIEW

Preventing insider trading is necessary to comply with United States securities law and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, "inside information" is information which is considered to be both "material" and "non-public."

The Company considers strict compliance with the policies (the "**Policy**") set forth in this Statement to be a matter of utmost importance. Violation of this Policy could cause extreme reputational damage and possible legal liability to the violator and the Company and its direct and indirect subsidiaries and affiliates (collectively, the "**Group**"). Knowing or wilful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Group. Violation of the Policy might expose the violator to severe criminal penalties as well as civil liability to any person injured by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator.

This Statement applies to all officers, directors, employees and consultants of the Group (each, an "Affiliate") and extends to all activities within and outside an individual's duties at the Group. Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the chief financial officer of the Company, the Compliance Officer for the Company (the "**Compliance Officer**"), within seven (7) days after receipt of the request.

Questions regarding the Statement should be directed to the Compliance Officer.

II. POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms "purchase" and "sell" of securities does not include acceptance of options granted by the issuer thereof and the exercise of options that does not involve a sale of securities. Among other things, the cashless exercise of options does involve sale of securities and therefore is subject to the policies set forth below.

A. ***No Trading*** **- No Affiliate may purchase or sell any type of security or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a "Trading Plan") while in possession of material non-public information relating to the Company, its American Depositary Shares ("ADSs") representing its ordinary shares or other securities of the Company ("Material Information").**

If any Affiliate is in possession of Material Information, the above policy mandates that the Affiliate may not purchase or sell the Company's securities until the later of (i) the expiration of a forty-eight-hour waiting period following public disclosure of the Material Information by the Company, and (ii) the lapse of one full Trading Day on the Nasdaq Stock Market following such public disclosure. "Trading Day" is defined as a day on which the Nasdaq Stock Market is open for trading. Except for public holidays in the U.S., the regular trading hours of the Nasdaq Stock Market are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, no **Affiliate may purchase or sell any Company security or enter into a Trading Plan without the prior clearance by the Compliance Officer during any period the Company has designated as a "limited trading period," regardless of whether such Affiliate possesses any Material Information.** The Compliance Officer may declare limited trading periods at the times that he or she deems appropriate, and need not provide any reason for making a declaration.

Furthermore, **all transactions in Company securities (including, without limitation, acquisitions and dispositions of the ADSs, sale of the Company's ordinary shares issued upon exercise of stock options and the execution of a Trading Plan, but excluding the acceptance of options granted by the Company and the exercise of options that does not involve sale of securities) by officers, directors and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.**

Please see Section III below for an explanation of the Material Information.

B. ***Trading Window*** **– Assuming none of the "no trading" restrictions set forth in Section II-A above applies, no officer, director, employee or consultant may purchase or sell any security of the Company or enter into a Trading Plan other than during the Trading Window (defined below).** The "Trading Window" is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the prior fiscal year or fiscal quarter, as applicable, and ending on June 30, September 30, December 31 and March 31.

In other words,

(1) beginning on July 1 of each year, no Affiliate may purchase or sell any security of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal year ended on June 30 of that year, and

(2) beginning on October 1, January 1, April 1 and July 1 of each fiscal year, no Affiliate may purchase or sell any security of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal quarter ended on September 30, December 31, March 31 and June 30 of that fiscal year, respectively.

If the Company's public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the Nasdaq Stock Market closes for trading, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in Company securities during the Trading Window does not provide a "safe harbor," and all Affiliates should strictly comply with all the policies set forth in this Statement.

When in doubt, consult the Compliance Officer before trading.

Notwithstanding the foregoing, sale of securities pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II A and II B above.

C. ***No Tipping*** - No Affiliate may directly or indirectly disclose any Material Information to anyone who trades in the Company's securities.

D. ***Confidentiality*** - No Affiliate may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. ***No Comment*** - No Affiliate may discuss any internal matters or developments of the Company with anyone outside the Company, except as required in the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities from any press, investment analyst, investor or other outsiders, or any requests for comments or interviews, you should decline to comment and direct the inquiry or request to the Compliance Officer or any other office designated by the Chief Executive Officer.

F. ***Corrective Action*** - If any information that may be deemed as Material Information is inadvertently disclosed, any Affiliate having knowledge of such disclosure should notify the Compliance Officer immediately so that the Company can determine whether or not any corrective action, such as a disclosure to the general public, is warranted.

III. EXPLANATION OF INSIDER TRADING

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material" "non-public" information relating to the security. The aforementioned securities include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. "Purchase" and "sale" are defined broadly under the U.S. federal securities law. "Purchase" includes not only the actual purchase of a security, but also any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but also any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants, puts, calls and other derivatives related to a security. It is generally understood that the definition of "insider trading" includes the following:

- trading by insiders while in possession of material, non-public information;
- trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

As noted above, for purposes of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options granted by the issuer thereof and the exercise of options that does not involve sale of securities. Among other things, the cashless exercise of options does involve sale of securities and therefore is subject to the policies set forth in this Statement.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries involving the Group or its officers or directors;
- significant borrowings or other financings;
- defaults on borrowings;
- new equity or debt offerings;
- significant personnel changes;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: When in doubt, do not trade.

What is Non-public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such commonly believed to be trustworthy media sources as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press or United Press International. Circulation of rumors, even if later proven to be truth and is reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before such information is deemed to be public.

Who is an Insider?

"Insiders" include officers, directors, employees and consultants of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All Affiliates should consider themselves insiders with respect to material, non-public information about business, activities and securities of the Company. Affiliates may not trade the Company's securities while in possession of material, non-public information relating to the Company, or tip or otherwise communicate, except on a need-to-know basis, such information to others.

It should be noted that trading of the Company's securities by members in an Affiliate's household could be deemed the responsibility of such Affiliate under certain circumstances and give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party ("tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them, or individuals who trade on material, non-public information which has been misappropriated.

Tippees inherit an insider's duties with respect to, and are liable for trading on, material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

Penalties for Engaging in Insider Trading

Penalties on individuals engaging in insider trading and their employers for trading on or tipping material, non-public information can extend well beyond any profits made or losses avoided by the violators. The US Securities and Exchange Commission ("SEC") and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the US federal securities laws include:

- SEC administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of US$1,000,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US$1,000,000 (US$2,500,000 for an entity); and
- jail sentences of up to 10 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the US federal securities laws. Other US federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO) may have also been violated in an insider trading case.

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

FROM: _____

RE: STATEMENT OF POLICIES OF HERE GROUP LIMITED GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING (Dated:)

I have received and reviewed and understand the above-referenced Statement of Policies (the "**Policy**"), and hereby undertake, as a condition to my present and continued employment at or association with Here Group Limited or its subsidiary or affiliated entity (the "**Company**"), to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with the Company.

I agree to adhere to the Policy during any future period I am employed by or associated with the Company.

Signature: _____

Name: _____

ID Card Number: _____

Title: _____

Date: _____

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peng Li, certify that:

1. I have reviewed this annual report on Form 20-F of Here Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

October 30, 2026

By: /s/ Peng Li
Name: Peng Li
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dong Xie, certify that:

1. I have reviewed this annual report on Form 20-F of Here Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

October 30, 2026

By: /s/ Dong Xie
Name: Dong Xie
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Here Group Limited (the "Company") on Form 20-F for the fiscal year ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peng Li, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 30, 2026

By: /s/ Peng Li
Name: Peng Li
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Here Group Limited (the "Company") on Form 20-F for the fiscal year ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dong Xie, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 30, 2026

By: /s/ Dong Xie
Name: Dong Xie
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-270986) of Here Group Limited of our report dated October 30, 2026 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
October 30, 2026

Exhibit 15.2



Here Group Limited
Room 3008, 30/F
Two Exchange Square
8 Connaught Place
Central, Hong Kong

30 October 2026

Dear Sirs

Here Group Limited

We have acted as legal advisers as to the laws of the Cayman Islands to Here Group Limited, an exempted company incorporated in the Cayman Islands with limited liability (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 30 June 2026 (the "**Annual Report**").

We hereby consent to the reference to our firm under the heading "Item 10. Additional Information—E. Taxation—Cayman Islands Taxation" in the Annual Report.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

Exhibit 15.3

CM LAW 澄明律师 CM Law Firm 021-52526819 www.cm-law.com.cn 2805, Phase II, Plaza 66, 1366 West Nanjing Road, Shanghai

Date: October 30, 2026

Here Group Limited
Room 3008, 30/F
Two Exchange Square
8 Connaught Place Central,
Hong Kong

Dear Sir/Madam:

We hereby consent to the reference to our firm and the summary of our opinion under the headings, "Item 3. Key Information—Permissions and Licenses Required from the PRC Authorities for Our Operations and Overseas Securities Offerings", "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure—Our Historical Contractual Arrangements" in Here Group Limited's Annual Report on Form 20-F for the year ended June 30, 2026 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of October 2026. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

/s/ CM Law Firm
CM Law Firm

Exhibit 97

Here Group Limited

COMPENSATION RECOVERY POLICY

As adopted on November 30, 2023

Here Group Limited (the "**Company**") is committed to strong corporate governance. As part of this commitment, the Company's Board of Directors (the "**Board**") has adopted this clawback policy called the Compensation Recovery Policy (the "**Policy**"). The Policy is intended to further the Company's pay-for-performance philosophy and to comply with applicable laws by providing rules relating to the reasonably prompt recovery of certain compensation received by Covered Executives in the event of an Accounting Restatement. The application of the Policy to Covered Executives is not discretionary, except to the limited extent provided below, and applies without regard to whether a Covered Executive was at fault. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding.

The Policy is intended to comply with, and will be interpreted in a manner consistent with, Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**"), with Exchange Act Rule 10D-1 and with the listing standards of the national securities exchange (the "**Exchange**") on which the securities of the Company are listed, including any official interpretive guidance.

Persons Covered by the Policy

The Policy is binding and enforceable against all "**Covered Executives.**" A Covered Executive is each individual who is or was ever[1] designated as an "officer" by the Board in accordance with Exchange Act Rule 16a-1(f) (a "**Section 16 Officer**"), including the Company's current or former president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a significant policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed as its executive officers if they perform such policy making functions for the Company. The Committee may (but is not obligated to) request or require a Covered Executive to sign and return to the Company an acknowledgement that such Covered Executive will be bound by the terms and comply with the Policy. The Policy is binding on each Covered Executive whether or not the Covered Executive signs and/or returns any acknowledgment.

Administration of the Policy

The Compensation Committee (the "**Committee**") of the Board has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

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1 The Policy will apply to former employees of the Company who were not employed by the Company on the Effective Date if they have compensation that is received during the Covered Period (as defined below). An example would be an individual who has terminated employment but has the possibility to earn performance-based compensation after termination (this happens with retirement eligibility provisions in some equity plans). If you have any Covered Executive in this category, consider if you would like to modify the language about acknowledgements to take that into account.

Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an "**Accounting Restatement**"), then the Committee must determine the Excess Compensation, if any, that must be recovered. The Company's obligation to recover Excess Compensation is not dependent on if or when restated financial statements are filed.

Compensation Covered by the Policy

The Policy applies to certain **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is **Received** on or after October 2, 2023 (the "**Effective Date**"), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Such Incentive-Based Compensation is considered "**Clawback Eligible Incentive-Based Compensation**" if the Incentive-Based Compensation is Received by a person after such person became a Section 16 Officer and the person served as a Section 16 Officer at any time during the performance period for the Incentive-Based Compensation. "**Excess Compensation**" means the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts. Excess Compensation must be computed without regard to any taxes paid and is referred to in the listing standards as "erroneously awarded compensation".

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to the Exchange.

"**Incentive-Based Compensation**" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company's right to recover under the Policy has lapsed. For the avoidance of doubt, the following items of compensation are not Incentive-Based Compensation under the Policy: salaries, bonuses paid solely at the discretion of the Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

"**Financial Reporting Measures**" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is "**Received**" under the Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

"**Covered Period**" means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company's fiscal year.

"**Accounting Restatement Determination Date**" means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Covered Executives are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Covered Executive to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Covered Executive). These means include (but are not limited to):

(a) requiring reimbursement of cash Incentive-Based Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation or vest based on the achievement of performance goals;

(c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Covered Executive, including (but not limited to) payments of severance that might otherwise be due in connection with a Covered Executive's termination of employment and without regard to whether such amounts are Incentive-Based Compensation;

(d) cancelling outstanding vested or unvested equity awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by a Covered Executive notwithstanding any Covered Executive's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce a Covered Executive's obligations to the Company or to discipline a Covered Executive. Failure of a Covered Executive to comply with their obligations under the Policy may result in (without limitation) termination of that Covered Executive's employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. For avoidance of doubt, any decisions of the Company or the Covered Executive's employer to discipline a Covered Executive or terminate the employment of a Covered Executive are independent of determinations under this Policy. For example, if a Covered Executive was involved in activities that led to an Accounting Restatement, the Company's decision as to whether to not to terminate such Covered Executive's employment would be made under its employment arrangements with such Covered Executive and the requirement to apply this no-fault and non-discretionary clawback policy will not be determinative of whether any such termination is for cause, although failure to comply with the Policy might be something that could result in a termination for cause depending on the terms of such arrangements.

Limited Exceptions to the Policy

The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below is met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

(a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or

(b) Recovery or would violate a law in the country where the Company was incorporated that was adopted prior to November 28, 2022. Before making this determination, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements of Internal Revenue Code §§ 401(a)(13) and § 411(a) and regulations thereunder.

Other Important Information in the Policy

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation. If there is any discrepancy between the Policy and any existing Company policy or agreement providing for the recovery of compensation, the Policy shall prevails.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Covered Executive against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that the Company is required to recover Excess Compensation pursuant to the Policy from a Covered Executive who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement that individual may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Covered Executive is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Covered Executive, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.